



Sample Acres Apartments  
Annual Tenant File Review

*A Monitoring Report  
Of Low Income Housing Tax Credit Compliance  
Presented to Sample American Investment Fund, Inc.*

*February 3, 2017*

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February 3, 2017

Emily Johnson, Asset Manager  
Sample America Investment Fund,  
Inc. 123 Main St  
Anytown, USA 01234

**RE: LIHTC Compliance Report**  
Sample Acres Apartments

Dear Ms. Johnson:

We have reviewed **7** tenant files for this project. Our report contains the following exhibits to illustrate the results of our work:

**Exhibit A: "File Results Based on Risk"**

The primary concerns of our work relate to income eligibility, student eligibility, and rent restriction. This exhibit lists all units sorted to show files with a highest risk of noncompliance first. These files should be prioritized by management staff responsible for submitting corrections for re-review. The files with the least risk of noncompliance will be sorted to appear later in the report. The exhibit includes detailed notes from the Spectrum Compliance Analyst to list all issues of potential noncompliance along with suggested corrective action.

**Exhibit B: "File Results Sorted by Unit Number"**

This exhibit is a streamlined listing of all files submitted for review. Each file is sorted by Unit Number and the report can be compared to rent roll or year-end status reports prepared by the site. Although the full text of our findings is not included here, the exhibit does include our file ratings. Also listed is the tenant name; move in date; bedroom size; set aside election; income; rent; and utility allowance. This exhibit includes a summary of unit mix (bedroom size and set aside elections) which can be compared to the property's tax credit application filed with the HFA.

**Exhibit C: "Spectrum Review of Management Procedures"**

In this exhibit we assess critical procedures related to the organizational structure of tenant files; how applicants are screened for eligibility; how income/assets are verified; whether the manager tests income using a variety of approaches; whether the correct income and rent limits are used; and whether the correct utility allowance is used. Our Compliance Analyst will provide suggestions on any area that could be improved.

**Exhibit D: "Income and Rent Limits"**

Spectrum performs an independent calculation of Section 42 income and rent limits. Our data is included for your reference.

**FILE RATINGS EXPLAINED:**

On the **Exhibit A** and **Exhibit B** reports our Compliance Analyst has summarized a risk rating for each file submitted. The risk rating includes 2 elements. The overall household/unit **LIHTC eligibility** is ranked as follows:

**Yes:** Spectrum Analyst has confirmed the household/unit **is eligible** based on income; gross rent; and student status.

**A:** Spectrum Analyst believes the household/unit **appears to be eligible** based on income; gross rent; and student status. Additional work is required to make a final determination.

**?:** Spectrum Analyst is questioning whether the household/unit is eligible based on income; gross rent; or student status. Additional work is required to make a final determination.

**No:** Spectrum Analyst has confirmed the household/unit **is not eligible** based on violations related to income; gross rent; or student status.

In addition to a determination of household/unit eligibility; our reports reflect a numerical rating to assess overall tenant file compliance and whether the manager should be required to submit additional corrective materials. Here is an outline of the ratings criteria used:

**Rating 3:** Household/unit is not LIHTC qualified. File contains severe noncompliance which could result in loss of credit. **Please submit file corrections for re-review.**

**Rating 2:** File appears to contain at least one issue which may be reported to the IRS as noncompliance. **Please submit file corrections for re-review.**

**Rating 1:** Unit is qualified; file corrections are suggested however they do not need to be submitted for re-review.

**Rating 0:** Unit is qualified; file does not require corrective action.

**CONFIDENTIALITY:**

This report is solely intended for your information and use only. **SPECTRUM ENTERPRISES** will not distribute or discuss this review with any other entity or persons without your written authorization.

Thank you for choosing **SPECTRUM ENTERPRISES** for your monitoring needs. Should you have any questions regarding this report please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Sprague", with a stylized flourish at the end.

Mike Sprague  
Director of Pre Approval Consulting Services  
Spectrum Enterprises, Inc.

