

GENERAL POLICIES AND PROCEDURES Of the Mississippi Home Corporation

1. The Compliance Division, prior to correcting a noncompliance issue with the FDIC, must receive all fees assessed against a development for noncompliance.
2. The Compliance Division will monitor all AHP developments according to the development's LURA and the latest Compliance Monitoring Plan under the AHP. Any discrepancies and/or problems noted with said documents should be clarified in writing with the FDIC.
3. **All Annual Owner Certification (AOC) documents are due to the Corporation by February 1st of each calendar year.** Documents received past the deadline date will be assessed a late fee of \$100 per day for every day beyond the deadline date. Financial penalty amount not to exceed yearly administrative fee amount.
4. The Compliance Division will report all instances of noncompliance (corrected or not) to the FDIC.
5. The Compliance Division strongly encourages developers and/or owners who qualify residents that are unable to physically write/sign his/her name and must do so with an "x" to have this signature or mark witnessed. Person witnessing signature should be a person other than management and/or owner and of legal age and sound mind to do so.
6. The **ORIGINAL** Qualifying Unit (QU) tenant file and the **ORIGINAL** support documents must be available for review upon request. Failure to provide said documents may result in the unit being reclassified as an "UNRESTRICTED" UNIT thereby causing a decrease in the total and/or minimum set-aside of the development.
7. All requests for technical assistance training must be received at least 10 working days prior to the date of the request. All requests must be in writing and contain the following:
 - The intent of the training (staff training, income calculations, AOC doc's)
 - The number of persons to be trained
 - The location of the training
 - The desired training date(s)
8. The Compliance Division will issue (in writing) final audit result letters within 45 days of the date of the inspection.

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9. The Compliance Division will perform a tenant file inspection and a physical inspection of at least 20% of the low-units in the total project set-aside for the development at least once every three years.
10. The Compliance Division will no longer allow "same day correction of minor noncompliance" at the time of on-site inspection. Any deficiencies and/or minor observations noted will be issued in writing within 45 days of on-site inspection date.
11. The Compliance Division will charge an owner, an owner's managing agent, prospective buyer and/or any outside third-party affiliate of the owner (excluding the Federal Deposit Insurance Corporation (FDIC) and/or entities associated with such) \$0.15 per copy and an additional \$55.00 per hour to research the compliance status of a development. The Corporation, prior to fulfilling any research request, must receive all research fees.
12. Household members age 18 or over are required to sign all Certification documents. Failure to acquire the signature of said parties constitutes noncompliance and will be reported to the FDIC as such.
13. Any owner of an AHP development in the process of selling his/her development **must** notify the Corporation, in writing, at least 30 days prior to the closing date of the intended sale. All disposition notifications must include the following:
 - Anticipated closing date
 - Name, address and phone number of the prospective buyer
 - Copy of warranty deed or transfer documentation (within 30 days of the closing date of the sale)
14. All Annual Owner Certification (AOC) documents **must** be executed by the owner of the AHP development and submitted to the Corporation on the approved Certification forms. Documents submitted in a format other than that prescribed by the Corporation **will be** returned unprocessed. In addition, in the event said documents are returned, the owner will be responsible for any late fees (at \$100.00 per day) accrued.
15. At the discretion of the Compliance Monitoring Division, desk audit reviews will be performed on developments with ten (10) or fewer Qualifying Units (QU's). Owners who fail to submit the information requested by the noted deadline date will be deemed in noncompliance **AND** assessed a noncompliance fee at \$100.00 for each day the documents are submitted past the deadline date. Financial penalty amount not to exceed annual administrative fee amount.

