

- 1) Tenant Certification
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- 3) Tenant Grievances
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- 7) Waiver Request Cover Sheet
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VACARH Multi-Family Housing Training 'Tenant Certifications'

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Rural Development

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Agenda Topics

Tenant Certification (TC)

- Timeframes
- Income
- Deductions
- Supporting Documentation & Verification
- Common Errors

TC Requirements

- 1) Effective Date: 1st of the month
 - New Move-ins
 - if move in after the 1st, TC will be effective the 1st of the next month
 - Recertifications
 - if income is verified before the 90day date will still be the same
Month/1st/NewYear
- 2) Transmission: by the 10th of the month of effective date
- 3) All households must be recertified at least annually
 - Income change
 - \$100 or more per month
 - Income Change
 - \$50 or more (must recertify IF tenant requests)
 - Household-Size Change

ReCertification Process

Two Notification Letters May Be Required

- 1st – 75-90 days prior to effective date
- 2nd – 30 days prior to effective date if no response from household

Note: a TC can be transmitted via MINC at anytime ***during the 90 day period*** prior to the effective date

Expired/Late TC

A TC is considered expired or late when it is not received/transmitted via MINC to RD by the 10th of the effective month (7 CFR 3560, 3560.152 (e)(2)(iii))

Who pays? (7 CFR 3560, 3560.152 (e) (2) (iv))

- Tenant ***does not*** provide required information to recertify
 - Household is no longer eligible
 - Household must pay Note Rate Rent
 - Lease termination should be started
- ***Tenant provided information***, and Borrower is at fault
 - Borrower must pay difference between the greater of the net tenant contribution or basic rent and the note rate rent
 - Example #1 - Basic Rent is \$300, Tenant's Rent is \$325, Note Rent is \$400
(Borrower would pay \$75)
 - Example #2 - Basic Rent is \$300, Tenant's Rent is \$200, Note Rent is \$400
(Borrower would pay \$100)
 - Borrower ***must pay*** the overage amount from non-project funds until recertification is complete (Will need to deposit **overage funds** to the **complex's** project operating account and provide RD office a copy of the deposit slip within 30 days)

Expired/Late TC - cont'd

➤ May Request a Waiver of Overages/Lost of RA

- Submit Form “Waiver Request Overage and/or Lost RA) to CSC
- SUBMIT TO CSC- MFH VIA: EMAIL multifamily@stl.usda.gov FAX 314-457-4284

HB-3-3560, “Project Servicing Handbook”, Chapter 4, 4.11

NOTE: Effective June 14, 2017, the rules governing the operations of transmissions were revised. You may see your transmissions accept or reject differently than in the past based on the new changes.

Please review the MINC Error Conditions and Systems Messages on the Help Screen for updates. If you have any questions regarding your transmission(s) or need assistance transmitting your data, please contact the Customer Service Center at 1-866-600-7984 for assistance.

SAMPLE OF MINC REJECTIONS

Tran Type: VACATE **Eff Date:** 01/15/2017 **Unit Id:** 306 **New Unit Id:**
Tran Status: **REJECTED** **Tran Status Msg:** SYSTEM REJECT --> TRANSMITTING MA NOT
AUTHORIZED FOR THIS PROJECT -CONTACT CSC

!!WARNING!! MA User is not associated to this project

Notify your Management Agent to assign Id: **MA453997** to this project in MINC. Future transactions of this type will be denied entry to the system.

Tran Type: RE-CERTIFICATION **Eff Date:** 06/01/2017 **Unit Id:** 38 **New Unit Id:**
Tran Status: **PENDING** **Tran Status Msg:** **VERIFY REPORTED INCOME**

Effective Date: 20170301
Status: REJECTED
(MANUAL REJECT)

REJECTED DUE TO NO SOCIAL SECURITY INCREASE EFFECTIVE JANUARY 1, 2017. PLEASE CONTACT CSC AT 1-866-600-7984

1. The effective date of an initial or updated tenant certification form will always be the first day of the month. If tenant's move in date is after the 1st of the month the effective date will be the 1st of the next month.

1. Effective Date

- Initial Certification
- Recertification
- Modify Certification
- Cotenant to Tenant
- Assign/Remove RA
- Vacate a Unit
- Certification Expired & Eviction in Process
- Designate 60 Day Absence
- End 60 Day Absence
- Tenant Transfer

PART I-PROJECT AND UNIT IDENTIFICATION

2. Project Name	3. Borrower ID and Project Number	4. Unit Type	5. Unit Number
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

1a. Note: Check box indicating type of action

2-5. Make sure the following information matches the project worksheet.

PART II-TENANT HOUSEHOLD INFORMATION

6. Tenant Subsidy Code (enter code)
- 0 - No Deep Tenant Subsidy
 - 1 - Rental Assistance (RA)
 - 2 - Project Based Section 8
 - 4 - Other Public RA
 - 5 - Private RA
 - 6 - HUD Voucher
 - 7 - Other Types at Basic Rent
- Other Subsidy Indicator (leave blank if none, P-Partial or F-Full)

STATEMENT: Section 1001 of Title 18, United States Code provides, "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, device or scheme any material fact, or makes any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

STATEMENT REQUIRED BY THE PRIVACY ACT: Title V of the Housing Act of 1949 authorizes RHS to collect the information on this form. Your disclosure of the information is voluntary. However, failure to disclose certain information may delay the processing of your eligibility or rejection. RHS will not deny eligibility if you refuse to disclose your Social Security Number. This information is used to determine eligibility for occupancy and to determine your tenant contribution for rent. Information may be released to appropriate Federal, State and Local Agencies, credit bureaus and Service Providers for criminal or regulatory proceedings or to enforce regulations by manual or automated verification procedures.

Round all monetary figures up to the nearest dollar at .50 and above.

Other Subsidy Amount (For Partial) \$ <input type="text"/>	12a. Race Determination <input type="text"/>	13. Minor, Disabled, Handicapped <input type="text"/>	14. Elderly, Disabled or Handicapped <input type="text"/>
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Note: If any household member does not have a social security number but is eligible for housing, complete the field with all zeros or use the alien registration number. MINC will assign a fictitious number. When transmitting the recertification, the assigned MINC number has to be used.

12a. Race Determination Code: How did you receive Race information. Enter appropriate code see codes below.

14. Enter appropriate code next to the tenant or cotenant if they are elderly (E) or disabled (D).

7. Social Security No.	8. Household Member Name <i>(Last, First and Middle Initial)</i>	9. Sex	10. Date of Birth MM DD YY	11. Race	12. Ethnicity	12a. Race Determination Code	13. Minor, Disabled, Handicapped or Full-Time Student 18 or Older	14. Elderly, Disabled or Handicapped
							(Complete this only when...)	(Complete this only when household member is a Tenant or Co-Tenant)

7-12. Social Security number, Name, Sex, Date of Birth, Race, and ethnicity of each person (s) living in complex. For race and ethnicity codes see box in Lower left hand corner.

13. Enter appropriate code next to the household member(s) indicating either Minor (M), Full-time student (F) or disabled (D).

- Choices for Race are:
- 1 - American Indian or Alaskan Native
 - 2 - Asian
 - 3 - Black or African American
 - 4 - Native Hawaiian or Pacific Islander
 - 5 - White
- Choices for Ethnicity are:
- a - Hispanic/Latino
 - b - Non-Hispanic Latino

16. Passbook savings rate is .06% (eff. 12/1/2015) See chap. 6 sec. 2.

Choices for Race Det. Code:
C - Customer Provided
E - Employee Observed

15. Enter all net family assets even if less than \$5,000. (See Chapter 6, Att.D on what to include as a net family asset.)

Note: Foster children are not considered to be household members and are not to be entered as so.

8a. Enter number of foster children who will reside in the unit.

To obtain the imputed income from assets, multiply net family assets (Line 15) by the local interest rate on bank passbook savings and enter the result. Be sure to enter passbook savings rate 2% in the space provided. **Note:** If net family assets entered in Line 15 do not exceed \$5,000, enter zero on this line.

17. Enter actual income received from assets. (See Chapter 6, Section 6.10 on calculating cash value of an asset.)

PART III- ASSET INCOME

15. Net Family Assets (NOTE: If Line 15 is less than \$5,000, enter zero on Line 16.) \$ []

16. Imputed Income from Assets Savings Rate (* [] x Line 15.) \$ []

17. Income from Assets \$ []

18. Enter total annual income not monthly amount. And third party verifications must be obtained from the employer.

18a-f. See Chap. 6 attach. 6-A for what is considered income.

19. Adjustments to income (a-d. See chap. 6 attach. 6-C for allowable deduction)

19a. \$480 per minor or full-time student. See chap. 6 sec. 2 for details.

19b. \$400 per elderly or disabled household

19c. If medical expenses are less than 3% of annual income (18f), enter zero. If expenses exceed the 3% rule enter only the amount over the 3%. (ie. Medical expense is 5,000, 3% of annual income is 2,000, you would enter 3,000)

18g. Check box if some or all of the income is exempt for purposes of rent determination. See Attachment 6-A of HB2-3560 for a list.
*NOTE: Rural Development will not accept a tenant certification with zero income unless all income is specifically exempted.

PART IV- INCOME CALCULATIONS

18. Income

a. Wages, Salaries, etc. \$

b. Soc. Sec., Pensions, etc. \$

c. Assistance \$

d. Income Contributed by Assets (Greater of Line 16 or Line 17) \$

e. Other \$

f. Annual Income \$

g. Household Has Exempt Income

19. Adjustments to Income

a. \$480 x total of Line 13 \$

b. \$400 if elderly status \$

c. Medical exceeding 3% of Line 18f. (if elderly, handicapped or disabled) \$

d. Child Care \$

e. Total Adjustments \$

20. Adjusted Annual Income (Line 18f. minus Line 19.e.) \$

21. Total # of HHLD Members

21. Number of Household Members

22. Current Eligibility Income Level (Enter Code)

20. Adjusted Income (Line 18f- Line19e)

23. Date of Initial Project Entry

24. Eligibility Income Level at Initial Project Entry (Enter Code)

PART VI- CERTIFICATION BY TENANT

I certify and acknowledge that if the Agency provides unauthorized assistance to the borrower/multi-family housing project owner for my benefit based on erroneous or fraudulent information provided in this tenant certification. I will reimburse the Agency for the unauthorized amount. If I do not, the Agency may use all remedies available to collect it, including those under the Debt Collection Act to recover on the Federal debt directly from me. In accordance with the requirements of the Privacy Act of 1974, which protects my confidential records from unauthorized release. I authorize the Agency to release information collected in this tenant certification to appropriate Agencies for income recertification purpose.

a. Date: b. Tenant Signature

c. Date: d. Co-Tenant Signature

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 30 minutes per response, including reviewing existing data sources, gathering data needed, and completing and reviewing the collection of information.

Both Tenant and Co-tenant must sign and date.

22 & 24. VL = Very Low, L = Low, M = Moderate and A = Above Moderate income. Per Adjusted Income Limits HB-1-3550, Appendix 9.

23. Date tenant initially occupied apartment.

25. Line 20/Line 12
Note: Be sure to complete this section.

27. If this is applicable it will be the amount the tenant household actually receives from the Public Assistance Agency for shelter.

28. Highest of Line 25.b., Line 26.b., or Line 27

26. Line 18f/12
Note: Be sure to complete this section.

29. Enter approved basic rent from the project worksheet
Enter total on 29c. (Line 29a + Line 29b.)

30. Enter approved note rent from the project worksheet
Enter total on 30c. (Line 30a + Line 30b.)

Note: If utilities are included in rent enter zero.

PART VII - PRELIMINARY CALCULATIONS

25. Adjusted Monthly Income (Line 20 ÷ 12)	a. \$	<input type="text"/>	x .30	= b. \$	<input type="text" value="0"/>
26. Monthly Income (Line 18.f. ÷ 12)	a. \$	<input type="text" value="0"/>	x .10	\$	<input type="text" value="0"/>
				\$	<input type="text"/>
27. Designated Monthly Welfare Shelter Payment				\$	<input type="text"/>
28. Highest of Line 25.b., Line 26.b., or Line 27,					<input type="text" value="0"/>
29. Gross Basic Rent					
a. Basic Rent	\$	<input type="text"/>		\$	<input type="text"/>
b. Utility Allowance	\$	<input type="text"/>		\$	<input type="text"/>
c. (Line 29.a. + Line 29.b.)	\$	<input type="text" value="0"/>		\$	<input type="text" value="0"/>
30. Gross Note Rate Rent					
a. Note Rate Rent	\$	<input type="text"/>		\$	<input type="text"/>
b. Utility Allowance	\$	<input type="text"/>		\$	<input type="text"/>
c. (Line 30.a. + Line 30.b)	\$	<input type="text" value="0"/>		\$	<input type="text" value="0"/>

PART VII DETERMINING GROSS TENANT CONTRIBUTION (GTC)

Decision: (check- one)

A. If tenant receives rental assistance (RA) enter Line 28 on Line 31 below. If Line 28 exceeds the amount of RA, enter RA on Line 31 below. If the tenant will not receive RA, enter zero on Line 31 below.

B. If tenant does *not* receive RA and this project receives Plan II Interest Credit, enter the greater of Line 28 or Line 29. c. , (but not to exceed Line 30.c.) on Line 31 below.

C. If tenant does *not* receive RA and this project is a Plan I , Full Profit or Labor Housing project complete Lines C.1. thru C.3. and enter Line C.3. on Line 31.

1. Enter Line 30.c.	\$	<input type="text"/>
2. Plan I Surcharge (if any)	\$	<input type="text"/>
3. Total (enter on Line 31)	\$	<input type="text"/>

Part VIII:
Mark appropriate box

PART IX-DETERMINING NET TENANT CONTRIBUTION (NTC)

31. GTC (From PART VIII)

32. Utility Allowance (Line 29.b. or Line 30.b.)

33. Final NTC (Line 31 minus Line 32)

(Amount Tenant pays Borrower for rent. If Line 33 is negative, Borrower pays the difference to Tenant for utilities.)

\$	
\$	
\$	

31. Note: Be sure to complete this section. Based on what boxed is marked in Part VIII.

32. Enter UA (Double-Check project worksheet)

33. Line 31 minus line 32.

PART X - CERTIFICATION BY BORROWER

I certify that the information on this form has been verified by the tenant household

is eligible to live in the unit, or has been granted ineligible occupancy by RHS.

Note: If household is income ineligible, a waiver from the area office must be obtained.

a. Date Signed

MMDD YY

b. Signature of Borrower or Borrower's Representative

Borrower/Borrower's Representative must sign and date.

Note: A tenant or co-tenant has to be disabled or elderly to live in an elderly complex.

“Top 10” Tenant Cert Boo-Boos!

10. Assets are not properly reported and/or imputed on the TC
9. Renting to Zero Income tenants
8. Using net SS income vs gross SS income
7. Miscalculating unusual income
6. Not annualizing income that is temporary/sporadic
5. Incorrect Standard Deductions (i.e. \$400 vs. \$480)
4. Incorrect calculations of medical expenses/disability expenses
3. Incorrect calculation of child support income and/or child care deductions
2. Tenant Cert not completed in it's entirety or correctly
1. No supporting documentation in the tenant file of income/deductions

BOO-BOO #10 - Assets are not properly reported and/or imputed on the TC

- Must consider at the time of initial certification and for all recertifications
- Must be verified in writing by third party
 - If unable to verify from 3rd party, can accept other forms of documentation (HB- 1, Section 6.11 A)
- Verifications are valid for 90 days and may be valid for an additional 90 days with oral verification. Can be no longer than 180 days
- Includes assets of all HH members
 - Refer Attachment 6-D, Asset Management Handbook
- Document, document, document

Case Study #1 - Assets

Household has reported the following

- \$500 checking account
- \$2,000 Savings Account earning 1% interest
- Life Insurance Policy with Face Value of \$10,000
- Motor Boat valued at \$10,000
- Prepaid funeral arrangements valued at \$20,000

How much would you reflect on Lines 15 through 17 of the TC?

Case Study #1 (Assets) – Answer

- Line #15: \$2,500 (checking and savings)
- Line #16: -0- (assets less than \$5,000)
- Line #17: \$20 (1% x \$2,000)
 - \$20 will be carried forward to Part IV, 18 d.
- Face Value of Insurance, Motor Boat and prepaid funeral expenses are exempted assets

Case Study #2 - Assets

Household has reported the following

- \$500 checking account
- \$2,000 Savings Account earning 3% interest
- Life Insurance Policy with Cash Value of \$10,000
- Prepaid funeral arrangements valued at \$20,000
- \$10,000 CD earning an interest rate of 4.5%; withdrawal penalty is \$200 and taxes of \$2,000

How much would you reflect on Lines 15 through 17 of the TC?