**EXHIBIT A: Sample Acres Apartments**  
**SPECTRUM ENTERPRISES LIHTC COMPLIANCE REPORTING**

Total Number of Files Reviewed: 7  
Refer to Cover Letter for Explanation of Ratings Used

**THE FOLLOWING 2 FILE(S) ARE RATED ' 2 ' SUBMITTING CORRECTIONS TO SPECTRUM IS REQUIRED**

<b>Unit:</b> 306	<b>Tenant:</b> Smith, S	<b>BR Size:</b> 1	<b>Rating:</b> 2	<b>Set Aside:</b> 50%
<b>Move In Date:</b> 12/30/2016	<b># Adults:</b> 1	<b>TIC Income:</b> \$ 19,021.41	<b>Tenant Rent:</b> \$ 424.00	
<b>TIC Effective Date:</b> 12/30/2016	<b># Minors:</b>	<b>Spectrum Income:</b> \$ 17,079.51	<b>U/A:</b> \$ 24.00	
<b>Initial/Recert:</b> Initial	<b>HH Size:</b> 1	<b>Income Limit:</b> \$ 28,550	<b>Gross Rent:</b> \$ 448.00	
			<b>Rent Limit:</b> \$ 764.00	
			<b>Subsidy:</b> \$ 40.00	

**HOUSEHOLD/UNIT APPEARS TO BE QUALIFIED; OUR NOTES ON THE FILE ARE:**

Real estate asset not verified

<b>Unit:</b> 308	<b>Tenant:</b> Gamboa, J	<b>BR Size:</b> 1	<b>Rating:</b> 2	<b>Set Aside:</b> 60%
<b>Move In Date:</b> 12/30/2016	<b># Adults:</b> 1	<b>TIC Income:</b> \$ 17,843.98	<b>Tenant Rent:</b> \$ 412.00	
<b>TIC Effective Date:</b> 12/30/2016	<b># Minors:</b>	<b>Spectrum Income:</b> \$ 14,014.13	<b>U/A:</b> \$ 24.00	
<b>Initial/Recert:</b> Initial	<b>HH Size:</b> 1	<b>Income Limit:</b> \$ 34,260	<b>Gross Rent:</b> \$ 436.00	
			<b>Rent Limit:</b> \$ 917.00	
			<b>Subsidy:</b> \$ 52.00	

**HOUSEHOLD/UNIT APPEARS TO BE QUALIFIED; OUR NOTES ON THE FILE ARE:**

3 months of pay stubs needed for crossing guard job

Manager did not sign lease rider. Top of form is incomplete

**THE FOLLOWING 2 FILE(S) ARE RATED ' 1 ' SUBMITTING CORRECTIONS TO SPECTRUM IS NOT REQUIRED**

<b>Unit:</b> 221	<b>Tenant:</b> Farnsworth, P	<b>BR Size:</b> 1	<b>Rating:</b> 1	<b>Set Aside:</b> 40%
<b>Move In Date:</b> 01/02/2017	<b># Adults:</b> 1	<b>TIC Income:</b> \$ 10,528.80	<b>Tenant Rent:</b> \$ 229.00	
<b>TIC Effective Date:</b> 01/02/2017	<b># Minors:</b> 0	<b>Spectrum Income:</b> \$ 10,707.79	<b>U/A:</b> \$ 24.00	
<b>Initial/Recert:</b> Initial	<b>HH Size:</b> 1	<b>Income Limit:</b> \$ 22,840	<b>Gross Rent:</b> \$ 253.00	
			<b>Rent Limit:</b> \$ 611.00	
			<b>Subsidy:</b> \$ 235.00	

**HOUSEHOLD/UNIT IS QUALIFIED; OUR NOTES ON THE FILE ARE:**

Please ask tenant how monthly SS income is received with no assets. Any direct deposit account or debit card needs to be verified as an asset.