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16. Owners who fail to submit the information requested by the noted deadline date will be deemed in noncompliance **AND** assessed a noncompliance fee at \$100.00 for each day the documents are submitted past the deadline date. Financial penalty amount not to exceed annual administrative fee amount.
17. Any On-site Audit Acknowledgment Forms not returned to the Corporation or forms received after the noted deadline date will result in the project being audited as outlined in the original correspondence.
18. Owners, developers, and/or managers who fail to respond to the Corporation's request to conduct an inspection (on-site and physical inspection) will be deemed in noncompliance for "Owner failed to respond to agency requests for monitoring reviews and fees". In addition, the Corporation will assess a financial penalty of \$55.00 for each day the inspection is outstanding past the originally scheduled inspection date.
19. When verifying household income, outside third-party verifications are the MOST preferred. However, when third-party verifications are not feasible, household income may be verified via check stubs. ***In this instance, four CONSECUTIVE check stubs are required.*** Failure to acquire four consecutive check stubs is considered a noncompliance event and will be reported to the FDIC as such.
20. The Corporation considers the following documents MANDATORY in each qualifying unit file. Failure to include said documents in each qualifying unit file is considered a noncompliance event and will be reported to the FDIC as such. THE MANDATORY DOCUMENTS ARE:
 - Rental Application
 - Tenant Release and Consent Form (completed annually for each adult resident)
 - Tenant Income Certification (completed annually)
 - Income support documentation (including Assets)
 - Statement of Zero Income, if applicable
 - Lease Agreement
21. Household members (age 18 or over) who report "zero income" on the TIC form MUST complete a *Certification of Zero Income Form* documenting such. Additionally, households earning \$2500 or less should complete the *Certification of Daily Needs* form. The failure to acquire a *Certification of Zero Income* or *Certification of Daily Needs form* for said persons and/or forms improperly completed constitute a noncompliance event with the Corporation and will be reported to the FDIC as such.
22. When calculating income, the greater of the YTD earning and the verified actual earnings must be used when calculating a households' gross annual income. To calculate a resident's YTD income, count the number of weeks from the date the YTD

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period starts to the end of the YTD period noted on the most current paystub. Then take the total YTD wages and divide it by the number of pay periods in the entire period. Take the resulting amount and multiply it by the applicable number of checks in a year in order to project the applicant/ resident's income for a full year.

23. Income from tips must also be determined for inclusion in gross income calculation. Individuals working in the food industry, person service industry (i.e., hairstylist or manicurists), and the gaming industry typically receive tips. If tip income is not separately listed on the Employment Verification, 20% of the verified gross annual income must be included in the income calculation as tips. If the verified base pay and the certified tip amount is higher, the calculation resulting in a higher amount should be utilized.
24. Calculate annual income from hourly pay that is less than current minimum wage rate by taking the higher of the actual verified income from earnings, including tips, bonuses, raises, etc. and that of the minimum wage rate in effect at the time of the certification/recertification. In the latter instance, there is no need to include the additional 20% mandatory tip calculation if the employer will not or can not verify tip income.
25. The Corporation will examine household lease agreements at the time of initial qualification. Leases must specify the amount of contract rent and any additional charges, such as a surcharge for owner-paid utilities. Leases must specify the lease term and include provisions outlining the tenant's obligations of their tenancy in regards to the Affordable Housing Program. *In addition, a lease agreement should not possess strictly prohibited FDIC provisions (refer to Section 5.5C of the AHP Manual).*
26. An owner's submission of his/her AOC Report must be transmitted electronically, where applicable, to the Corporation using the applicable online system (i.e., Certification On-Line (COL)). The COL system is an electronic reporting program that interfaces with the Corporation's internal multifamily compliance tracking system, AOD/MF, thereby allowing an owner/manager the ability to log onto the Corporation's secured internet site and enter specific development and unit occupancy information, as well as generate, print and submit certain owner reports. All other components of the Report must be prepared and remitted to the Corporation in hard- copy format on or before the prescribed deadline date. Owners/managers must request, in writing, access to the COL system 45 days prior to the date in which the report is due. Requests received less than 45 days prior may not be granted. In this instance, an owner is required to submit the reports manually and pay a manual processing fee of \$40 per unit (this includes unrestricted units).