Case Study #2 (Assets) – Answer

- Line #15: \$20,300 (checking, savings, life insurance policy and CD)
 - CD cash value is market value minus withdrawal penalty minus taxes (\$10,000 - \$200 - \$2,000 = \$7,800)
- Line #16: \$406 (2% x \$20,300)
- Line #17: \$510 (4.5% x \$10,000 CD; 3% x \$2,000)
 - \$510 will be carried forward to Part IV, 18 d. since it is greater than the imputed income on line 16
- Prepaid funeral expenses are exempted assets

Case Study #3 - Assets

Household has reported the following

- \$500 checking account
- \$2,000 Savings Account earning 3% interest
- \$20,000 CD earning an interest rate of 4.5%; withdrawal penalty is \$200 and taxes of \$2,000
- 1 years ago a house valued at \$60,000 was sold for \$30,000; closing costs were \$2,000

How much would you reflect on Lines 15 through 17 of the TC?

Case Study #3 (Assets) – Answer

- Line #15: **\$48,300** (checking, savings, CD and the net value of home)
 - CD cash value is market value minus withdrawal penalty minus taxes ($\$20,000 - \$200 - \$2,000 = \$17,800$)
 - Count difference between the FMV (Fair Market Value) of asset and amount actually received:
 - Example: FMV - \$60,000
 - Costs - (2,000)
 - Sold - (30,000)
 - Cash Value - \$28,000
- Line #16: **\$966** ($2\% \times \$48,300$)
- Line #17: **\$960** ($4.5\% \times \$20,000$ CD; $3\% \times \$2,000$)
 - **\$966** will be carried forward to Part IV, 18 d. since it is **greater than** the actual income on line 17

Case Study #4 – Assets

Household has reported the following

- \$500 checking account
- \$2,000 Savings Account earning 3% interest
- \$60,000 IRA earning an interest rate of 5%; withdrawal penalty \$1,000; taxes \$2,000
- 2½ years ago, tenant sold a house for \$40,000. It was valued at \$60,000; unpaid loan balance \$20,000; \$6,000 was the expense of selling the property

How much would you reflect on Lines 15 through 17 of the TC?

Case Study #4 (Assets) – Answer

- Line #15: \$59,500 (checking, savings and IRA)
 - IRA cash value is market value minus withdrawal penalty minus taxes (\$60,000 - \$1,000 - \$2,000 = \$57,000)
 - Sale of house is not included as it was over 2 years ago
- Line #16: \$1,190 (2% x \$59,500)
- Line #17: \$3,060 (5% x \$60,000 IRA; 3% x \$2,000)
 - \$3,060 will be carried forward to Part IV, 18 d. since it is greater than the imputed income on line 16

BOO-BOO #9 – Renting to Zero Income Tenants

Zero Income – RD's policy is to not accept a tenant certification for an applicant or tenant with zero income unless all income is specifically exempted.

- If applicant or tenant states they have no household income, they will need to demonstrate financial capability to meet essential living expenses.

BOO-BOO #9 – Renting to Zero Income Tenants

- The basis for this income must be documented in the file.
- HB-2-3560, Attachment 6-B, Zero Income Verification Checklist can be used for this documentation.
- The borrower MUST review the circumstances of the tenant quarterly.
 - RD may wage match periodically
 - Borrower can request wage match from RD at any time

Case Study – Zero Income

Household has reported the following:

- The household reported that they have no employment, they are not receiving any government benefits and their income is -0-
- In conversation, the tenant mentioned that they receive \$50 per month from parents to buy groceries
- Tenant owns a car and has a cell phone. According to the Zero Income worksheet, the tenant's father pays for the car insurance every 6 months in the amount of \$1,200 and the tenant pays for the upkeep and gas and their own cell phone
- Occasionally the grandmother gives clothes valued at \$500 for the year to her grandchildren
- A local charitable organization has awarded a grant in the amount of \$300 per month to assist with basic needs and utilities
- The Tenant also receives \$150 per month by the management for picking up trash around the complex

What would be counted as income on the TC?

Case Study (Zero Income) - Answer

The following would be counted as *Income*

- \$50 per month since it is given in the form of cash ($\$50 \times 12 = \600) – Line 18 e.
- The cost of the auto insurance - \$2,400 – Line 18 e.
- \$300 per month ($\$300 \times 12 = \$3,600$) – Line 18 c.
- Total Income = *\$6,600*

The following would be counted as *Exempted Income*

- Clothing of \$500 would be exempted since occasional
- Monthly Stipend since it is under \$200

BOO-BOO # 8 Using Net SS vs. Gross SS Income

- For income, always use the Gross Income
 - Usually, in October it will be announced if SS will be increasing for the following year
 - Be sure to factor in this increase (could be 2 months at 2017 rate (Nov. & Dec. and 10 months at 2018 new rate)
- Be sure to factor any adjustments for prior overpayment of SS benefits

Case Study #6 - SS

Tenant is receiving SS Benefits as shown below

Because there was an overpayment, the SS amount below is being reduced by \$50 for 6 mos.

Your Social Security benefits will increase by 2.7 percent in 2005, because of a rise in the cost of living. You can use this letter when you need proof of your benefit amount to receive food stamps, rent subsidies, energy assistance, bank loans, or for other business.

How Much Will I Get And When?

• Your new monthly amount (before deductions) is	\$720.20
• The amount we are deducting for Medicare is (If you did not have Medicare as of Nov. 19, 2004, or if someone else pays your premium, we show \$0.00.)	\$78.20
• The amount we are deducting for voluntary federal tax withholding is (If you did not elect voluntary federal tax withholding as of Nov. 19, 2004, we show \$0.00.)	\$0.00
• After taking any other deductions, we will deposit into your bank account on Jan. 3, 2005.	\$642.00

If you disagree with any of these amounts, you should write to us within 60 days from the date you receive this letter.

What would be their SS Income on line 18b.?

Case Study #6 – (SS) - Answer

- $\$670.20$ ($\$720.20 - \50) x 6 mos. $\$4,021.20$
- $\$720.20$ x 6 mos. = $\$4,321.20$
- Total SS Income $\$8,342.40$

Your Social Security benefits will increase by 2.7 percent in 2005, because of a rise in the cost of living. You can use this letter when you need proof of your benefit amount to receive food stamps, rent subsidies, energy assistance, bank loans, or for other business.

How Much Will I Get And When?

- Your new monthly amount (before deductions) is ~~$\$720.20$~~
- The amount we are deducting for Medicare is ~~$\$78.20$~~
- (If you did not have Medicare as of Nov. 19, 2004, or if someone else pays your premium, we show \$0.00.)
- The amount we are deducting for voluntary federal tax withholding is $\$0.00$
- (If you did not elect voluntary federal tax withholding as of Nov. 19, 2004, we show \$0.00.)
- After taking any other deductions, we will deposit $\$642.00$ into your bank account on Jan. 3, 2005.

If you disagree with any of these amounts, you should write to us within 60 days from the date you receive this letter.

BOO-BOO #7 Miscalculating Unusual Income

- Income from a Business
- Unemployment
- Withdrawal from IRAs or 401k Accounts

Income from a Business

Must count Net Income

- Net Income is Gross Income less expenses
- If net income is a negative number, must use "0"
- Must request most current tax return
- Compare figures tenant provided with tax return

Case Study #7 – Business

- Household has Lawn Care Service/Snow Removal Business
- HH is reporting a negative loss of (\$2,754)
- According to previous year's tax return, the gross income was \$20,000, the expenses and depreciation were \$10,000, a net income was realized of \$10,000
- Recertification Period is October 1

What would be counted as business income and where would you reflect it on the TC?

Case Study #7 – (Business) - Answer

- Based on tax return, the answer would be \$10,000
 - Since 10 months have passed, tenant could provide additional documentation to support the negative figure of (\$2,754)
 - If accept new documentation, the answer would be "0"
- Business Income would be reflected on Line 18 e.

Annualizing Unemployment

- Unemployment is counted as income
- If household is receiving unemployment, must figure unemployment for entire 12 months even if verification reflects that unemployment is not available for the full year
- Would recertify at the end of the unemployment period if need be

Case Study #8 – Unemployment

Household is receiving unemployment benefits for 12 weeks for \$125

What would their income be and what line would this be reflected on?

Case Study #8 – (Unemployment) - Answer

- 52 weeks x \$125 = \$6,500
- Need to recertify at the end of the 12 weeks since income will change
- Unemployment can be reflected on either 18 a. or 18c.

Withdrawals from IRAs and 401k Accounts

- The full amount of periodic payments from IRAs, Pensions, Insurance Policies, Retirement Funds, etc. is counted as income
 - Withdrawals from IRAs and Retirements funds that are not routine would not count as income
- Still need 3rd party verification
 - Yearend statements of Mutual Funds or 401k accounts can provide information about routine annual income

Case Study – 401k

- Tenant has a 401k account and receives \$400 per month
- Tenant is also cashing in one of their IRAs valued at \$2,000 for a vacation

What would be counted as income and what line would this be reflected on the TC?

Case Study - (401k) - Answer

- \$400 per month is considered routine income and would be counted as income ($\$400 \times 12 = \underline{\$4,800}$)
 - Yearend statement of 401k should reflect this
 - Depending on how this 401k is established, it may or may not be counted as an asset – could have imputed income if it is an asset
- The IRA of \$2,000 would not be counted as income as it is not routine
 - However there could be some imputed income from the IRA since it is an asset
- This should be reflected on Line 18 b.

BOO-BOO #6 Not Annualizing Income that is Seasonal / Sporadic

- Some employment is not year round
 - Must estimate what the income will be for the year
- Must verify income
 - If seasonal, may have to request more than 1 year's history of employment
 - If worked 3 years, obtain all 3 years and average
 - If new, have employer project hours to be worked the next 12 months based on their knowledge of past work history

Case Study – Annualizing Income

- Tenant is a construction worker in which the work is seasonal
 - He works for a company (not self-employed)
- He is paid \$15 per hour when working
 - Tenant stated that he works 40 hours per week for 6 months out of the year
 - Employer stated that he worked 40 hours per week for 6 months in 2007, 7 months in 2006 and 8 months in 2005

How much would you reflect on Line 18a as salary?

Case Study (Annualizing Income) - Answer

Since tenant has worked 3 years

- Average the total hours for all 3 years
 - 2007 – 1040 hours (26 weeks x 40 hours)
 - 2006 – 1213 hours (30.33 weeks x 40 hours)
 - 2005 – 1386 hours (34.66 weeks x 40 hours)
 - Total Hours = $3,639 / 3 \text{ years} = 1213 \text{ hours} \times \$15 = \underline{\$18,195}$ would be the income reflected on Line 18a

BOO-BOO #5 Incorrect Standard Deductions

- \$480 deduction for each family member (not a tenant or co-tenant)
 - Under 18 years of age;
 - Does not include unborn child
 - If joint custody, both parents cannot claim the deduction for the child if both parents live in subsidized housing
 - If dispute which family gets to claim the deduction, must refer to any legal documents or IRS returns and deduction is claimed by the parent shown receiving the IRS deduction or identified in legal documents
- A person with disabilities who is over 18 and not the tenant or co-tenant;
- A full-time student of any age;
 - Must have documentation from school
 - Must still be living in household
- Foster children are not eligible for the standard \$480 deduction

BOO-BOO #5 Incorrect Standard Deductions

\$400 deduction for elderly or disabled

- Must be the tenant or co-tenant
- Only one deduction for the household, i.e. both tenant and co-tenant are over age 62, but only 1 \$400 deduction can be taken
- Must be 62 years of age or have a disability at any age
- Must have documentation to support \$400 deduction

Case Study – Deduction

- Tenant & Co-Tenant are not elderly or disabled
- There are 3 children and one on the way, ages 10, 18 & 19
 - 18 year old is a full-time student, 19 year old is working but not a student
- The co-tenant's 64 year old disabled mother is living with them

What deductions are this family eligible for?

Case Study – (Deduction) -Answer

- \$480 deduction for 2 children (Ages 10 & 18)
 - 18 year old is a full time student
 - No deduction for unborn child
 - No deduction for 19 year old since over age and not a full-time student
 - Note – would need to count the income of the 19 year old
- \$480 for the disabled mother
 - Must have documentation of disability
 - No elderly deduction because mother is not the tenant or co-tenant
- Total Deduction = \$1,440

Case Study - Deduction

- Tenant is 35, Co-Tenant is 30 and disabled
- Tenant has a child who is 4 and is sharing joint custody with his ex-wife who also lives in another RD complex. The child lives with the ex-wife during the week, but with the tenant every weekend and 6 weeks through the summer
- The tenant (father) claims the child on his tax return

What deductions is this eligible for?

Case Study – (Deduction) - Answer

- \$400 because the co-tenant is disabled
 - Documentation must be provided of disability
- \$480 deduction for the 4 year old child
 - Even though the child spends more time with the mother, the tenant (father) provided a copy of the divorce decree and tax return which allows him to claim the child as a dependent. The mother could not claim a deduction for the child at the other RD complex.

BOO-BOO #4 – Incorrect Calculations of Medical Expenses/Disability Expenses

Medical expenses can be deducted for elderly/disabled household

- If household qualifies for \$400 deduction, then the medical expenses for the entire household can be claimed
- Expense to be claimed is what is anticipated for next 12 months based on past history
- Can allow for past medical event that is not likely to recur (i.e. unplanned surgery, injuries from car accident, etc.) if not claimed previously

BOO-BOO #4 – Incorrect Calculations of Medical Expenses/Disability Expenses

- Reimbursed medical expenses cannot be claimed
- The amount of medical expenses that can be claimed as a deduction is anything over 3% of annual income (not adjusted)
- Must have documentation of medical expenses
 - Over the counter (OTC) medical expenses must be prescribed by licensed practitioner in order to claim deduction
 - Must have copies of receipts and prescriptions for OTC expenses

Case Study – Medical Expenses

Elderly Household had SS Income of \$600 per mo.

- Tenant Cert is effective 1/1/2016
- Medicare premium is \$100 per mo.
- Supplemental Health Ins. Policy is \$200 per mo.
- Pharmacy prescriptions reflect \$2,000 in 2015
 - Tenant is still taking the same prescriptions
- Hospital Bill owed of \$500 in which tenant is paying \$100 per mo.
- OTC receipts reflect \$200 (Aspirin, Pepto Bismol, Ben Gay, Band-Aids, etc.)
- Hearing Aid purchased in 2015 for \$2,000 and Batteries of \$100
 - Supplemental insurance paid \$1,500 for the hearing aid

What would the Medical Expense Deduction be?

Case Study – (Medical Expenses) - Answer

- Allowable Medical Deductions -
 - \$1,200 for Medicare ($\100×12)
 - \$2,400 for Supplemental Health Ins. ($\$200 \times 12$)
 - \$2,000 Prescription Medicine
 - \$500 payment on hospital bill
 - \$600 for hearing aid and batteries
 - Allowed \$500 for hearing aid since this was not claimed in 2015 and was not reimbursed by insurance
- Not allowed - \$1,700
 - OTC Medicine since no prescriptions - \$200
 - Hearing Aid reimbursed by ins. - \$1,500
- Total medical expenses anticipated are **\$6,700**
- Total Deduction allowed - **\$6,484**
 - $3\% \times \$7,200$ (Line 18 f. which is \$600 month (SS Income) $\times 12$) = \$216
 - $\$6,700$ (total medical deductions) – \$216 (3% of SS Income) = \$6,484

Disability Assistance Expense

- Deduction for unreimbursed, anticipated costs for attendant care and “auxiliary apparatus” for each disabled family member
 - HH does not have to qualify as an elderly household
- Qualification for Deduction
 - Must enable a family member 18 years of age or older (who may or may not be the disabled member) to be employed
 - If more than one family member enabled to work, must consider the combined incomes of those persons
 - Must have documentation of disability and need for animal/apparatus, etc.
- Allowable deduction is any cost over and above 3% of annual income (not adjusted)
 - Cannot exceed the earned income received by the family member(s) who are enabled to work

Case Study – Disability Expenses

- Tenant and co-tenant are both 40 years old and have a 15 year old son who is disabled. It is determined the son would be allowed a seeing eye horse (allergic to dogs)
- Tenant is away from the family for a short stint in the military and earns \$10,000 per year; co-tenant stays at home with the son but has found a job and will earn \$6,000 per year
- It is determined that the cost of the seeing eye horse is \$5,000, \$2,000 of which is covered by a special grant from a service organization. Vet costs per year will be \$1,500, food for the year will be \$2,000 and supplies will be \$500

What would the Disability Assistance Deduction be?

Case Study – (Disability Expenses) - Answer

- Allowable Disability Assistance Expenses
 - \$3,000 for the seeing eye horse (\$5,000 - \$2,000 grant)
 - \$1,500 for vet visits
 - \$2,000 for food
 - \$500 for supplies
 - Total anticipated disability assistance expenses \$7,000
- Household's annual income of \$16,000 x 3% = \$480
 - Co-tenant is the one enabled to work and has an annual income but you use total household income to calculate 3% allowance
- Total available to claim would be \$7,000 - \$480 = \$6,520
- Total amount allowed for disability assistance expense is \$6,000
 - Amount of co-tenant's annual salary

Disability Assistance Expense

For Elderly HH that is eligible for BOTH medical and the disability deduction, it must be calculated separately

- Must calculate disability assistance first
 - Reminder – it cannot exceed the income of the person(s) that has been enabled to work
- Then calculate allowable medical expenses
 - When family has both disability and medical expenses, review both to make sure no expense has been inadvertently included in both categories
- Add Medical and Disability Assistance expenses and deduct from 3% of household annual income

Case Study – Medical and Disability Expenses

- Elderly Household – Co-tenant is disabled
- Co-tenant needs a live-in aide in order to allow Tenant to work
- Tenant's income is \$20,000
- Live-in Aide expense is \$10,000 and the aide has other income of \$5,000
- Co-Tenant also needed auxiliary equipment (wheelchair) costing \$5,000
- They also have non-reimbursed medical expenses of \$3,000

What would the Disability Assistance and Medical Deduction be?

