



STATE OF MICHIGAN

JENNIFER M. GRANHOLM GOVERNOR MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY LANSING

KEITH MOLIN EXECUTIVE DIRECTOR

MEMORANDUM

August 11, 2009

TO: All OCD Grantees
FROM: Bill Parker, Director of Field Services
RE: Reversion to Part 5 (Section 8) Income Determination Method for Homeowner Rehabilitation Programs AND Update to 1040 Method for Homebuyer Programs

Handwritten signature of Bill Parker

In a memo dated April 17, 2009, MSHDA's Office of Community Development notified grantees that the method of verifying income for all homeowner and homebuyer programs would be changed from Part 5 (Section 8) to the IRS 1040 method.

Our original intent was to assist grantees by increasing the number of households eligible to participate in OCD funded programs. In an effort to maintain consistency we decided that both the homebuyer AND homeowner programs would use the IRS 1040 method. OCD has since received many questions and valid concerns regarding the IRS 1040 method for homeowners.

Be advised that we have revoked this change for all homeowner programs. Effective September 1, 2009, all homeowner programs are required to revert back to the Part 5 (Section 8) method of verifying income for eligibility. (Note: households deemed eligible using the IRS 1040 method between May 1, and August 31, 2009 remain eligible recipients.)

Homebuyer programs will continue to utilize the IRS 1040 method for determining income eligibility. The benefits to utilizing the IRS 1040 method are:

- Homebuyers are more familiar with 1040 income
More home buyers will qualify for assistance, helping Grantees and neighborhoods get more homes sold to and occupied by homebuyers

MSHDA has changed Policy Bulletin #11 to cover the Section 5 income method for rental and homeowner programs, and we have added Policy Bulletin 11-1040 (attached) to cover the IRS 1040 income determination method for homebuyer programs. These policy changes will be added to the MSHDA web-site by August 14, 2009.

MSHDA will be hosting webinars on Monday August 24th 9:30-11:00 AM and Tuesday, August 25th 2:00-3:30 PM to cover income determination using the 1040 method for homebuyers. You can register for those webinars at www.mittac.org .

Please contact your CD Specialist if you have any questions.