<b>Unit:</b> 321	<b>Tenant:</b> Simpson, H	<b>BR Size:</b> 1	<b>Rating:</b> 1	<b>Set Aside:</b> 50%
<b>Move In Date:</b> 12/30/2016	<b># Adults:</b> 1	<b>TIC Income:</b> \$ 9,142.80	<b>Tenant Rent:</b> \$ 189.00	
<b>TIC Effective Date:</b> 12/30/2016	<b># Minors:</b> 0	<b>Spectrum Income:</b> \$ 9,298.23	<b>U/A:</b> \$ 24.00	
<b>Initial/Recert:</b> Initial	<b>HH Size:</b> 1	<b>Income Limit:</b> \$ 29,550	<b>Gross Rent:</b> \$ 213.00	
			<b>Rent Limit:</b> \$ 764.00	
			<b>Subsidy:</b> \$ 275.00	

**HOUSEHOLD/UNIT IS QUALIFIED; OUR NOTES ON THE FILE ARE:**

Please ask the tenant how monthly SS income is received with no assets. Any direct deposit account or debit card needs to be verified as an asset.

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THE FOLLOWING 3 FILE(S) ARE RATED ' 0 ' SUBMITTING CORRECTIONS TO SPECTRUM IS NOT REQUIRED

Unit: 216	Tenant: Yazew, Z	BR Size: 1	Rating: 0	Set Aside: 40%
Move In Date: 12/30/2016	# Adults: 1	TIC Income: \$ 10,408.80	Tenant Rent: \$ 226.00	
TIC Effective Date: 12/30/2016	# Minors: 0	Spectrum Income: \$ 10,408.80	U/A: \$ 24.00	
Initial/Recert: Initial	HH Size: 1	Income Limit: \$ 22,840	Gross Rent: \$ 250.00	
			Rent Limit: \$ 611.00	
			Subsidy: \$ 238.00	

**HOUSEHOLD/UNIT IS QUALIFIED; OUR NOTES ON THE FILE ARE:**

No issues.

Unit: 217	Tenant: Parsons, M	BR Size: 1	Rating: 0	Set Aside: 40%
Move In Date: 12/30/2016	# Adults: 1	TIC Income: \$ 10,804.80	Tenant Rent: \$ 236.00	
TIC Effective Date: 12/30/2016	# Minors: 0	Spectrum Income: \$ 10,988.48	U/A: \$ 24.00	
Initial/Recert: Initial	HH Size: 1	Income Limit: \$ 22,840	Gross Rent: \$ 260.00	
			Rent Limit: \$ 611.00	
			Subsidy: \$ 228.00	

**HOUSEHOLD/UNIT IS QUALIFIED; OUR NOTES ON THE FILE ARE:**

Lease dates are incorrect (typo).

Unit: 403	Tenant: Yazdani, M	BR Size: 1	Rating: 0	Set Aside: 50%
Move In Date: 01/02/2017	# Adults: 1	TIC Income: \$ 6,000.01	Tenant Rent: \$ 116.00	
TIC Effective Date: 01/02/2017	# Minors: 0	Spectrum Income: \$ 6,000.01	U/A: \$ 24.00	
Initial/Recert: Initial	HH Size: 1	Income Limit: \$ 32,600	Gross Rent: \$ 140.00	
			Rent Limit: \$ 764.00	
			Subsidy: \$ 348.00	

**HOUSEHOLD/UNIT IS QUALIFIED; OUR NOTES ON THE FILE ARE:**

No issues.