Case Study – (Medical and Disability Expenses - Answer

- Disability Expense \$15,000
 - Live-in Aide was \$10,000
 - Auxiliary Equipment was \$5,000
- Medical Expense \$3,000
- Total Disability and Medical Expense \$18,000
- Less 3% of HH Annual Income - \$600
 - \$20,000 x 3%
- Total Allowable Deduction **\$17,400**

- Note – the Live-in Aides' other income of \$5,000 is excluded as it is not counted toward the household's income

BOO-BOO #3 Incorrect Calculation of Child Support Income and/or Child Care Expenses

Child Support Income

- Household must include all alimony or child support payments
 - Must have verification (court orders, statements from enforcement agencies, divorce decree, or other records to support payment)
 - The applicant/tenant must report what was paid in the last 12 months
 - If not receiving child support payments, the applicant/tenant must show that they have requested assistance from the state or local entity responsible for enforcement of payment

Note: If tenant/co-tenant is paying child support – this is not an allowable deduction even if this is being garnished from their salary .

Case Study – Child Support

- Tenant has 2 children and is to receive child support payments of \$500 per month
 - Divorce Decree supports this amount
- Tenant states she is not receiving these payments and provides a copy of last month's bank statement which reflects that no child support was deposited

What would you count as income for the Child Support and what line would it be on the TC?

Case Study – (Child Support) -Answer

- Child Support Income is: *\$6,000*
 - Applicant/Tenant did not provide evidence of what was received for the last 12 months; and
 - Applicant/Tenant had not pursued collection through State Agency or legal action
 - If documentation is provided then you could report whatever is presented as income
- Reflect on Line 18 e.

Child Care Expenses

Reasonable child care expenses for the care of a child age 12 or under may be deducted from “annual (gross) income” if they:

- Enable an adult family member to actively seek employment, be gainfully employed, or further his/her education; **and**
- If the expenses are not reimbursed; **and**
- If they have demonstrated that there are no other adult household members available for child care

Child Care Deduction

- The amount may not exceed the amount of income received from employment.
- The amount cannot be paid to a household member
- The amount of child care hours must parallel the hours household member works or goes to school including travel time.
- The applicant must identify the household member who can go to work or school as a result of the child care.
- The tenant file must contain justifying documentation to support the deduction.

Case Study – Child Care

- Tenant earns \$18,000 & Co-Tenant works part-time 4 hours per day/5 days a week and earns \$4,000 and attends school part-time 4 hours per day/5 days a week
- The Tenant identified that the Co-Tenant would be able to work and go to school if child care was provided
- They have 2 children ages 13 & 11 and they pay \$5 per hour for 8 hours/5 days a week for each child.

What would the Child Care Deduction be and what line would it be on the TC?

Case Study – (Child Care) - Answer

- Child care expense for the time the co-tenant is working is \$4,000
 - $\$5 \times 4 \text{ hours} = \$20 \text{ per day} \times 5 \text{ days} = \$100 \text{ per week} \times 52 \text{ weeks} = \$5,200$
 - Can only claim \$4,000 since income of co-tenant is less than child care expense
 - Cannot claim the expense for the 13 year old
- Child care expense for co-tenant while going to school is \$5,200
 - $\$5 \times 4 \text{ hours} = \$20 \text{ per day} \times 5 \text{ days} = \$100 \text{ per week} \times 52 \text{ weeks} = \$5,200$
 - Child care cost is not limited while attending school
- Total allowable Child Care Deduction is **\$9,200** ($\$4,000 + \$5,200$) and would be reflected on **Line 19d** of Tenant certification

BOO-BOO #2 – Tenant Certification is not Completed in it's Entirety or Correctly

- Part I, Item 1., Action type is not correctly identified
 - i.e. Tenant moves out, and co-tenant becomes tenant, must mark Co-Tenant to Tenant Box
 - Must recertify because household composition changed
- Part II, 6. Tenant Subsidy Code is not completed correctly
 - If getting State RA, Code #4
 - Don't use Code #5, it is not working correctly at this time
 - Code #7 if other types of subsidy at basic rent (i.e. church is paying subsidy)
- Part II 7. – Social Security Numbers
 - All households members are not required to have a SS #
 - i.e. illegal immigrants may not have a SS#, complete field with all zeroes and MINC will assign a number

BOO-BOO #2 – Tenant Certification is not Completed in it's Entirety or Correctly

- Part II, 14. – Coding for Disabled ("D") and Elderly ("E")
 - Insert a "E" or "D" by only the Tenant and Co-Tenant – be sure to mark Elderly Status box if any of the above applies
- Part IV, Item 18 g. – if household has reported "zero" income, and the income is exempted, then this box must be marked.
- Part V, Item 23, be sure to show the actual date of move-in (does not have to be the 1st of month)
- Part V, Item 24, reflect income level at the time of move-in. This should not be changed on subsequent recertifications

BOO-BOO #2 – Tenant Certification is not Completed in it's Entirety or Correctly

- Part VII, Item 29 a. and 30 a, Basic Rent & Note Rate Rent – be sure rent is the same as the current approved budget
 - If project worksheet does not agree with budget, notify servicing office
- Part VII, Item 29 b. & 30 b., Utility Allowance
 - If utility costs are included in rent, enter "0"
 - Utility Allowance must agree with approved budget. If it does not agree, notify servicing office

BOO-BOO #2 – Tenant Certification is not Completed in it's Entirety or Correctly

- Part X, Certification by Borrower
 - Be sure to indicate if household is eligible
 - This includes income eligible and occupancy eligible
 - If not eligible, must obtain waiver or approval from servicing office prior to renting to household
- Part VI & X, Tenant/Co-Tenant and Borrower Signatures
 - Even though tenant certification is transmitted, this form must still be signed by all parties and a copy provided to the tenant.
 - Signed tenant certification must be retained in the Tenant File

BOO-BOO #1 - No Supporting Documentation of Income, Deductions, Disability, etc.

Verify and Document



Keep At Your Fingertips

- HB-2, Asset Management, Attachment 6-A, Annual Income Inclusions and Exclusions
- HUD Occupancy Handbook, Exhibit 5-1: Income Inclusions and Exclusions
(www.hudclips.org)
(Select Handbooks, Select Housing Handbooks, Select 4350.3)
- HB-2, Asset Management, Attachment 6-D, Family Assets
- HB-2, Exh 6-3, Acceptable Income Verification Sources

Keep At Your Fingertips

- HB-2, Asset Management, Att 6-C (Allowable Deductions)
- HUD Occupancy HB, Exhibit 5-3 (Medical Expenses That Are Deductible and Nondeductible)
- IRS Mileage Rates
- HUD Income Limits
- HB-2, Asset Management, Att 6-B (Zero Income Verification Checklist)

HELPFUL TIPS

Review the following with all applicants and tenants:

- Occupancy Standards of the complex
- Appropriate lease clauses
- Who will pay if tenants must relocate to another unit
- How security deposits will be handled if tenant must relocate to another unit
- What happens if an eligible applicant comes along needing the unit occupied by the ineligible tenant (move into appropriately sized unit or vacate)
- Annually, if household is ineligible, remind them of the possibility of having to move to another unit or vacate the property

COMMUNICATE, COMMUNICATE, COMMUNICATE

**OPEN TIME FOR
ADDITIONAL
QUESTIONS!!!!**

1. Effective Date

Initial Certification Certification Expired & Eviction in Process
 Recertification
 Modify Certification Designate 60 Day Absenc
 Cotenant to Tenant End 60 Day Absence
 Assign/Remove RA Tenant Transfer
 Vacate a Unit

PART I-PROJECT AND UNIT IDENTIFICATION

2. Project Name	3. Borrower ID and Project Number	4. Unit Type	5. Unit Number
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WARNING STATEMENT: Section 1001 of Title 18, United States Code provides, "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

PART II-TENANT HOUSEHOLD INFORMATION

6. Tenant Subsidy Code (enter code)

0 - No Deep Tenant Subsidy
 1 - Rental Assistance (RA)
 2 - Project Based Section 8
 4 - Other Public RA
 5 - Private RA
 6 - HUD Voucher
 7 - Other Types at Basic Rent
 Other Subsidy Indicator (leave blank if none, P-Partial or F-Full)

STATEMENT REQUIRED BY THE PRIVACY ACT: Title V of the Housing Act of 1949 authorizes RHS to collect the information on this form. Your disclosure of the information is voluntary. However, failure to disclose certain information may delay the processing of your eligibility or rejection. RHS will not deny eligibility if you refuse to disclose your Social Security Number.

This information is collected principally to determine eligibility for occupancy and to determine your tenant contribution for rent. However, the information collected may be released to appropriate Federal, State and Local Agencies, credit bureaus and Servicing agents when relevant to civil, criminal or regulatory proceedings or to enforce regulations by manual or automated verification procedures.

Round all monetary figures up to the nearest dollar at .50 and above.

7. Social Security No.	8. Household Member Name <i>(Last, First and Middle Initial)</i>	9. Sex	10. Date of Birth MM DD YY	11. Race	12. Ethnicity	12a. Race Determination Code

13. Minor, Disabled, Handicapped or Full-Time Student 18 or Older

14. Elderly, Disabled or Handicapped

(Complete this only when household member is a Tenant or Co-Tenant)

(Check below when coded above)

Total (Line 13)

Elderly Status

- Choices for Race are:
 1 - American Indian or Alaskan Native
 2 - Asian
 3 - Black or African American
 4 - Native Hawaiian or Pacific Islander
 5 - White
- Choices for Ethnicity are:
 a - Hispanic/Latino
 b - Non-Hispanic Latino

8a. Number of Foster Children (if any)

Other Subsidy Amount (For Partial) \$

Choices for Race Det. Code:
 C - Customer Provided
 E - Employee Observed

PART III- ASSET INCOME

15. Net Family Assets (NOTE: If Line 15 is less than \$5,000, enter zero on Line 16.) \$

16. Imputed Income from Assets (Bank Passbook Savings Rate (*) x Line 15.) \$

17. Income from Assets \$

PART IV- INCOME CALCULATIONS

18. Income

a. Wages, Salaries, etc. \$

b. Soc. Sec., Pensions, etc. \$

c. Assistance \$

d. Income Contributed by Assets (Greater of Line 16 or Line 17) \$

e. Other \$

f. Annual Income \$

g. Household Has Exempt Income

19. Adjustments to Income

a. \$480 x total of Line 13 \$

b. \$400 if elderly status \$

c. Medical exceeding 3% of Line 18f. (if elderly, handicapped or disabled) \$

d. Child Care \$

e. Total Adjustments \$

20. Adjusted Annual Income (Line 18.f. minus Line, 19.e.) \$

PART V-INCOME LEVELS

21. Number of Household Members

22. Current Eligibility Income Level (Enter Code)

23. Date of Initial Project Entry

24. Eligibility Income Level at Initial Project Entry (Enter Code)

PART VI- CERTIFICATION BY TENANT

I certify and acknowledge that if the Agency provides unauthorized assistance to the borrower/multi-family housing project owner for my benefit based on erroneous or fraudulent information provided in this tenant certification. I will reimburse the Agency for the unauthorized amount. If I do not, the Agency may use all remedies available to collect it, including those under the Debt Collection Act to recover on the Federal debt directly from me. In accordance with the requirements of the Privacy Act of 1974, which protects my confidential records from unauthorized release. I authorize the Agency to release information collected in this tenant certification to appropriate Agencies for income recertification purpose.

a. Date: b. Tenant Signature

c. Date: d. Co-Tenant Signature

PART VII - PRELIMINARY CALCULATIONS

25. Adjusted Monthly Income (<i>Line 20 ÷ 12</i>)	a. \$		x .30		= b. \$	
26. Monthly Income (<i>Line 18.f. ÷ 12</i>)	a. \$		x .10		= b. \$	
				27. Designated Monthly Welfare Shelter Payment	\$	
				28. Highest of Line 25.b., Line 26.b., or Line 27,		
29. Gross Basic Rent				30. Gross Note Rate Rent		
a. Basic Rent	\$			a. Note Rate Rent	\$	
b. Utility Allowance	\$			b. Utility Allowance	\$	
c. (<i>Line 29.a. + Line 29.b.</i>)	\$			c. (<i>Line 30.a. + Line 30.b.</i>)	\$	

PART VII DETERMINING GROSS TENANT CONTRIBUTION (GTC)

Decision: (check- one)

- A. If tenant receives rental assistance (*RA*) enter Line 28 on Line 31 below. If Line 28 exceeds Line 29. c. , go to Decision B since this Tenant will not receive *RA*..
- B. If tenant does *not receive RA* and this project receives Plan II Interest Credit, enter the greater of Line 28 or Line 29. c. , (but not to exceed Line 30.c.) on Line 31 below.
- C. If tenant does *not receive RA* and this project is a Plan 1 , Full Profit or Labor Housing project complete Lines C.1. thru C.3. and enter Line C.3. on Line 31.

1. Enter Line 30.c.	\$	
2. Add Plan I Surcharge (if any)	\$	
3. Total (enter on Line 31)	\$	

PART IX-DETERMINING NET TENANT CONTRIBUTION (NTC)

31. GTC (From PART VIII)		\$	
32. Utility Allowance (Line 29.b. or Line 30.b.)		\$	
33. Final NTC (Line 31 minus Line 32)		\$	

(Amount Tenant pays Borrower for rent. If Line 33 is negative, Borrower pays the difference to Tenant for utilities.)

PART X - CERTIFICATION BY BORROWER

I certify that the information on this form has been verified as required by federal law and the tenant household

is eligible to live in the unit, or has been granted ineligible occupancy by RHS.

a. Date Signed

MM DD YY

b. Signature of Borrower or Borrower's Representative

Instructions for RD 3560-8

TENANT CERTIFICATION

This form is completed for each tenant in all Rural Rental Housing, Rural Cooperative Housing, and Labor Housing borrowers or their authorized representative to document the tenant income and calculate the appropriate rental charge.

The data contained on this form is transmitted to Rural Development through the Management Interactive Network Connection (MINC) and uploaded into the Multifamily Housing Information System (MFIS). The MINC system can be accessed at <https://usdaminc.sc.egov.usda.gov/>. If you are not required to use the MINC system, submit the original executed copy of the completed form in hard copy or facsimile to the Centralized Servicing Center at PO Box 979082, St. Louis, MO 63197 or fax 314-457-4471.

-

Borrowers or their authorized representative must complete all of the items specified in the following table.

Part I - Project And Unit Identification

Fld Name / Item No.	Instruction
1 Effective Date	Enter the date this tenant certification is effective. Mark the block, as appropriate to indicate the type of action.
2 Project Name	Enter the project name.
3 Project ID	Enter the project's ID (Example: 0123456789) and number (017). If you do not know the correct numbers to enter on Line 3, contact your Rural Development Servicing Office.
4 Unit Type	Enter the tenant household's apartment unit size, according to the following: <ul style="list-style-type: none"> 0 efficiency, no bedrooms 1 one-bedroom 2 two-bedrooms 3 three-bedrooms 4 four-bedrooms When there is more than one type of each size of apartment unit, and there is a distinct rental rate for each type, begin the unit type code as follows: <ul style="list-style-type: none"> S Small M Medium L Large H Handicapped Design. For example: S1 <input type="checkbox"/> Small one-bedroom M1 <input type="checkbox"/> Medium one-bedroom

Fld Name / Item No.	Instruction
5 Unit Number	Enter this tenant household <input type="checkbox"/> s apartment unit number. The unit number may consist of up to six characters of either letters or numbers. For example: A 1 0 4 Apartment No. A-104 4 Apartment No. 4.

