



Rhode Island Housing
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PROGRAM BULLETIN

Date: September 7, 2007

To: Multifamily Property Owners and Management Agents

From: Leslie McKnight, Director Loan Servicing

Subject: Rhode Island Housing Extended Use Compliance Monitoring Policy

Bulletin Number: 07-01

As guidance to owners and managers of low income housing tax credit properties, Rhode Island Housing has developed an extended use compliance monitoring policy.

Owners receiving an allocation of low income housing tax credits have an obligation to continue to maintain the low-income occupancy of any tax credit development for a period of 15 years following the initial 15-year credit compliance period. Due to the type and amount of Rhode Island Housing funds and other funding sources (e.g. HOME, NOP, Lead, Thresholds, etc.) often used in tax credit properties; Rhode Island Housing intends to continue our normal compliance monitoring policies and procedures throughout the use period.

Compliance Policies and Procedures

Rhode Island Housing outlines its tax credit compliance policies in the Low Income Housing Tax Credit Compliance Manual available on www.rhodeislandhousing.org. Generally, these policies and procedures will remain in effect unless modified by the agency through a program bulletin or manual update.

During the extended use period, Rhode Island Housing's compliance monitoring policy will include, but shall not be limited to, the following:

- Completing a physical inspection of the property, common areas and a minimum of 20% of the project units at least once every three years;
- Completing a review of at least 20% of the tenant files at least once every three years to ensure tenant income eligibility, applicable rent limitations, applicable utility allowance usage, application of the rent adjustment policy, compliance with a building's applicable fraction and application of vacant unit, next available unit and student eligibility rules;

- The payment of annual compliance monitoring fees in a timely fashion;
- Submission of tenant data and waiting list information to Rhode Island Housing on at least a quarterly basis; and
- Completion and submission of an Annual Owner's Certification of Annual Program Compliance by January 31st of each year. (certification form to be issued)

Events of Noncompliance

Owners not in compliance with the extended use monitoring policy will be given a period of sixty (60) days to correct an event of noncompliance. Extensions may be available at the discretion of Rhode Island Housing.

While events of non compliance will not result in the recapture of credit or other sanction by the Internal Revenue Service, events of uncorrected non compliance may result in the following action by Rhode Island Housing:

- A declaration of technical default under the developments' loan agreement or subsidy program agreement potentially leading to foreclosure;
- Placement of an owner, management company, general partner or other responsible party on a watch list with Rhode Island Housing;
- An enforcement of the tax credit regulatory agreement through adjudication.

Exceptions to the Policy

Rhode Island Housing reserves the right to permit exceptions to this policy by written agreement and on a case by case basis in order to alter specific compliance or documentation standards established in Section 42 of the Internal Revenue Code or the Rhode Island Housing Compliance Manual, consistent with law.

Further other written agreements with Rhode Island Housing may supersede the requirements of this policy. Examples include:

- The modification or amendment of the Land Use Restriction Agreement ("LURA") prior to or during the extended use period;
- The issuance of annual recertification waiver by Rhode Island Housing prior to or during the extended use period. (Please note that income certifications with third party verifications may still be required for new move-ins or for buildings with other forms of assistance such as Section 8, HOME, NOP, Lead, Thresholds, etc.)

- A loan agreement resulting from the refinance of a tax credit property prior to or during the extended use agreement;
- A loan agreement or other program documentation requiring specific set-asides or income certifications due to the issuance of tax-exempt bonds or a subsidy under the Low and Moderate Income Housing Act; or;
- The execution of a new Land Use Restriction Agreement (“LURA”) resulting from a new or subsequent allocation of Low Income Housing Tax Credits.

Changes and updates to this policy may be made from time to time with an issuance of a program bulletin or a compliance manual update posted on Rhode Island Housing’s website www.rhodeislandhousing.org.

If you have any questions regarding this policy, please contact Leslie McKnight at 401 457-1184 or lmcknight@rihousing.com or Carlos Hernandez at 401 450-1357 or chernandez@rhodeislandhousing.org.