## EXHIBIT B: Sample Acres Apartments

### SPECTRUM ENTERPRISES LIHTC COMPLIANCE REPORTING

Total Number of Files Reviewed: 7

*Refer to Cover Letter for Explanation of Ratings Used*

Unit ID	H\Hold Name	HH Size	# BR	AMI%	MI Date	TIC Date	TIC Income	Audit Income	Income Limit	Tenant Rent	UA	Gross Rent	Rent Limit	Rtg	Eligible?
216	Yazew, Z	1	1	40	12/30/16	12/30/16	\$10,408.80	\$10,408.80	\$22,840	\$226	\$24	\$250	\$611	0	Yes
217	Parsons, M	1	1	40	12/30/16	12/30/16	\$10,804.80	\$10,988.48	\$22,840	\$236	\$24	\$260	\$611	0	Yes
221	Farnsworth,	1	1	40	1/2/17	1/2/17	\$10,528.80	\$10,707.79	\$22,840	\$229	\$24	\$253	\$611	1	Yes
306	Smith, S	1	1	50	12/30/16	12/30/16	\$19,021.41	\$17,079.51	\$28,550	\$424	\$24	\$448	\$764	2	A
308	Gamboa, J	1	1	60	12/30/16	12/30/16	\$17,843.98	\$14,014.13	\$34,260	\$412	\$24	\$436	\$917	2	A
321	Simpson, H	1	1	50	12/30/16	12/30/16	\$9,142.80	\$9,298.23	\$29,550	\$189	\$24	\$213	\$764	1	Yes
403	Yazdani, M	1	1	50	1/2/17	1/2/17	\$6,000.01	\$6,000.01	\$32,600	\$116	\$24	\$140	\$764	0	Yes

#### PROPERTY SUMMARY

<b>Total # LIHTC Units:</b>	88
<b>Total # Files Submitted:</b>	7
<b>Files Rated 3:</b>	0
<b>Files Rated 2:</b>	2
<b>Files Rated 1:</b>	2
<b>Files Rated 0:</b>	3

#### UNIT MIX SUMMARY

Number of Units	Bedroom Size	AMI%
3	1 BR	40%
3	1 BR	50%
1	1 BR	60%

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## EXHIBIT C: Summary of Tenant File Procedures

Spectrum Auditor: \_\_\_\_\_

Client: \_\_\_\_\_

Property: \_\_\_\_\_

Property City: \_\_\_\_\_

Property State: \_\_\_\_\_

Scope of Work:

- Lease Up
- Acquisition Rehab
- Annual Compliance Audit

The Following Documents were Submitted for Review:

- Tenant Files # \_\_\_\_\_
- Tenant File Corrections
- Tax Credit Application
- Utility Allowance Verification
- Rent Roll
- 8609 Forms
- Other: \_\_\_\_\_

Briefly Describe the Contents of Each File:



Are Files Uniformly Set Up?

Yes

No

Other: \_\_\_\_\_

How Are Applicants Screened for Eligibility (include any suggestions):

What Self-Cert Forms are Used (include any suggestions):

How is Student Status being Documented (include any suggestions)?

Briefly Describe the Income/Asset Verification Process (include any suggestions):

Are State Forms Being Used (include any suggestions)?

Do Files Show all Income/Asset Math Used by Leasing Staff (include any suggestions)?

Is Leasing Staff Testing Income Using a Variety of Methods (i.e. YTD)?

Yes

No

Other: \_\_\_\_\_

Are the Correct Income/Rent Limits Used?

Yes

No

Other: \_\_\_\_\_

Is the Correct Utility Allowance used?

Yes

No

Other: \_\_\_\_\_

Please List any Final Thoughts or Suggestions:

## EXHIBIT D: Sample Acres Apartments

<b>Placed In Service Date:</b>	<b>1/1/2016</b>
<b>State:</b>	<b>CA</b>
<b>County/City/Town:</b>	<b>Los Angeles</b>
<b>Effective Date of Limits:</b>	<b>12/18/2015</b>

HH Size	1	2	3	4	5	6	7	8
<b>40%</b>	22840	26080	27760	32600	35240	37840	40440	43040
<b>50%</b>	28550	32600	34700	40750	44050	47300	50550	53800
<b>60%</b>	34260	39120	41640	48900	52860	56760	60660	64560
Rent Limit	0-BR	1-BR	2-BR	3-BR	4-BR	5-BR		
<b>40%</b>	571	611	694	848	946	1043		
<b>50%</b>	713	764	867	1060	1182	1304		
<b>60%</b>	856	917	1041	1272	1419	1565		