Part II - Tenant Household Information

Fld Name / Item No.	Instruction
6 Tenant Subsidy Code	Enter the appropriate code as follows: <input type="checkbox"/> 0 <input type="checkbox"/> No Deep Tenant Subsidy. Tenants receiving no deep tenant subsidy. <input type="checkbox"/> Deep tenant subsidy <input type="checkbox"/> is assistance that allows a tenant to contribute less than the basic rent for shelter costs (or note rate rent in those projects with note rate rent only). <input type="checkbox"/> 1 <input type="checkbox"/> Rural Development Rental Assistance (RA). <input type="checkbox"/> 4 <input type="checkbox"/> Other Public RA. Tenants receiving deep tenant subsidy from any Federal, State or local public agency, other than RHS or HUD. <input type="checkbox"/> 5 <input type="checkbox"/> Private RA. Tenants receiving deep tenant subsidy funded by a borrower (include rent incentives only when they will be provided for 12 months or longer). <input type="checkbox"/> 6 <input type="checkbox"/> HUD Voucher. Tenants receiving a HUD Voucher. <input type="checkbox"/> 7 <input type="checkbox"/> Other Types at Basic Rent. Tenants receiving any other type of deep tenant subsidy not listed above, which requires that the total funds available for rent from the tenant and subsidy provider equal basic rent.
7 Social Security Number	Corresponding to the name in Line 8, enter the social security number, when provided, or any Tenant, Co-Tenant or other household member that contributes to income. If the tenant, co-tenant or any other household member does not have a social security number but is eligible for housing, complete the field with all zeros or use the alien registration number.
8 Household Member Name List	Enter the name of each tenant household member. Foster children are not considered to be members of the tenant household and are not to be entered on this line. Always place the <input type="checkbox"/> tenant <input type="checkbox"/> s <input type="checkbox"/> (person who signs the lease as tenant) name first and the <input type="checkbox"/> co-tenant <input type="checkbox"/> s <input type="checkbox"/> (a person who signs the lease as co-tenant) name next.

Fld Name / Item No.	Instruction
8a Number of Foster Children	Enter the number of foster children who will reside in the unit or unborn children anticipated to reside in the unit this certification period. The number of foster or unborn children will be used <i>only</i> to determine the appropriate size unit.
9 Sex	Corresponding to the name in Line 8, enter the sex of each tenant household member.
10 Date of Birth	Corresponding to the name in Line 8, enter the date of birth of each tenant household member. For example: 12 02 55 <input type="checkbox"/> December 2, 1955.
11 Race	Enter the appropriate code for the race of all household members. You are to obtain this information from the tenant household <input type="checkbox"/> s completed application for occupancy or from the previous tenant certification. One or more choices for race may be selected. If the tenant, co-tenant, or any household members chooses not to furnish the information, you are required to note the race on the basis of visual observance or surname. Choices for Race <input type="checkbox"/> 1 <input type="checkbox"/> American Indian or Alaskan Native 2 <input type="checkbox"/> Asian 3 <input type="checkbox"/> Black or African American 4 <input type="checkbox"/> native Hawaiian or Pacific Islander 5 <input type="checkbox"/> White
12 Ethnicity	Enter the appropriate code for the ethnicity of all household members. You are to obtain this information from the tenant household <input type="checkbox"/> s completed application for occupancy or from the previous tenant certification. One choice for ethnicity may be selected. If the tenant, co-tenant, or any household members chooses not to furnish the information, you are required to note the race on the basis of visual observance or surname. a <input type="checkbox"/> Hispanic/Latino b <input type="checkbox"/> Non-Hispanic/Latino
12a Race Determination Code	Enter the appropriate race determination code: C <input type="checkbox"/> Customer provided (the tenant entered the information on the application) E <input type="checkbox"/> Employee observed (the tenant chose not to provide this information so management noted race/ethnicity based on visual observation or surname.) See 7 CFR 3560.154(a)(9)/
13 Minor, Disabled, Handi <input type="checkbox"/> capped or Full Time	Corresponding to the name in Line 8, enter the appropriate code for each tenant household member other than the tenant or co-tenant who is a minor, handicapped, disabled or full-time student 18 or older. Add all the marked boxes and place the total in the box marked <input type="checkbox"/> Total <input type="checkbox"/> . Always code handicapped or disabled minors as

Student 18 or Older	<p>handicapped or disabled rather than minors. Always code students under 18 as minors rather than full-time students.</p> <p>Code for Line 13:</p> <p>M Minor H Individual with handicap D Individual with disability F Full-Time Student 18 or Older</p> <p>The terms <i>minor, individual with handicap and individual with disability</i> are defined in Paragraph 6.5 B. of HB-2-3560.</p>
14 Elderly, Disabled, or Handi <input type="checkbox"/> capped	<p>Corresponding to the name in Line 8, enter the appropriate code for the tenant or co-tenant if either is considered elderly, or an individual with handicap or disability. If any spaces are coded, check the bottom box to indicate that the household has an elderly family status. Always code an elderly person with a handicap or disability as an individual with handicap or individual with disability rather than elderly.</p> <p>Code for Line 14:</p> <p>E Elderly H <input type="checkbox"/> Tenant or cotenant with handicap D <input type="checkbox"/> Individual with disability</p> <p>The terms <i>elderly, individual with handicap and individual with disability</i> are defined in Paragraph 6.5 B of HB-2-3560.</p>

Part III **Asset Income**

Fld Name / Item No.	Instruction
15 Net Family Assets	Enter all net family assets. <input type="checkbox"/> Net Family Assets <input type="checkbox"/> is defined in Paragraph 6.9 of HB-2-3560.
16 Imputed Income	To obtain the imputed income from assets, multiply net family assets (Line 15) by the local interest rate on bank passbook savings and enter the result. Be sure to enter the project <input type="checkbox"/> s current passbook savings rate in the space provided. Note: If net family assets entered in Line 15 do not exceed \$5,000, enter zero on this line.
17 Income from Assets	Enter actual income received from net family assets.

Part IV - Income Calculations

Fld Name / Item No.	Instruction
18 Income	Insert the tenant household's total annual income from each of the sources specified in Line 18a thru 18e, and enter the total from all sources in Line 18f. Annual income is defined in Attachment 6-A of HB-2-3560.
18 g Household has Exempt Income	This block should be check if some or all of the income for the household is exempt for purposes of rent determination. See Attachment 6-A of HB-2-3560 for a list.
19 Adjustments to Income	Enter any adjustments to income. Add Lines 19a thru 19d and enter the total on Line 19e. Adjustments to income are described in the definition of Adjusted annual income in Paragraph 6.8 C of HB-2-3560. <ul style="list-style-type: none"> a. Multiply \$480 times the number indicated in the <input type="checkbox"/> Total <input type="checkbox"/> box of Line 13. b. \$400 when <input type="checkbox"/> elderly <input type="checkbox"/> family status is indicated in Line 14 (Limited to \$400 per tenant household). c. When Line 14 indicates elderly status, all allowable medical expenses in excess of 3 percent of annual income (Line 18f) may be entered. When Line 14 does not indicate elderly status, only attendant care and apparatus expenses for handicapped or disabled household members in excess of 3 percent of annual income may be entered. d. Child care expenses. e. Total adjustments.
20 Adjusted Annual Income	Subtract the total adjustments to income (Line 19e) from annual income (Line 18f) and enter the difference. When adjusted income is less than zero, enter zero on this line.

Part V Income Level

Fld Name / Item No.	Instruction
21 Number of Household Members	Enter the total number of household members described in Line 8. Do not include foster or unborn children.

Fld Name / Item No.	Instruction
22 Current Eligibility Income Level	This line determines if the tenant household income is eligible to receive RA and remain in the project. Go to the income tables in Appendix 9 of HB-1-3550 and determine the income level based on the adjusted annual income (Line 20) and the total number of household members (Line 21). You are to code the income level as follows: V Very Low-Income L Low-Income M Moderate-Income A Above Moderate (Ineligible).
23 Date of Initial Project Entry	Enter the date this tenant household initially occupied this Rural Development financed project.
24 Eligibility Annual Income	For all tenant households who initially occupy this Rural Development financed project after October 1, 1986, enter the first <input type="checkbox"/> Eligibility <input type="checkbox"/> income level from Line 22 of the initial <input type="checkbox"/> Tenant Certification <input type="checkbox"/> form. (During subsequent re-certification this can be obtained from Line 24 of the preceding tenant certification). This is to be maintained throughout the tenant household's tenancy for comparative purposes. Use the same coding system for income levels described in Line 22.

Part VI - Certification By Tenant

The Tenant and Co-Tenant (if any) must certify to the accuracy of PARTS II through IV by dating and signing in the appropriate space.

Page 2

Part VII - Preliminary Calculations

Fld Name / Item No.	Instruction
25 Adjusted Monthly Income	Enter the adjusted monthly income [adjusted annual income (Line 20) divided by 12] on Line 25a. Determine 30 percent (30%) of adjusted monthly income by multiplying Line 25a by .30 as shown on the Form. Enter 30% of adjusted monthly income on Line 25b.
26 Monthly Income	Enter the monthly income [annual income (Line 18f) divided by 12] on Line 26a. Determine 10 percent (10%) of monthly income by multiplying Line 26a by .10 as shown on the Form. Enter 10% of monthly income on Line 26b.

Fld Name / Item No.	Instruction
27 Designated Monthly Welfare Shelter Payment	Enter the designated monthly welfare shelter payment if applicable. This will be the amount the tenant household actually receives from the Public Assistance Agency for shelter.
28 Highest of Line 25b, Line 26b, or line 27	Compare Lines 25b, 26b and 27 and enter the highest amount.
29 Gross Basic Rent	<p>Calculate the gross basic rent, which is the approved basic rent plus any utility allowance, when required. Basic and note rate rents must be shown on the project budget (Form RD 3560-7) for the year and approved according to Paragraph 4.21 of HB-2-3560. Utility allowances, when required, are determined and approved Paragraph 7.3 of HB-2-3560. Any change in rental rates must be processed according to Paragraph 4.28 of HB-2-3560. Any change in utility allowances must be processed according to Paragraph 7.3 of HB-2-3560.</p> <p>a. Enter the approved basic rent. b. Enter the approved utility allowances (if any). c. Add Lines 29a and 29b and enter the total.</p>
30 Gross Note Rate Rent	<p>Calculate the gross note rate rent, which is the approved rent plus any utility allowance, when required.</p> <p>a. Enter the approved basic rent. b. Enter the approved utility allowances (if any). c. Add Lines 30a and 30b and enter the total.</p>

Part VIII. Determining Gross Tenant Contribution (GTC)

? Check the box that applies to this tenant household and follow the directions for that decision.

NOTE #1: When attempting to provide RA to a new tenant (initial occupancy after October 1, 1986), compare Lines 28 and 29c. If Line 28 is greater or no RA is available to the tenant, check Decision B or C, because RA cannot assist the tenant.

NOTE #2: Be sure that the surcharge mentioned in Line C 2, is the rental surcharge for ineligible tenants described in Paragraph 7.4 D.1 of HB-2-3560. The surcharge is used only by Plan I projects.

Part IX - Determining Net Tenant Contribution (NTC)

Fld Name / Item No.	Instruction
31 GTC	Enter the GTC as directed by Decisions A, B, or C of Part VIII.
32 Utility Allowance	Enter the approved utility allowance for this unit.
33 Final NTC	Subtract the utility allowance (Line 32) from the gross tenant contribution (Line 31) and enter the difference. The final net tenant contribution is the amount of <input type="checkbox"/> rent <input type="checkbox"/> the tenant pays the borrower monthly. When the utility allowance is greater than the gross tenant contribution, the borrower will pay that difference to the tenant (the NTC will be negative).

Part X - Certification By Borrower

? The responsible party or their representative must sign and date when satisfied the accompanying statement is accurate.

NOTE: The completion of a new Tenant Certification is not required when project rents or utility allowances change, or when the tenant household moves to a different unit within the project. To recognize these changes, notate Lines 29 and 30, and re-compute Lines 31 thru 33 and 30 when applicable. When a tenant who was eligible for RA, but did not receive it, now is being assigned RA during a certification effective period, correct PART VIII and adjust the remainder of the Form accordingly.

7 CFR 3560.160 TENANT GRIEVANCES

(a) General.

- (1) The requirements established in this section are designed to ensure that there is a fair and equitable process for addressing tenant or prospective tenant concerns and to ensure fair treatment of tenants in the event that an action or inaction by a borrower, including anyone designated to act for a borrower, adversely affects the tenants of a housing project.
- (2) Any tenant/member or prospective tenant/member seeking occupancy in or use of Agency facilities who believes he or she is being discriminated against because of age, race, color, religion, sex, familial status, disability, or national origin may file a complaint in person with, or by mail to the U.S. Department of Agriculture's Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW., Washington DC 20250-9410 or to the Office of Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development (HUD), Washington, DC 20410. Complaints received by Agency employees must be directed to the National Office Civil Rights Staff through the State Civil Rights Manager.

(b) Applicability.

- (1) The requirements of this section apply to a borrower action regarding housing project operations, or the failure to act, that adversely affects tenants or prospective tenants.
- (2) This section does not apply to the following situations:
 - (i) Rent changes authorized by the Agency in accordance with the requirements of Sec. 3560.203(a);
 - (ii) Complaints involving discrimination which must be handled in accordance with Sec. 3560.2(b) and paragraph (a)(2) of this section;
 - (iii) Housing projects where an association of all tenants has been duly formed and the association and the borrower have agreed to an alternative method of settling grievances;
 - (iv) Changes required by the Agency in occupancy rules or other operational or management practices in which proper notice and opportunity have been given according to law and the provisions of the lease;
 - (v) Lease violations by the tenant that would result in the termination of tenancy and eviction;
 - (vi) Disputes between tenants not involving the borrower; and
 - (vii) Displacement or other adverse actions against tenant as a result of loan prepayment handled according to subpart N of this part.

(c) Borrower responsibilities. Borrowers must permanently post tenant grievance procedures that meet the requirements of this section in a conspicuous place at the housing project. Borrowers also must maintain copies of the tenant grievance procedure at the housing project's management office for inspection by the tenants and the Agency upon request. Each tenant must receive an Agency summary of tenant's rights when a lease agreement is signed. If a housing project is located in an area with a concentration of non-English speaking individuals, the borrower must provide grievance procedures in both English and the non-English language. The notice must include the telephone number and address of USDA's Office of Civil Rights and the appropriate Regional Fair Housing and Enforcement Agency.

(d) Reasons for grievance. Tenants or prospective tenants may file a grievance in writing with the borrower in response to a borrower action, or failure to act, in accordance with the lease or

7 CFR 3560.160 TENANT GRIEVANCES

Agency regulations that results in a denial, significant reduction, or termination of benefits or when a tenant or prospective tenant contests a borrower's notice of proposed adverse action as provided in paragraph (e) of this section. Acceptable reasons for filing a grievance may include:

- (1) Failure to maintain the premises in such a manner that provides decent, safe, sanitary, and affordable housing in accordance with Sec. 3560.103 and applicable state and local laws;
- (2) Borrower violation of lease provisions or occupancy rules;
- (3) Modification of the lease;
- (4) Occupancy rule changes;
- (5) Rent changes not authorized by the Agency according to Sec. 3560.205; or
- (6) Denial of approval for occupancy.

(e) Notice of adverse action. In the case of a proposed action that may have adverse consequences for tenants or prospective tenants such as denial of admission to occupancy and changes in the occupancy rules or lease, the borrower must notify the tenant or prospective tenant in writing. In the case of a Borrower's proposed adverse action including denial of admission to occupancy, the Borrower shall notify the applicant/tenant in writing. The notice must be delivered by certified mail return receipt requested, or a hand-delivered letter with a signed and dated acknowledgement of receipt from the applicant/tenant. The notice must give specific reasons for the proposed action. The notice must also advise the tenant or prospective tenant of "the right to respond to the notice within ten calendar days after date of the notice" and of "the right to a hearing in accordance with Sec. 3560.160(f), which is available upon request." The notice must contain the information specified in paragraph (a)(2) of this section. For housing projects in areas with a concentration of non-English speaking individuals, the notice must be in English and the non-English language.

(f) Grievances and responses to notice of adverse action. The following procedures must be followed by tenants, prospective tenants, or borrowers involved in a grievance or a response to an adverse action.

- (1) The tenant or prospective tenant must communicate to the borrower in writing any grievance or response to a notice within 10 calendar days after occurrence of the adverse action or receipt of a notice of intent to take an adverse action.
- (2) Borrowers must offer to meet with tenants to discuss the grievance within 10 calendar days of receiving the grievance. The Agency encourages borrowers and tenants or prospective tenants to make an effort to reach a mutually satisfactory resolution to the grievance at the meeting.
- (3) If the grievance is not resolved during an informal meeting to the tenant or prospective tenant's satisfaction, the borrower must prepare a summary of the problem and submit the summary to the tenant or prospective tenant and the Agency within 10 calendar days. The summary should include: The borrower's position; the applicant/tenant's position; and the result of the meeting. The tenant also may submit a summary of the problem to the Agency.

(g) Hearing process. The following procedures apply to a hearing process.

- (1) Request for hearing. If the tenant or prospective tenant desires a hearing, a written request for a hearing must be submitted to the borrower within 10 calendar days after the receipt of the summary of any informal meeting.
- (2) Selection of hearing officer or hearing panel. In order to properly evaluate grievances and appeals, the borrower and tenant must select a hearing officer or hearing panel. If the

7 CFR 3560.160 TENANT GRIEVANCES

borrower and the tenant cannot agree on a hearing officer, then they must each appoint a member to a hearing panel and the members selected must appoint a third member. If within 30 days from the date of the request for a hearing, the tenant and borrower have not agreed upon the selection of a hearing officer or hearing panel, the borrower must notify the Agency by mail of the situation. The Agency will appoint a person to serve as the sole hearing officer. The Agency may not appoint a hearing officer who was earlier considered by either the borrower or the tenant, in the interest of ensuring the integrity of the process.

- (3) Standing hearing panel. In lieu of the procedure contained in paragraph (g)(2) of this section for each grievance or appeal presented, a borrower may ask the Agency to approve a standing hearing panel for the housing project.
- (4) Examination of records. The borrower must allow the tenant the opportunity, at a reasonable time before a hearing and at the expense of the tenant, to examine or copy all documents, records, and policies of the borrower that the borrower intends to use at a hearing unless otherwise prohibited by law or confidentiality agreements.
- (5) Scheduling of hearing. If a standing hearing panel has been approved, a hearing will be scheduled within 15 calendar days after receipt of the tenant's or prospective tenant's request for a hearing. If a hearing officer or hearing panel must be selected, a hearing will be scheduled within 15 calendar days after the selection or appointment of a hearing panel or a hearing officer. All hearings will be held at a time and place mutually convenient to both parties. If the parties cannot agree on a meeting place or time, the hearing officer or hearing panel will designate the place and time.
- (6) Escrow deposits. If a grievance involves a rent increase not authorized by the Agency, or a situation where a borrower fails to maintain the property in a decent, safe, and sanitary manner, rental payments may be deposited by the tenant into an escrow account, provided the tenant's rental payments are otherwise current.
 - (i) The escrow account deposits must continue until the complaint is resolved through informal discussion or by the hearing officer or panel.
 - (ii) The escrow account must be in a Federally-insured institution or with a bonded independent agent.
 - (iii) Failure to make timely rent payments into the escrow account will result in a termination of the tenant grievance and appeals procedure and all sums will immediately become due and payable under the lease.
 - (iv) Receipts of escrow account deposits must be available for examination by the borrower.
- (7) Failure to request a hearing. If the tenant or prospective tenant does not request a hearing within the time provided by paragraph (f)(1) of this section, the borrower's disposition of the grievance or appeal will become final.

(h) Requirements governing the hearing. The following requirements will govern the hearing process.

- (1) Subject to paragraph (f)(2) of this section, the hearing will proceed before a hearing officer or hearing panel at which evidence may be received without regard to whether that evidence could be used in judicial proceedings.
- (2) The hearing must be structured so as to provide basic due process safeguards for both the borrower and the tenants or prospective tenants, which must protect:
 - (i) The right of both parties to be represented by counsel or another person chosen as their representative;

7 CFR 3560.160 TENANT GRIEVANCES

- (ii) The right of the tenant or prospective tenant to a private hearing unless a public hearing is requested;
 - (iii) The right of the tenant or prospective tenant to present oral or written evidence and arguments in support of their grievance or appeal and to cross-examine and refute the evidence of all witnesses on whose testimony or information the borrower relies; and
 - (iv) The right of the borrower to present oral and written evidence and arguments in support of the decision, to refute evidence relied upon by the tenant or prospective tenant, and to confront and cross-examine all witnesses in whose testimony or information the tenant or prospective tenant relies.
- (3) At the hearing, the tenant or prospective tenant must present evidence that they are entitled to the relief sought, and the borrower must present evidence showing the basis for action or failure to act against that which the grievance or appeal is directed.
 - (4) The hearing officer or hearing panel must require that the borrower, the tenant or prospective tenant, counsel, and other participants or spectators conduct themselves in an orderly manner. Failure to comply may result in exclusion from the proceedings or in a decision adverse to the interests of the disorderly party and granting or denial of the relief sought, as appropriate.
 - (5) If either party or their representative fails to appear at a scheduled hearing, the hearing officer or hearing panel may make a determination to postpone the hearing for no more than five days or may make a determination that the absent party has waived their right to a hearing under this subpart. If the determination is made that the absent party has waived their rights, the hearing officer or hearing panel will make a decision on the grievance. Both the tenant or prospective tenant and the borrower must be notified in writing of the determination of the hearing officer or hearing panel.
- (i) Decision.** Hearing decisions must be issued in accordance with the following requirements.
- (1) The hearing officer or hearing panel has the authority to affirm or reverse a borrower's decision.
 - (2) The hearing officer or hearing panel must prepare a written decision, together with the reasons thereof based solely and exclusively upon the facts presented at the hearing within 10 calendar days after the hearing. The notice must state that the decision is not effective for 10 calendar days to allow time for an Agency review as specified in paragraphs (i)(3) and (i)(4) of this section.
 - (3) The hearing officer or hearing panel must send a copy of the decision to the tenant, or prospective tenant, borrower, and the Agency.
 - (4) The decision of the hearing officer or hearing panel shall be binding upon the parties to the hearing unless the parties to the hearing are notified within 10 calendar days by the Agency that the decision is not in compliance with Agency regulations.
 - (5) Upon receipt of written notification from the hearing officer or hearing panel, the borrower and tenant must take the necessary action, or refrain from any actions, specified in the decision.



VACARH Multi-Family Housing Training 'Student Eligibility'

Presented by:
Nancy A. Lewis
Rural Development
May 22, 2017

What is a Student?

- Must be enrolled in a institution of Higher Education which means:
 - School only allows students who have graduated from high school or equivalency (GED)
 - State Authorized Institution that provides a program of education beyond high school
 - Awards a bachelor's degree or provides not less than a 2 year program that is acceptable for full credit toward such a degree
 - Is a public or nonprofit institution
- Does not matter if they are full-time or part-time student

Can Students be a Tenant or Co-Tenant RD Financed Properties?

- YES
 - Must meet income requirements
 - Must meet tenant selection criteria including all screening, references, etc.,
 - Must be of legal age or legally able to enter into a binding contract under state law;
 - *Must comply with [new HUD Rule 24 CFR 5.612 \(will go in detail later\)](#)*
- Note: If LIHTC property or Federal Home Loan Funds are involved, need to comply with their rules
- Owner should define their student policy in the tenant selection criteria of their management plan.

Determining if Student is Dependent or Independent

Once you have determined that the applicant/tenant is a student, you must determine their dependence or independence from their parents/guardian

- This will affect how you calculate their income

Student Considered Independent ?

- > The following must be verified:
- > Is the applicant of legal contract age under state law? and
- > Not being claimed as a dependent on parents/guardians tax return (can request copy of tax return if needed) ^{**}; and
- > Previous address information is not the same as parents/guardian ^{**}; and
- > Has Applicant established a separate household for at least one year prior to applying for housing ^{**}

** No verification is needed, If student meets U.S. Dept. of Education's definition of "Independent Student"

Dept. of Education's Definition of "Independent Student"

- > Be at least 24 years old by December 31 of current year in which applicant is applying for housing; or
- > Be an orphan or a ward of the court through the age of 18; or
- > Be a veteran of U.S. Armed Forces (includes National Guard); or
- > Have legal dependents other than a spouse (i.e. children or elderly dependent parent); or
- > Be a graduate or professional student; or
- > Be married

Student is still a Dependent if...

- They do not meet the Dept. of Education's "Independent Student" definition; and
- They have not established a household separate from their parents/legal guardians for at least 1 year; or
- They are still being claimed by parents/guardian with IRS

Determining Income Eligibility of a Student

- Once you have determined the type of student you have (dependent or independent), you must determine income eligibility of student
 - Calculation of household income and assets is still in accordance to HUD Regulation (24 CFR 5.609 and 5.611) – No Change
 - RD issued Policy letter dated January 11, 2007
 - Supersedes reference to students in Asset Management Handbook, Chapter 6 and Att. 6-A
 - Adopts new Student Rule per HUD Regulation (24 CFR 5.609 (b) (9))

Determining Income Eligibility of a Student

- What is new HUD Student Rule (5.609 (b) (9))?
- Revised the way you calculate financial assistance
 - Now count all financial assistance in excess of tuition costs as income
 - Exempt from this rule are:
 - Full-time Student (at any age) is living with their parents in RD complex, student's income is not counted, or
 - Student is over 23 and has a dependent child

What counts as student financial assistance?

- Any Assistance the student receives that is in excess of tuition. Can be from other sources and from institutions of higher education such as:
 - Pell Grants
 - Federal Supplement Educational Opportunity Grants
 - Academic Achievement Incentive Scholarships
 - State Assistance under the Leveraging Educational Assistance Partnership Program
 - Robert G. Byrd Honors Scholarship Program
 - Federal Work Study Programs
 - Assistance from private sources (includes from parent, guardian or other family member)
 - Assistance from Institution of Higher Education

Does not include loan proceeds including student loans.

What is included in Tuition?

- What is included in Tuition may vary from educational institutions.
 - Borrower will have to verify with the institution of higher education where the student is enrolled to determine what is included in tuition (i.e. student fees).
 - Typically books would not be included in tuition.
- Bottom line
 - Old Regs stated that all student financial assistance was exempted as income
 - New Regs, only tuition expenses are exempted from income.

Determining Income Eligibility of a Dependent Student

- Old Regs did not allow for dependents to occupy RD properties as a tenant or co-tenant
- New requirement was added to HUD Regulation for determining income eligibility for student(s) - (24 CFR 5.612)
 - Applies to both Full-time and Part-time students
- If you determined that the student is a Dependent:
 - Both the Student and the Students' parents/guardians must have their income verified to determine income eligibility.

Determining Income Eligibility of a Dependent Student

- For Income Eligibility – both the Parents and the Students’ income must be below Moderate Income Guidelines
 - ❑ Must qualify separately
 - ❑ If above Moderate Income Guidelines, Student would not be income eligible
 - Borrower may request a Waiver if warranted
- To qualify for Rental Assistance – both the Parent’s or Student’s income must be below Low Income Guidelines
 - ❑ Must qualify separately
- If parents refuse or fail to provide proof of income, then applicant (student) is not eligible to live in unit
- If eligible, complete Tenant Certification reflecting combined adjusted income of parents and student to determine proper rental payment
 - ❑ To qualify for RA, the combined income must be below low income
- Must recertify annually to determine income eligibility and whether Student still meets Dependent Student Definition

If Student is “Independent”

- Verify all income and deductions of student
 - ❑ Remember, any financial assistance over tuition expenses must be counted as income
 - ❑ Must have signed certification from parents/guardian regarding financial assistance they may or may not be providing
 - Not needed if the Student met the Dept. of Education “Independent Student” definition
 - i.e. Student is under 24 and is no longer claimed by parents, must have certification
- Complete Tenant Certification to determine rental payment
- Assign RA if applicable and available
- Recertify at least Annually

Questions????

- Does this new rule apply to existing students living in RD complexes?
 - Yes, if tenant is receiving rental assistance, they must be recertified immediately, but no later than annual re-certification
 - If tenant is a dependent, they must be re-certified to include their parent’s income for determining income eligibility
 - If no longer income eligible, must vacate or obtain waiver
 - If no longer eligible for rental assistance, must remove rental assistance

Questions???

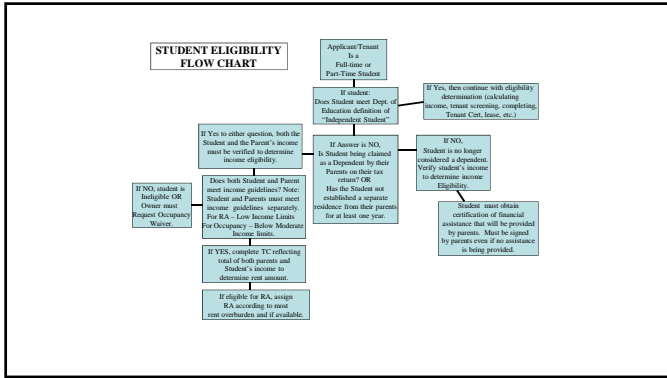
- What income limit is used for determining parents' income eligibility?
 - The applicable low income limit where the parents live if in U.S.
- What if the parents live outside the U.S.?
 - Use the income limits established where the students' eligibility is being determined

Questions????

- What is the required documentation for determining eligibility of the parents?
 - The borrower may accept a signed letter of certification of income from the parents.
 - If Borrower determines that the certification is questionable, borrower may request parents to provide documentation to support their income.
 - This may include tax returns, pay stubs, bank statements, benefit statements, etc.

Questions????

- Should the Borrower revise their Management Plan to include these new requirements for Students?
 - Yes, borrower should immediately update Management Plan for the property to incorporate the policies for admittance of students.
 - May require several documents to be revised (i.e. application, tenant selection criteria, etc.)
 - Must comply with HUD regulations
 - Should be completed prior to implementing new student restrictions;
 - Borrower should notify both applicants on their waiting list and their current residents of the new student eligibility requirements.
 - Any revisions to Management Plan must be provided to RD for their review
 - May revise Management Plan with an addendum



Scenario #1

Mary is unmarried. She is a 21 year old student at a university with a dependent child. She has applied to become a Tenant at your complex. You know for a fact that she has been living with her parents. She is also receiving financial assistance.

- Would you consider Mary an Independent Student?
- Would you count her parent's income?
- Should the financial assistance except for tuition expenses be counted as income?

Scenario #1 - Answer

- Yes - Mary would be considered an "Independent Student" because she has a dependent child.
- No – even though she has been living with her parents, she would not be considered a dependent and her parent's income would not come into play.
- Yes – because she is under 24. If she was over 23 and with a child, all financial assistance including tuition would be exempt.

Scenario #2

Joe and Tom, brothers, are students at Some University and they have applied to be tenant and co-tenant at your complex. Joe is 25 and Tom (co-tenant) is 19. Tom is still being claimed as a dependent by his parents.

- 1) Would they be considered exempt from the new Student Rule?
- 2) Whose income would you use for determining eligibility?

Scenario # 2 - Answer

- The household would not be exempt from the rule because Tom, the co-tenant, is under 24 and still being claimed as a dependent.
- Since Tom is under 24 and still being claimed as a dependent, the combined adjusted income of Joe and Tom would have to meet the income guidelines, and in addition to this, their parents income would have to be verified to determine if they meet the income guidelines. For calculating their rental payment, both the parents' income and Joe and Tom's would be added together.

**OPEN TIME FOR
ADDITIONAL
QUESTIONS!!!!**

VACARH
Multi-Family
Housing Training
'LEASE AGREEMENT'

Presented by:
Nancy A. Lewis
Rural Development
May 22, 2017

Lease

- Understanding the Lease Agreement
- Revisions to Lease Agreement
- When to Modify the current Lease Agreement or Complete a new Lease Agreement
- Lease Violations & Termination of Tenancy

Regulatory Requirements

- 7 CFR 3560.156 - Lease Requirements
 - Asset Management Book
 - Chapter 6, Section 6.24-6.27
 - Chapter 6, Section 6.31 - Lease Violations
 - Chapter 6, Section 6.32 - Termination of Occupancy
 - Chapter 7, Section 7.5 - Rents During Eviction or Failure to Recertify
 - Attachment 6-E - Lease Requirements
 - Attachment 6-F - Prohibited Lease Clauses
 - 7 CFR 3560.159 - Termination of Occupancy
 - 7 CFR 3560.160 - Tenant Grievances

Lease Agreement

- Borrower
- is responsible for development of Lease Agreement
- Lease Agreement must contain required items as outlined in regulations (Att. 6-E)
 - Has been reviewed by our legal counsel
 - If borrowers develop their own Lease Agreement and/or Addendums must have certification from borrower's attorney that it is in compliance with RD regulations and Federal, State, and Local Laws
- Borrower's proposed Lease Agreement and all Addendums must be attached to Borrower's Management Plan

Completion and Execution

- Executed by applicant and borrower **prior** to occupancy
 - Any modifications to Lease Agreement needs to be initialed by the tenant, landlord and dated
- Once executed, applicant is entitled to occupy unit so long as they remain eligible and they comply with lease requirements

Term

- Lease Agreement is for 1 year
- Will be automatically continued annually when tenant is recertified
 - Tenant's rental payment is based on effective tenant certification (tc)
 - Tenant Certification Form must be attached to Lease Agreement

New One Implemented

- Revision of Lease Agreement
 - Agency will require borrower/landlord to begin using the "revised" Lease Agreement for the following:
 - New applicant at move-in
 - At the time of annual recertification for existing tenants
- Transfer of Tenant to a new Rental Unit Rate within Complex
 - Must modify TC to reflect rent schedule, unit number and tenant rental payment
 - Transmit action through MINC using "Send Inside Transfer"
 - Have tenant initial and date by revisions made on TC
- Co-Tenant to Tenant
 - Requires new TC
 - Must verify income, assets, etc.
 - Transmit action through MINC using "Co-Tenant to Tenant"
- Household Members Change
 - Requires new TC
 - Must verify income, assets, etc.
 - Transmit action through MINC using "Recertification"

Modified

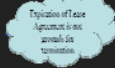
- Status of Eligibility Changes
 - Household becomes ineligible:
 - Requested ineligibility waiver through RD
 - Modify Section III.8
 - Transmit action through MINC using "Recertification"
- Transfer of Tenant to a new Unit with SAME Rate within Complex
 - Must modify TC to reflect rent schedule, unit number and tenant rental payment
 - Transmit action through MINC using "Send Inside Transfer"
 - Modify Unit # on Lease
- Rent Increase at Property
 - Requires TC to be initialed and dated by Tenant/Co-Tenant and Borrower (no transmission of TC required)
 - Requires Lease to be initialed and dated by Tenant/Co-Tenant and Borrower

RD's Responsibility

- Reviews Lease Agreement for Agency Approval and if completed correctly
 - Occupancy Rules must be attached to Lease Agreement
 - Reviews to determine that applicant/tenants are aware of tenant grievance process
 - Applicant/Tenant understands the process for relaying information such as maintenance, income information, and timeframes for providing information

LEASE VIOLATION

- Section IV 1. – Termination of Lease
 - Tenants can terminate Lease for "good cause" with 30 days **written** notice
 - Landlord can terminate or refuse to renew Lease for "*material non-compliance*" or "*good cause*"
 - Prior to termination of the Lease, Landlord must provide tenant written notice of Lease Violation



LEASE VIOLATION – cont'd

- Must notify tenant in writing of Lease Violation **PRIOR** to terminating the Lease
- Must give tenant opportunity to correct the problem **PRIOR** to terminating the Lease
 - Must give 10 days after date of notice for tenant to respond
- Must advise that the Tenant's conduct is grounds for termination
- Must provide basis for termination
 - Specify the provision of the Lease Agreement or Occupancy Rules that have been violated
- Must be delivered to the tenant by certified mail, return receipt requested, or hand delivered with a signed and dated receipt from tenant

LEASE VIOLATION – cont'd

The following language per Section 6.33 of Asset Management HB must be included in Notice:

- "*The right to respond to the notice within 10 calendar days after date of notice*"; and
- "*The right to a hearing in accordance with 7 CFR 3560.160 (f), which is available upon request.*"; and

**This is the Tenant Grievance Procedure

LEASE VIOLATION – cont'd

"Any tenant/member or prospective tenant/member seeking occupancy in or use of Agency facilities who believes he or she is being discriminated against because of age, race, color, religion, sex, familial status, disability, or national origin may file a complaint in person with, or by mail to the U.S. Department of Agriculture's Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW., Washington DC 20250-9410 or to the Office of Fair Housing and Equal Opportunity, U.S. Department of Housing and Urban Development (HUD), Washington, DC 20410."

Material Non-Compliance

Refer to Section IV, 1. (b) of Lease Agreement for definition

- o Substantial and/or repeated violations of the Lease or Occupancy Rules
 - o Includes non-payment or repeated late payment of rents or other financial obligations
 - o Drug Violation

Good Cause

- 1) Tenant is no longer Eligible as defined in Lease Agreement
 - Income Ineligible
 - Occupancy Ineligible (over-housed or under-housed)
 - o Must vacate within 30 days of being notified that they are no longer eligible for occupancy or at the expiration of the lease, whichever is longer
 - No longer qualify under Low Income Housing Tax Credits rules

Good Cause – cont'd

- 2) Actions by Tenant or member, or by Tenant's guest if they:
 - o Interfere with rights and quiet enjoyment of other tenants; or
 - o Threaten the health and safety of other persons, or
 - o Are abusive, harassing or threatening to the Landlord's manager or other tenants; or
 - o Cause physical damage to property; or
 - o Fail to reimburse property for physical damage to rental unit; or
 - o Have Unauthorized Pets; or
 - o Fail to provide information for annual tenant certification; or
 - o Falsify information regarding income or other factors and repaying any unauthorized assistance due; or
 - o Fail to maintain unit in clean condition; or
 - o Fail to pay security deposit; or
 - o Criminal Activity or Alcohol Abuse

Lease Violations

- Notice of Lease Violations and Terminations must comply with State and Local Laws, and must be reviewed and approved the RD (Sec. 6.31 of HIB)
 - o Borrower should provide a sample Notice of Lease Violation for Agency Review
 - o RD will also review when conducting supervisory visits and/or tenant file review or when tenant requests our review
 - o If notices are not properly prepared, borrower will be required to halt Termination proceedings
 - o If Borrower/Management believes that conditions still warrant lease termination, corrected Notices may be issued to the tenant.

Lease Violations – cont'd

- Borrowers/Management should be consistent in the handling of Lease Violations and Terminations
 - o Be consistent in how notices are prepared, timeframes, etc.
- Consult with legal counsel when uncertain about reasons for termination, or the process for lease termination
- Must specify the Date the Lease will be Terminated
- Must include a statement of the basis for the Lease Termination
 - o Must refer to specific Lease Provisions or Occupancy Rules that have been violated
- Must include that the Landlord may initiate judicial action to enforce the lease termination; and
- Must be delivered to the tenant by certified mail, return receipt requested, or hand delivered with a signed and dated receipt from tenant

Termination of Tenancy

- RD does not review for merit of Termination of Tenancy
 - RD may review notice to determine if it was properly prepared (i.e. - was prior notice of lease violation provided, was proper lease clauses used, etc.)
- Transmit "Send Eviction" transaction in MINC when the Notice of Termination has been sent

Termination of Tenancy - cont'd

- During the eviction process, tenant will continue to pay same rent per Tenant Cert (TC) and Borrower will continue to receive Rental Assistance (RA), if applicable
 - If TC expires during the eviction process, RA will be terminated
 - Tenant still continues to pay same rental payment per expired TC
 - If Tenant is re-instated (not evicted), then RA will be reinstated upon Recertification



4.11 GENERAL PROCEDURES

A. Timely Submission and Overage Charges for Late Submissions Borrowers must submit tenant certifications for new tenants and required recertifications for existing tenants no later than the tenth day of the month for the certification to be effective for that month. This deadline applies regardless of whether the certifications are being submitted through electronic transmission or in hard copy. Tenant certifications received after the tenth day of the month will be considered late. Borrowers are not eligible for interest credit or rental assistance for units with late certifications, and the Agency will charge the appropriate amount of overage until valid certifications are received in a timely manner for all units. The tenth-day-of-the-month deadline applies regardless of whether the late certification in question relates to a new certification or a recertification. Any changes to tenant certifications that are effective as of the first day of the month must be submitted to the Agency by the tenth day of that month for the affected units to qualify for interest credit or rental assistance. If the changes are submitted after the tenth day of the month, the Agency will charge overage and the changes will be effective the first day of the following month. The Agency may remove a management agent if there is a pattern of failure to submit tenant certifications on time that results in excessive overage charges.

B. Waivers of Overage The State Director may grant a waiver of overage charges resulting only from the late submission of tenant certifications in the following instances:

- Circumstances existed that were beyond the borrower's control (e.g., natural disaster or undetected transmission failures due to network interruption);
- It would place an unfair burden on the borrower;
- It is in the best financial interest of the Government to grant the waiver; or
- The charges were a result of an Agency error.

In order for a waiver of overage charge to be considered, the borrower must submit a written request to the Servicing Office justifying the reasons for the waiver. For each waiver requested, the borrower must provide a written explanation of the circumstances that caused the late submission of the tenant certification, proof that these circumstances were beyond the borrower's control and a description of the actions taken to prevent the situation from occurring in the future. To recommend the approval of a request for waiver of overage, the Servicing Official will attach a completed copy of *Form RD 3560-23, Multi-Family Housing Waiver of Overage*, to the borrower's request and forward to the State Office. Only the State Director has the authority to grant a waiver of overage. Once the waiver is approved, the State Office is responsible for making the appropriate entries in AMAS and MFIS. If a request for waiver of overage is denied, the charge must be paid as a borrower expense. With prior Agency approval, nonprofit borrowers and cooperatives may treat the charge as a project expense. If a request for an overage waiver is denied, the borrower will be given appeal rights.

C. Verification and Processing of Certifications Borrowers are required to provide the data for all tenant certification forms to the Servicing Office through electronic transmission via MINC, except in the case of projects with eight units or more, which may submit hard copies. The Servicing Office process these transmissions through the Industry Interface page of MFIS, providing assistance where needed with rejected entries. In the event of the receipt of hard copies of *Form RD 3560-8*, the Servicing Office will process manually the data into MFIS. MFIS calculates interest credit and rental assistance due the borrower, as well as overage due the Agency in cases of late certifications. These calculations are reflected on *Form RD 3560-29*. All subsidy payments are based on tenants' occupying the units as of the first day of the month prior to the payment due date. For example, a payment due on July 1 is based on tenants' occupying the units June 1. The Loan Servicer verifies the accuracy of the tenant data transmitted by the borrower through a random review of selected tenant files during the Supervisory Visit. Corrective action is initiated for any discrepancies revealed during this review.

D. Approval of Subsidy The Agency will certify for interest credit or rental assistance only those tenants with current tenant certifications showing on MFIS when payments are being processed. MFIS retains a copy of *Form RD 3560-29*, to document the approved subsidies.

WAIVER REQUEST
OVERAGE AND/OR LOST RA

PROJECT: _____

CASE NO: _____

DATE: _____

I. BREAKDOWN OF LOST RA AND OVERAGE

PLEASE COMPLETE THE FOLLOWING TABLE REGARDING THE TENANT
CERTIFICATION SUBMISSIONS INVOLVED IN THE WAIVER REQUEST:

<u>PROJECT</u>			<u>CASE NO.</u>		
PWS DATE	UNIT ID	TENANT NAME	LATE OR EXPIRED	LOST RA DUE BORROWER	OVERAGE
<u>TOTALS</u>					

II. DETAILED SUMMARY



Companion Animals



What is a Companion Animal?

- A companion animal, unlike an assistive animal, is one with no special training in helping an individual cope with a disability.
- Companion animals are used for company, amusement, psychological support, extrovert display and all of the other functions that humans need to share with animals of other species.
- The individual claiming to have companion animal must meet the definition of disabled/handicap. The Fair Housing law states that with respect to a person, a physical or mental impairment which substantially limits one or more major life activities; a record of such and impairment; or being regarded as having such an impairment.
- If a tenant isn't disabled, the animal is not a companion animal.



How to Know That You Need a Companion Animal

- The need for a companion animal must come from a doctor or other professional (e.g. psychologist). The form you send should ask if the animal is necessary to cope with the disability and what functions it performs. Its been medically proven that animals can lower blood pressure, help a depressed individual cope, etc. Again, is it required? If the doctor says a dog will encourage the individual to get out and exercise, it's not serving the required purpose. Anyone can walk without a dog. Motivation is not related to a disability. Helping prevent loneliness is a good thing but anyone can be lonely. Loneliness by itself is not a disability, therefore the animal that is helping prevent the "condition" is not a companion animal by law.



What is Considered a Companion Animal

- Dogs
- Cats
- Pleasure Horses
- Birds
- Mice
- Guinea pigs
- And more exotic species kept by humans



Service Animal vs. Companion Animal

- A Service Animal is defined as any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability.
- A service dog must be individually trained to perform work or tasks directly related to the handler's disability, while a therapy and emotional support dog merely provides comfort to an individual in some fashion. Therapy dogs are often the pets of the therapist or psychiatric personnel of the particular institution or hospital where they bring comfort. Therapy and emotional support dogs are allowed in housing under the Fair Housing Act (FH), but are not permitted in public places as are service dogs.
- Companion animals are not individually trained to perform specific kind of task. Instead, the principle service that companion animals provide is simply that-companionship. While service animals are trained to behave flawlessly in public, companion animals may or may not be as well-behaved. As a result, companion animals are virtually indistinguishable from the family pet.

Are Assistance Animals Subject to MFH Project “Pet” Rules?

Assistance animals are permitted occupancy under the Fair Housing Act and are defined as follows:

- Assistance animals are not pets. These are animals that work, provide assistance, or perform tasks for the benefit of a person with a disability or animal that provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. Assistance animals – often referred to as “service animals,” “support animals,” “therapy animals” or “companion animals” perform many disability-related functions including but not limited to:
 1. Guiding individuals who are blind or have low vision
 2. Alerting individuals who are deaf or hard of hearing to sounds
 3. Providing minimal protection or rescue assistance
 4. Pulling a wheelchair
 5. Fetching items
 6. Alerting persons to impending seizures
 7. Providing emotional support to persons with disabilities who have a disability-related need for such support



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. An owner 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 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 must implement its policy related to inquiries consistent for all applicants requesting permission to keep an assistance 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.

Scenario

Situation

John has been diagnosed with severe depression and is disabled as defined by the Fair Housing Act. His doctor prescribes John a dog to help alleviate some of his symptoms. John asks his landlord if he can have a dog as a reasonable accommodation for his disability. His landlord says yes, but tells John he'll need to pay a \$250 pet deposit and must provide proof that the animal is trained.

**Question: Did John's landlord correctly handle John's request under the Fair Housing Act?
What if John wanted a cat or ferret instead?**

Questions?



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-2000

OFFICE OF FAIR HOUSING
AND EQUAL OPPORTUNITY

SPECIAL ATTENTION OF:

HUD Regional and Field Office Directors of Public and Indian Housing (PIH); Housing; Community Planning and Development (CPD), Fair Housing and Equal Opportunity; and Regional Counsel; CPD, PIH and Housing Program Providers

FHEO Notice: **FHEO-2013-01**
Issued: April 25, 2013
Expires: Effective until
Amended, Superseded, or
Rescinded

Subject: Service Animals and Assistance Animals for People with Disabilities in Housing and HUD-Funded Programs

- 1. Purpose:** This notice explains certain obligations of housing providers under the Fair Housing Act (FHAct), Section 504 of the Rehabilitation Act of 1973 (Section 504), and the Americans with Disabilities Act (ADA) with respect to animals that provide assistance to individuals with disabilities. The Department of Justice's (DOJ) amendments to its regulations¹ for Titles II and III of the ADA limit the definition of "service animal" under the ADA to include only dogs, and further define "service animal" to exclude emotional support animals. This definition, however, does not limit housing providers' obligations to make reasonable accommodations for assistance animals under the FHAct or Section 504. Persons with disabilities may request a reasonable accommodation for any assistance animal, including an emotional support animal, under both the FHAct and Section 504. In situations where the ADA and the FHAct/Section 504 apply simultaneously (*e.g.*, a public housing agency, sales or leasing offices, or housing associated with a university or other place of education), housing providers must meet their obligations under both the reasonable accommodation standard of the FHAct/Section 504 and the service animal provisions of the ADA.
- 2. Applicability:** This notice applies to all housing providers covered by the FHAct, Section 504, and/or the ADA².

¹ Nondiscrimination on the Basis of Disability in State and Local Government Services, Final Rule, 75 Fed. Reg. 56164 (Sept. 15, 2010) (codified at 28 C.F.R. part 35); Nondiscrimination on the Basis of Disability by Public Accommodations and in Commercial Facilities, Final Rule, 75 Fed. Reg. 56236 (Sept. 15, 2010) (codified at 28 C.F.R. part 36).

² Title II of the ADA applies to public entities, including public entities that provide housing, *e.g.*, public housing agencies and state and local government provided housing, including housing at state universities and other places of education. In the housing context, Title III of the ADA applies to public accommodations, such as rental offices, shelters, some types of multifamily housing, assisted living facilities and housing at places of public education. Section 504 covers housing providers that receive federal financial assistance from the U.S. Department of Housing and Urban Development (HUD). The Fair Housing Act covers virtually all types of housing, including privately-owned housing and federally assisted housing, with a few limited exceptions.

3. **Organization:** Section I of this notice explains housing providers' obligations under the FHAct and Section 504 to provide reasonable accommodations to persons with disabilities³ with assistance animals. Section II explains DOJ's revised definition of "service animal" under the ADA. Section III explains housing providers' obligations when multiple nondiscrimination laws apply.

Section I: Reasonable Accommodations for Assistance Animals under the FHAct and Section 504

The FHAct and the U.S. Department of Housing and Urban Development's (HUD) implementing regulations prohibit discrimination because of disability and apply regardless of the presence of Federal financial assistance. Section 504 and HUD's Section 504 regulations apply a similar prohibition on disability discrimination to all recipients of financial assistance from HUD. The reasonable accommodation provisions of both laws must be considered in situations where persons with disabilities use (or seek to use) assistance animals⁴ in housing where the provider forbids residents from having pets or otherwise imposes restrictions or conditions relating to pets and other animals.

An assistance animal is not a pet. It is an animal that works, provides assistance, or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. Assistance animals perform many disability-related functions, including but not limited to, guiding individuals who are blind or have low vision, alerting individuals who are deaf or hard of hearing to sounds, providing protection or rescue assistance, pulling a wheelchair, fetching items, alerting persons to impending seizures, or providing emotional support to persons with disabilities who have a disability-related need for such support. For purposes of reasonable accommodation requests, neither the FHAct nor Section 504 requires an assistance animal to be individually trained or certified.⁵ While dogs are the most common type of assistance animal, other animals can also be assistance animals.

Housing providers are to evaluate a request for a reasonable accommodation to possess an assistance animal in a dwelling using the general principles applicable to all reasonable accommodation requests. After receiving such a request, the housing provider must consider the following:

³ Reasonable accommodations under the FHAct and Section 504 apply to tenants and applicants with disabilities, family members with disabilities, and other persons with disabilities associated with tenants and applicants. 24 CFR §§ 100.202; 100.204; 24 C.F.R. §§ 8.11, 8.20, 8.21, 8.24, 8.33, and case law interpreting Section 504.

⁴ Assistance animals are sometimes referred to as "service animals," "assistive animals," "support animals," or "therapy animals." To avoid confusion with the revised ADA "service animal" definition discussed in Section II of this notice, or any other standard, we use the term "assistance animal" to ensure that housing providers have a clear understanding of their obligations under the FHAct and Section 504.

⁵ For a more detailed discussion on assistance animals and the issue of training, see the preamble to HUD's final rule, Pet Ownership for the Elderly and Persons With Disabilities, 73 Fed. Reg. 63834,63835 (October 27, 2008).

- (1) Does the person seeking to use and live with the animal have a disability – *i.e.*, a physical or mental impairment that substantially limits one or more major life activities?
- (2) Does the person making the request have a disability-related need for an assistance animal? In other words, does the animal work, provide assistance, perform tasks or services for the benefit of a person with a disability, or provide emotional support that alleviates one or more of the identified symptoms or effects of a person’s existing disability?

If the answer to question (1) **or** (2) is “no,” then the FHAct and Section 504 do not require a modification to a provider’s “no pets” policy, and the reasonable accommodation request may be denied.

Where the answers to questions (1) **and** (2) are “yes,” the FHAct and Section 504 require the housing provider to modify or provide an exception to a “no pets” rule or policy to permit a person with a disability to live with and use an assistance animal(s) in all areas of the premises where persons are normally allowed to go, unless doing so would impose an undue financial and administrative burden or would fundamentally alter the nature of the housing provider’s services. The request may also be denied if: (1) the specific assistance animal in question poses a direct threat to the health or safety of others that cannot be reduced or eliminated by another reasonable accommodation, or (2) the specific assistance animal in question would cause substantial physical damage to the property of others that cannot be reduced or eliminated by another reasonable accommodation. Breed, size, and weight limitations may not be applied to an assistance animal. A determination that an assistance animal poses a direct threat of harm to others or would cause substantial physical damage to the property of others must be based on an individualized assessment that relies on objective evidence about the specific animal’s actual conduct – not on mere speculation or fear about the types of harm or damage an animal may cause and not on evidence about harm or damage that other animals have caused. Conditions and restrictions that housing providers apply to pets may not be applied to assistance animals. For example, while housing providers may require applicants or residents to pay a pet deposit, they may not require applicants and residents to pay a deposit for an assistance animal.⁶

A housing provider may not deny a reasonable accommodation request because he or she is uncertain whether or not the person seeking the accommodation has a disability or a disability-related need for an assistance animal. Housing providers may ask individuals who have disabilities that are not readily apparent or known to the provider to submit reliable documentation of a disability and their disability-related need for an assistance animal. If the disability is readily apparent or known but the disability-related need for the assistance animal is not, the housing provider may ask the individual to provide documentation of the disability-related need for an assistance animal. For example, the housing provider may ask persons who are seeking a reasonable accommodation for an assistance animal that provides emotional

⁶ A housing provider may require a tenant to cover the costs of repairs for damage the animal causes to the tenant’s dwelling unit or the common areas, reasonable wear and tear excepted, if it is the provider’s practice to assess tenants for any damage they cause to the premises. For more information on reasonable accommodations, see the Joint Statement of the Department of Housing and Urban Development and the Department of Justice, *Reasonable Accommodations Under the Fair Housing Act*, <http://www.hud.gov/offices/fheo/library/huddojstatement.pdf>.

support to provide documentation from a physician, psychiatrist, social worker, or other mental health professional that the animal provides emotional support that alleviates one or more of the identified symptoms or effects of an existing disability. Such documentation is sufficient if it establishes that an individual has a disability and that the animal in question will provide some type of disability-related assistance or emotional support.

However, a housing provider may not ask a tenant or applicant to provide documentation showing the disability or disability-related need for an assistance animal if the disability or disability-related need is readily apparent or already known to the provider. For example, persons who are blind or have low vision may not be asked to provide documentation of their disability or their disability-related need for a guide dog. A housing provider also may not ask an applicant or tenant to provide access to medical records or medical providers or provide detailed or extensive information or documentation of a person's physical or mental impairments. Like all reasonable accommodation requests, the determination of whether a person has a disability-related need for an assistance animal involves an individualized assessment. A request for a reasonable accommodation may not be unreasonably denied, or conditioned on payment of a fee or deposit or other terms and conditions applied to applicants or residents with pets, and a response may not be unreasonably delayed. Persons with disabilities who believe a request for a reasonable accommodation has been improperly denied may file a complaint with HUD.⁷

Section II: The ADA Definition of "Service Animal"

In addition to their reasonable accommodation obligations under the FHAct and Section 504, housing providers may also have separate obligations under the ADA. DOJ's revised ADA regulations define "service animal" narrowly as any dog that is individually trained to do work or perform tasks for the benefit of an individual with a disability, including a physical, sensory, psychiatric, intellectual, or other mental disability. The revised regulations specify that "the provision of emotional support, well-being, comfort, or companionship do not constitute work or tasks for the purposes of this definition."⁸ Thus, trained dogs are the only species of animal that may qualify as service animals under the ADA (there is a separate provision regarding trained miniature horses⁹), and emotional support animals are expressly precluded from qualifying as service animals under the ADA.

The ADA definition of "service animal" applies to state and local government programs, services activities, and facilities and to public accommodations, such as leasing offices, social service center establishments, universities, and other places of education. Because the ADA requirements relating to service animals are different from the requirements relating to assistance animals under the FHAct and Section 504, an individual's use of a service animal in an ADA-covered facility must not be handled as a request for a reasonable accommodation under the FHAct or Section 504. Rather, in ADA-covered facilities, an animal need only meet the definition of "service animal" to be allowed into a covered facility.

⁷ Ibid.

⁸ 28 C.F.R. § 35.104; 28 C.F.R. § 36.104.

⁹ 28 C.F.R. § 35.136(i); 28 C.F.R. § 36.302(c)(9).

To determine if an animal is a service animal, a covered entity shall not ask about the nature or extent of a person's disability, but may make two inquiries to determine whether an animal qualifies as a service animal. A covered entity may ask: (1) Is this a service animal that is required because of a disability? and (2) What work or tasks has the animal been trained to perform? A covered entity shall not require documentation, such as proof that the animal has been certified, trained, or licensed as a service animal. These are the only two inquiries that an ADA-covered facility may make even when an individual's disability and the work or tasks performed by the service animal are not readily apparent (*e.g.*, individual with a seizure disability using a seizure alert service animal, individual with a psychiatric disability using psychiatric service animal, individual with an autism-related disability using an autism service animal).

A covered entity may not make the two permissible inquiries set out above when it is readily apparent that the animal is trained to do work or perform tasks for an individual with a disability (*e.g.*, the dog is observed guiding an individual who is blind or has low vision, pulling a person's wheelchair, or providing assistance with stability or balance to an individual with an observable mobility disability). The animal may not be denied access to the ADA-covered facility unless: (1) the animal is out of control and its handler does not take effective action to control it; (2) the animal is not housebroken (*i.e.*, trained so that, absent illness or accident, the animal controls its waste elimination); or (3) the animal poses a direct threat to the health or safety of others that cannot be eliminated or reduced to an acceptable level by a reasonable modification to other policies, practices and procedures.¹⁰ A determination that a service animal poses a direct threat must be based on an individualized assessment of the specific service animal's actual conduct – not on fears, stereotypes, or generalizations. The service animal must be permitted to accompany the individual with a disability to all areas of the facility where members of the public are normally allowed to go.¹¹

Section III. Applying Multiple Laws

Certain entities will be subject to both the service animal requirements of the ADA and the reasonable accommodation provisions of the FHAct and/or Section 504. These entities include, but are not limited to, public housing agencies and some places of public accommodation, such as rental offices, shelters, residential homes, some types of multifamily housing, assisted living facilities, and housing at places of education. Covered entities must ensure compliance with all relevant civil rights laws. As noted above, compliance with the FHAct and Section 504 does not ensure compliance with the ADA. Similarly, compliance with the ADA's regulations does not ensure compliance with the FHAct or Section 504. The preambles to DOJ's 2010 Title II and Title III ADA regulations state that public entities or public accommodations that operate housing facilities "may not use the ADA definition [of "service animal"] as a justification for reducing their FHAct obligations."¹²

¹⁰ 28 C.F.R § 35.136; 28 C.F.R. § 36.302(c).

¹¹ For more information on ADA requirements relating to service animals, visit DOJ's website at www.ada.gov.

¹² 75 Fed. Reg. at 56166, 56240 (Sept. 15, 2010).

The revised ADA regulations also do not change the reasonable accommodation analysis under the FHAct or Section 504. The preambles to the 2010 ADA regulations specifically note that under the FHAct, “an individual with a disability may have the right to have an animal other than a dog in his or her home if the animal qualifies as a ‘reasonable accommodation’ that is necessary to afford the individual equal opportunity to use and enjoy a dwelling, assuming that the use of the animal does not pose a direct threat.”¹³ In addition, the preambles state that emotional support animals that do not qualify as service animals under the ADA may “nevertheless qualify as permitted reasonable accommodations for persons with disabilities under the FHAct.”¹⁴ While the preambles expressly mention only the FHAct, the same analysis applies to Section 504.

In cases where all three statutes apply, to avoid possible ADA violations the housing provider should apply the ADA service animal test first. This is because the covered entity may ask only whether the animal is a service animal that is required because of a disability, and if so, what work or tasks the animal has been trained to perform. If the animal meets the test for “service animal,” the animal must be permitted to accompany the individual with a disability to all areas of the facility where persons are normally allowed to go, unless (1) the animal is out of control and its handler does not take effective action to control it; (2) the animal is not housebroken (i.e., trained so that, absent illness or accident, the animal controls its waste elimination); or (3) the animal poses a direct threat to the health or safety of others that cannot be eliminated or reduced to an acceptable level by a reasonable modification to other policies, practices and procedures.¹⁵

If the animal does not meet the ADA service animal test, then the housing provider must evaluate the request in accordance with the guidance provided in Section I of this notice.

It is the housing provider’s responsibility to know the applicable laws and comply with each of them.

Section IV. Conclusion


The definition of “service animal” contained in ADA regulations does not limit housing providers’ obligations to grant reasonable accommodation requests for assistance animals in housing under either the FHAct or Section 504. Under these laws, rules, policies, or practices must be modified to permit the use of an assistance animal as a reasonable accommodation in housing when its use may be necessary to afford a person with a disability an equal opportunity to use and enjoy a dwelling and/or the common areas of a dwelling, or may be necessary to allow a qualified individual with a disability to participate in, or benefit from, any housing program or activity receiving financial assistance from HUD.

¹³ 75 Fed. Reg. at 56194, 56268.

¹⁴ 75 Fed. Reg. at 56166, 56240.

¹⁵ 28 C.F.R. § 35.136; 28 C.F.R. § 36.302(c).

Questions regarding this notice may be directed to the HUD Office of Fair Housing and Equal Opportunity, Office of the Deputy Assistant Secretary for Enforcement and Programs, telephone 202-619-8046.



John Trasviña, Assistant Secretary for
Fair Housing and Equal Opportunity



Regulations & Guidelines

All Federal regulations can be found at [Regulations.gov](https://www.regulations.gov) and customers can search, review and submit comments on Federal documents that are open for comment and published in the [Federal Register](https://www.federalregister.gov).

As a service to our customers, we post Rural Development's Instructions, Administrative Notices, and forms. The Instructions are available in three file formats: Adobe Acrobat (PDF) and Microsoft Word (doc). To the extent possible, all documents have been made available in either Adobe Acrobat Ver 5.0 and higher, or Text and are 508 compliant. If you should have accessibility issues and need a hard copy, please send an e-mail to comments@wdc.usda.gov.

If you are having problems with this page, need a hard copy of any of the documents due to accessibility issues or would like to be added to the Regulations Update distribution list (available for Rural Development employees only with a valid Rural Development e-mail address), please e-mail comments@wdc.usda.gov.

Rural Development

- Administrative Notices
- Instructions
- Forms
- Spanish Forms, Form Letters and Guide Letters
- Handbooks
- Procedures Notices
- Significant Guidance Documents
- Unnumbered Letters
- Federal Register Publications

Rural Utilities Service

- Environmental Guidance
- Bulletins
- Electric Sample Documents
- Federal Register
- Forms & Publications
- Informational Publications
- Regulations
- Rural Utilities Service Accounting Regulations
- Rural Utilities Service Audit Regulations

Other Resources - Agency & Other Federal Agency Websites

- EDI Implementation Guide
- Code of Federal Regulations
- Department Directives
- Departmental Forms
- Farm Service Agency Directives

- Federal Register
- GSA's Standard and Optional Forms
- Natural Resources Conservation Service Directives
- The U.S. Code
- OMB Circulars

GREEN VILLAGE

Rent Schedule

Schedule Types

- (1) Unit Type (Standard)
- (2) Revenue Status
- (3) Revenue Status & Unit Type
- (4) Unit
- (5) Default

Only Populate Fields

- BR Size, Unit Type, Handicap, Rents and Utilities
- Rev Status, Rents and Utilities
- BR Size, Unit Type, Handicap, Rev Status, Rents and Utilities
- Unit Id, Rents and Utilities
- Rents and Utilities

Input what is only within the BOX for each Rent column

	Rent 1	Rent 2
Unit ID (4)	<input type="text"/>	<input type="text"/>
BR Size (1,2)	1 <input type="button" value="v"/>	2 <input type="button" value="v"/>
Unit Type (1,3)	N=Non-Designated <input type="button" value="v"/>	N=Non-Designated <input type="button" value="v"/>
HandiCap (1,3)	All <input type="button" value="v"/>	All <input type="button" value="v"/>
Rev Status (2,3)	Full Rent <input type="button" value="v"/>	Full Rent <input type="button" value="v"/>
Basic Rent (all)	421	457
Note Rent (all)	576	686
Hud Rent (all)	<input type="text"/>	<input type="text"/>
Electric (all)	43	57
Gas (all)	<input type="text"/>	<input type="text"/>
Water (all)	<input type="text"/>	<input type="text"/>
Sewer (all)	<input type="text"/>	<input type="text"/>
Trash (all)	<input type="text"/>	<input type="text"/>
Other (all)	<input type="text"/>	<input type="text"/>

These are the current rents – if you are asking for a rent increase you will input the new rates.

Stanardsville Village

Rent Schedule

Schedule Types	Only Populate Fields
(1) Unit Type (Standard)	BR Size, Unit Type, Handicap, Rents and Utilities
(2) Revenue Status	Rev Status, Rents and Utilities
(3) Revenue Status & Unit Type	BR Size, Unit Type, Handicap, Rev Status, Rents and Utilities
(4) Unit	Unit Id, Rents and Utilities
(5) Default	Rents and Utilities

Input what is only within the BOX for each Rent column

	Rent 1	Rent 2
Unit ID (4)	<input type="text"/>	<input type="text"/>
BR Size (1,2)	1 <input type="button" value="v"/>	2 <input type="button" value="v"/>
Unit Type (1,3)	N=Non-Designated <input type="button" value="v"/>	N=Non-Designated <input type="button" value="v"/>
HandiCap (1,3)	All <input type="button" value="v"/>	All <input type="button" value="v"/>
Rev Status (2,3)	Full Rent <input type="button" value="v"/>	Full Rent <input type="button" value="v"/>
Basic Rent (all)	<input type="text" value="442"/>	<input type="text" value="462"/>
Note Rent (all)	<input type="text" value="642"/>	<input type="text" value="682"/>
Hud Rent (all)	<input type="text"/>	<input type="text"/>
Electric (all)	<input type="text" value="43"/>	<input type="text" value="55"/>
Gas (all)	<input type="text"/>	<input type="text"/>
Water (all)	<input type="text"/>	<input type="text"/>
Sewer (all)	<input type="text"/>	<input type="text"/>
Trash (all)	<input type="text"/>	<input type="text"/>
Other (all)	<input type="text"/>	<input type="text"/>

These are the current rents – if you are asking for a rent increase you will input the new rates.

What Would You Do?

- Scenario #1
 - Tenant is still in their 1 year lease as an occupancy ineligible tenant (1 person in 2 bedroom unit)
 - There are no eligible applicants needing a 2 bedroom unit on the waiting list
 - There is an appropriately sized unit available for the ineligible tenant to move into

Answer – Scenario #1

- Tenant would not be required to move during the 1 year lease period
 - Would recommend that the unit be offered and the tenant move into the appropriately sized unit so they will become eligible
 - If they choose not to move they are putting themselves in danger of being in a situation where an eligible applicant needs the occupied unit. If that happens, the ineligible tenant would be required to either move into an appropriately sized unit, if available, or vacate the property

What Would You Do?

- Scenario #2
 - Occupancy ineligible tenant's lease has expired and it has converted to a month-to-month lease
 - There are no eligible applicants on the waiting list
 - There is an appropriately sized unit for the ineligible tenant to move into

Answer – Scenario #2

- Tenant should be offered and move into the appropriately sized unit so they will become eligible
- If they do not move and an eligible applicant needs the occupied unit, the ineligible tenant would be required to either move into an appropriately sized unit, if available, or vacate the property

What Would You Do?

- Scenario #3
 - Occupancy ineligible tenant's lease has expired and it has converted to a month-to-month lease
 - Eligible applicant is on the waiting list needing the 2 bedroom unit
 - Appropriate size unit is available for the occupancy ineligible tenant to move into

Answer – Scenario #3

- Tenant must be offered and move into the appropriately sized unit so they will become eligible
- If they do not move into the appropriately sized unit, borrower must terminate the lease and the ineligible tenant would be required to vacate the property

What Would You Do?

- Scenario #4
 - Occupancy ineligible tenant's lease has expired and it has converted to a month-to-month lease
 - Eligible applicant is on the waiting list needing the 2 bedroom unit
 - Appropriate size unit is not available for the occupancy ineligible tenant to move into

Answer – Scenario #4

- Since there is no appropriately sized unit for the occupancy ineligible tenant to move into, the only option this tenant has is to vacate the property or the borrower will terminate the lease

Scenario #1

- Mary is unmarried. She is a 21 year old student at MU with a dependent child. She has applied to become a Tenant at your complex. You know for a fact that she has been living with her parents. She is also receiving financial assistance.
 - Would you consider Mary an Independent Student?
 - Would you count her parent's income?
 - Should the financial assistance except for tuition expenses be counted as income?

Scenario #1 - Answer

- Yes - Mary would be considered an "Independent Student" because she has a dependent child.
- No – even though she has been living with her parents, she would not be considered a dependent and her parent's income would not come into play.
- Yes – because she is under 24. If she was over 23 and with a child, all financial assistance including tuition would be exempt.

Scenario #2

- Joe and Tom, brothers, are students at Some University and they have applied to be tenant and co-tenant at Some Apartments. Joe is 25 and Tom (co-tenant) is 19. Tom is still being claimed as a dependent by his parents.
 - 1) Would they be considered exempt from the new Student Rule?
 - 2) Whose income would you use for determining eligibility?

Scenario # 2 - Answer

- The household would not be exempt from the rule because Tom, the co-tenant, is under 24 and still being claimed as a dependent.
- Since Tom is under 24 and still being claimed as a dependent, the combined adjusted income of Joe and Tom would have to meet the income guidelines, and in addition to this, their parents income would have to be verified to determine if they meet the income guidelines. For calculating their rental payment, both the parents' income and Joe and Tom's would be added together.

Q&A from Training Sessions

IDENTIFYING UNAUTHORIZED ASSISTANCE

Q1: Is there a maximum dollar amount that we can expect as far as repayment of UA?

A: The agreement will show up to 24 month repayment, equal payments. If you think it is worth submitting to the National Office for longer repayment, then we will look at it.

Q2: We question the appeal rights on the HB Letter 305, as it states to follow 3560.160 which is the tenant grievance and appeals.

A: The HB Letter 305 will be revised to give tenants (tenant debt) appeal rights as per 3560.160 and borrowers (borrower debt) appeal rights according to Attachment 1-B from Handbook 1. The ECOA paragraph also needs updated in the letter.

Q3: Do we ever go back beyond 3 years if we find income that has not been reported, for example?

A: Our guidance is 3 years but you can go back further if you have good evidence/reason to do so.

Q4: If borrower fraud it says it cannot be paid out of project funds, what about borrower error?

A: Still cannot be paid out of project funds.

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Q&A from Training Sessions

IDENTIFYING UNAUTHORIZED ASSISTANCE (CONT.)

Q5: We have a former site manager that left the property and was paying a tenant for work. Income was not reported, is it management error or tenant error.

A: It is the tenant's responsibility to report all income, but if the management agent was aware of the income they should also be responsible to report and verify all income. It would appear in this case the management agent would have been in error since they did not do their due diligence in reviewing the tenants documentation when they knew of this income.

Q6: We have some zero income tenants that we found out have in-kind contributions that were not counted. Would we treat this as unauthorized assistance?

A: In-Kind contributions would be considered like income so you should go through the same process of determining UA as if they failed to report any other type of income.

Q7: If we send the first letter (HB Letter 304) and say UA is \$10,000 and then in checking into it, UA should only be \$8,000, do we have to start all over again?

A: No in the final determination notice (HB Letter 305) you would explain the calculations and the final amount. The final amount would be on the 3560-65.

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Q&A from Training Sessions

IDENTIFYING UNAUTHORIZED ASSISTANCE

Q8: Can we require tenant education or training of some kind to try to eliminate unauthorized assistance – educate them on the consequences.

A: There is a Fact Sheet (PA 1998) for tenant rights and responsibilities that the managers should be using with applications and you can give out at supervisory visits. The Fact Sheet is entitled: Things You Should Know About USDA Rural Rental Housing:

<http://www.rurdev.usda.gov/rd/pubs/factsheets.html>.

Q9: If the bill is being sent to the tenant and the tenant pays and then stops how will management know?

A: DCFO will follow up with the tenant and the borrower has no further responsibility for collection.

Q10: If the agreement extends out up to 3 years and the management company is no longer involved, after a few months, they will no longer be aware if there is a payment agreement, is there any way to track in MINC that they will be notified that the tenant has vacated.

A: If agreement is between tenant and management (old agreement), management will know when tenant moves out and notify RD to be referred to cross servicing. If agreement is between tenant and agency (new form), it is just like any other debt and management agent is not involved at that point. When using the new form, DCFO will service and if a payment is missed, refer to Cross Servicing.

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Q&A from Training Sessions

MOVE OUT ISSUES

Q11: If there is a move out – can we no longer enter into an agreement with them with a 3560-65, do we have to go straight to Treasury?

A: An agreement can still be obtained from the tenant even if they move out, but if they are not willing to enter into the agreement, it will be submitted to Treasury offset.

Q12: If a tenant moves out, how much effort do we make to get a forwarding address? Should we send a postal request in?

A: If old agreement, management will send to you if there is forwarding address, if not it will go to cross servicing. Don't go into great effort. If they leave one, notify DCFO. If not Cross Servicing will take care of it.

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QUESTIONS & ANSWERS/DISCUSSIONS

- Reasonable Accommodation (HB-2-3560, Appendix 5).

Q. It states that reasonable accommodation requests do not necessarily have to meet accepted accessibility standards, it just has to meet the needs of the requester (however, it must at least meet building code and life/safety requirements). Can you give an example? Most were under the impression all reasonable accommodations must meet accessibility standards.

A. An example would be a tenant who needs a ramp. They aren't in the accessible unit and not in a wheelchair – they just have problems climbing up the step to get into their unit and feel a small ramp would help. In this case, the ramp would not have to meet the accessible slope or landing requirements. However, if the complex does not have the required 5% accessible units and it makes sense to identify this apartment as a HC unit, we would encourage the borrower to make the ramp meet accessibility so it doesn't have to be re-done in the future.

Q. Can you charge a deposit for a “pet” or an “assistance/companion/service” animal?

A. There is a distinction between a “pet” and an “assistance/companion/service” animal. One you can charge a deposit for and the other you cannot.

A pet is just that – a pet. Pets do not require a doctor's statement indicating a need. Therefore, you can charge a pet deposit. An “assistance/companion/service” animal provides assistance or performs tasks for the benefit of a person with a disability, or provides emotional support that alleviates one or more identified symptoms or effects of a person's disability. These require a doctor's statement that ties the animal to a certain medical need (must certify that the tenant has an impairment that impedes their ability to live independently and that the animal will help alleviate that impairment). For this type of animal, you cannot charge a pet deposit. Regardless whether you charge a pet deposit or not, the tenant must follow the rules and make sure the animal does not cause any damage to the unit or property. If there is damage, it will be the responsibility of the tenant to pay.

Q. If charging a pet deposit, can you keep the deposit of every tenant regardless if there is damage to the unit or not?

A. No. This would be considered a fee instead of a deposit and is not allowed. You must assess whether there is damage caused by the pet and send the tenant an itemized list of charges to make repairs. If the entire deposit is not adequate for all repairs, it is up to the tenant to pay the difference. Likewise if all the deposit is not needed for repairs, the difference must be returned to the tenant.

Q. An applicant on the waiting list needs an accessible unit but none of the units available meet their needs. The applicant would like to move in anyway and has asked for a reasonable accommodation. Do you have to honor their request?

- A. All reasonable accommodation requests must be honored unless the request would impose an undue financial and administrative burden on the housing provider or if it would fundamentally alter the nature of the provider's operations. This would be an eligible use of reserve funds.
 - Q. What if the complex doesn't have enough reserve funds but there is enough in the operating account? Do we have to meet the reasonable accommodation request?
 - A. Yes, all reasonable accommodation requests must be honored regardless where the funds come from (see response to above question for exception).
 - Q. What if the complex does not have adequate funds to pay for the reasonable accommodation and the tenant is willing to either chip in or pay the entire cost?
 - A. This is allowable. We would strongly recommend that you obtain something in writing from the tenant agreeing to this arrangement.
- Notifying applicants/tenants of adverse decisions (7 CFR 3560.160 (e)).
 - Q. When notices are sent certified, return receipt requested, and the tenant or applicant does not sign for the certified letter, is the returned letter acceptable documentation that the notices were sent?
 - A. Yes, this would be acceptable as long as you have the white certified slip stamped by the post office showing when it was mailed and you have the returned letter showing "Refused" (or something similar). What we also recommend, and it is what we do when we send certified mail from our office, is to also send the letter by regular mail. This way you can assure that tenants/applicants will receive the letter one way or another. As always, keep a copy of every letter sent.
 - Q. We know the Notice of Termination must be sent certified but does the Notice of Violation?
 - A. Yes, both the Notice of Violation and Notice of Termination must be sent certified. Refer to the Tenant Adverse Action Reference Guide that was handed out during the training and also posted to our website.
- Tenants who receive Social Security Income as a Debit Card.
 - Q. How does Rural Development count this income?
 - A. Guidance was issued on this topic in our December 2013 State Office newsletter. What we said was "You would treat these the same as a checking account. If tenants indicate they cannot receive statements/balances, inform them they can be obtained by either calling 1-888-741-1115 or by going on the website www.usdirectexpress.com. They will have to set up an account on-line but they can access balances from this website."
- Waiting List (HB-2-3560, Chapter 6, 6.18 C and 7 CFR 3560.154 (f)).

Q. Do incomplete applications need to be put on the waiting list?

A. Yes, all applications, whether complete or not, must be entered on the waiting list. In fact, one management company changed the name of the waiting list to Application Waiting List to make this distinction. We don't care what it is called as long as all applications are accounted for.

Q. If a manager receives a phone call for an application, does that need to be entered on the waiting list?

A. No, not until the application has been returned. However, if you are having vacancy issues and would like to consider converting some units to accommodate larger families (i.e., you only have 1 BR units but you receive a lot of calls for 2 BR units), keep a separate "Inquiry List" as one form of evidence of need for larger units. Our Agency can consider allowing the unit conversion if deemed necessary.

- Drug Free Housing.

Q. If a tenant in a complex is convicted of a felony (drugs, direct threat) but has gone through rehab and wants to move back in. Do we have to take them back?

A. That depends on what is in your Rules and Regulations. If it says no felons are allowed, you should not allow them back in because if you do, you have to let all felons in who apply.

- Social Security Number (SSN).

Q. At what age do we require a dependent to have a SSN and provide it to the complex?

A. Our Agency does not have a set age for this requirement. If a child does not yet have a SSN, the system will assign a temporary number until one is obtained.

- Layered Financing.

Q. Our property has both MHDC and RD financing. Which one takes precedence?

A. Normally the Agency with first lien position takes precedence unless there is a conflict in requirements. Then the most restrictive would prevail.

- Rental Assistance (RA) (HB-2-3560, Chapter 8, 8.10 B, Exhibit 8-2, and 7 CFR 3560.257 (a)).

Q. If you have a unit of RA available to assign, what is the priority of assigning this unit?

A. Priorities for assigning RA:

* First priority is to eligible very low-income tenants paying the highest percentage of their adjusted annual income for rent

- * Second priority is to eligible very low-income applicants on the waiting list if the housing project has vacant rental units
- * Third priority is to eligible low-income tenants paying the highest percentage of their adjusted income for rent
- * Fourth priority is to eligible low-income applicants on the waiting list if the housing project has vacant rental units
- * Fifth priority is to households which are residing in a rental unit for which they do not qualify on the basis of an occupancy waiver or other special approval situation

- Rental Assistance Reminder: If your Rental Assistance (RA) was renewed prior to December 12, 2015, if you run out within 12 months, your RA will be renewed with little or no disruptions. However, if your RA was renewed on or after December 12, 2015, and you run out again within 12 months, your RA will NOT be renewed. In order to determine approximately how long your RA will last once it is renewed, take the total amount remaining on your RA Agreement divided by the amount you claim on your Project Worksheet (shown on the worksheet as “RA Request”). We have been told we will be able to offer borrowers some servicing options to assist with the lack of RA but as of right now, we have not been told what these will consist of.

Example:

- Your RA was renewed January 30, 2015
- The amount remaining as of April 30, 2015, is \$26,531.70
- The RA Request on the May 1, 2015, worksheet is \$8,061
- Take \$26,531.70 divided by \$8,061 = 3.29 – this means you have a little over 3 months remaining on your RA Agreement. However, because your RA was renewed after December 12, 2015, our Agency will not be able to renew your RA because it is still within the 12 month timeframe

Remember, this is just an estimate. Other factors can come into play that would make the RA run out faster (tenant income decreasing, which would increase the amount of RA claimed for that tenant, rent increases, etc.).

- Lease Agreement (HB-2-3560, Chapter 6, Section 6 and 7 CFR 3560.156).

Q. What section of the Lease is completed when you have a Project Based Section 8 property (Tenant Subsidy Code of “2”) or a tenant with a HUD Voucher (Tenant Subsidy Code of “6”)?

A. Most were thinking that they would complete Section III 2. but the NOTE on the template states “Complete if Part II, Item 6 on Tenant Cert is coded “0””. Since number 2 doesn’t fit this situation, we have made the determination that Section III 6. would be the appropriate section to complete. We realize it states on the Lease “If complex and unit receive Section 8 HUD assistance, initial this section,” however, there is no other place that ties the required HUD Lease in with our Lease. Therefore, in the near future we will be making a change so it states “If complex and/or unit...” and we will change the note on the template to say to complete the section if you have Tenant Subsidy Code of “2” or “6”.

- And Justice for All Poster (HB-2-3560, Chapter 6, 6.36 and 7 CFR 3560.103 (a) (3) (xiv)).

Q. Which “And Justice for All” poster is required to be posted at all complexes?

- A. The required poster is Form AD-475-C (Revised 9/2006) and it is green (if yours is red, please take it down and replace it with the green one). If you need one of these posters, notify your servicing office.
- Useful Items
 - RD AN 4778 (1944-N), “Implementation of 42 U.S.C. 14043c-11 of the Violence Against Women Reauthorization Act in Rural Development’s Multi-Family Housing Program” dated January 5, 2015
 - The title is miss-leading because it does not just apply to violence against women – it can be for anyone who is a victim of domestic violence
 - Unnumbered Letter “Integrating a Pest Management Control Plan” dated June 5, 2013
 - Can be an eligible reserve request. However, if there are adequate funds in the General Operating Account (GOA), you may be asked to pay for the expense using a combination of funds from reserve/GOA
 - General Comments.
 - If the tenant owes for both damages and rent, rent comes out of the deposit first. As always, work with your legal counsel to recoup any remaining charges not covered by the deposit.
 - If the complex is charging a fee for the use of a freezer or AC unit and that unit breaks, it is the responsibility of the complex to pay for any repairs.

Websites of Interest.

- MINC <https://usdaminc.sc.egov.usda.gov/> – Always check for updates; they usually show up on the right hand side in red. For example, the income limits were recently changed so you were notified on the MINC website. While you are in MINC – you can pull up a blank AFHMP, find out information on unauthorized assistance, see the handbook for the MINC website, etc. Be sure to utilize the listing of items that are coming due so you know what needs to be completed for each property.
- Forms for MFH <http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home> – You can click on browse on the top left hand corner. Very handy if you know the name of the form or the form number. This would be the reserve request, IOI forms, and any forms that are provided by National Office. You can typically save these on your computer, fill in the property information and then print them as needed. Very handy to fill out tenant certification basic information and print out so you don’t always have to retype or pencil the project name, etc.
- MFH Handbook 2 - 3560 (most commonly used by property management) <http://www.rd.usda.gov/publications/regulations-guidelines/handbooks> – Go to HB-2-3560 and click on the binoculars to search for whatever you need. For example, search for fidelity bond and find out what the requirements are. Search for ineligible and read up on renting to ineligible applicants.

- Virginia Rural Development website <http://www.rd.usda.gov/va>
- HUD Handbook, Chapter 5
<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.3/43503c5HSGH.pdf> – Be sure to look at the exhibits at the end of the handbook and click on the links. For example, medical expenses that are allowable include mileage to/from treatment, not mileage to the pharmacy. Keep this handbook on your computer for easy reference. Very good information to have!