





Budget Training for Management Agents

Presented by:
Asset Management Division



VISIDAE

Presentation Committee

-  Sandra Kimball- Transactions Specialist
-  Paul Bursley- Operation and Policy Manager
-  Kylie Hayward- CORE Asset Manager
-  Deb Andrew- CORE Asset Manager

Budget Training for Management Agents

Table of Contents

Purpose

Preparing a MSHDA Budget

Utility Allowance and Certification

Rent Schedules

Loss to Lease

Budget Detail

- Details
- Management Fee Addendums
- RR Needs and CNA's

Budget Notes

Identity of Interest Disclosures

Common Errors

Timeline/Required Items/Best Practices

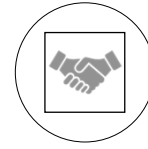
Submission Requirements

Quick Links

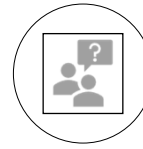
Purpose of Today



PROVIDE AN UNDERSTANDING OF
BUDGET REPORTING
REQUIREMENTS



ASSIST OWNERS AND
MANAGEMENT AGENTS IN
COMPLYING WITH REQUIREMENTS



PROVIDE AN OPPORTUNITY TO ASK
QUESTIONS AND LEARN OF BEST
PRACTICES

Purpose of a Budget

Regulatory Requirement

Ensure Escrows are Properly Funded

A time to establish the upcoming rents and UA using the correct limits

An annual update for operating documents, Management Fee Addendums, Identity of Interest, etc.

A guide used to help anticipate the development needs and assess the financial risk of the development for the upcoming year

Preparing a MSHDA Budget

Utility
Allowance

Rent Schedule

GRP amount

Identity of
Interest

Management
Fees

Utilities

Taxes

Insurance

Replacement
Reserve
Deposits

Other Line
Items

These line items are key to starting and completing any budget. These items should be reviewed and calculated prior to starting the 450A form.

Customized Budget Templates

- Customized Excel Budget 450A & URST Workbook
- Received via e-mail around August 15th
- Verify all developments are in drop down on Summary tab
- Customized Budget Template
 - Summary
 - 450A. (Line by Line Budget form)
- Excel URST Workbook
 - UA Summary
 - UA Calculation
 - UA Certification
 - Rent Schedule
 - Loss To Lease Schedule
 - Identity of Interest



Utility Allowances and Certifications

2025 Budget Updates

- The Utility Sampling and Rent Schedule policies are merged.
- Utility Engineering Study Submission Requirements added.
- Sampling – Use the same calculation method (sampling v. PHA) for each unit type.
- Codes for local PHA vouchers and VASH units added to the Rent Schedule.
- Loss to Lease entry and calculations all on one tab
- Rent Schedule (Unit Breakdown preloaded)

Utility Rent Schedule Policy link – [Utility Allowances – Sampling and Calculations \(michigan.gov\)](#)

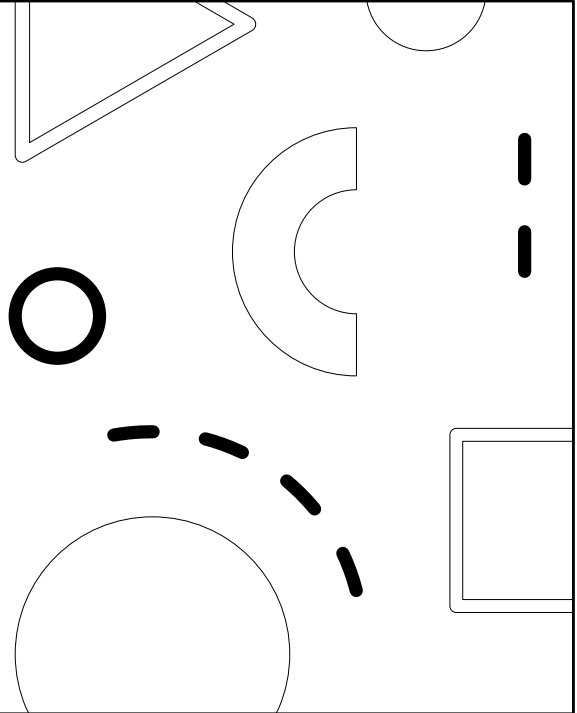
Engineer's Energy Consumption Model Form -
[mshda crh ilu 24 engineers energy consumption model form.pdf \(michigan.gov\)](#)

Why do we review utilities annually?

- Required under LIHTC and Section 8 program rules
- Utilities are included in the gross rent calculation, which is compared to the rent limits

Utility Timeline

- **Move-in and Lease Renewal**
 - Collect authorizations to release
- **August 1st**
 - Begin sampling
 - Last billing month of the sample
- **October 1st**
 - Last day to post notice of utility changes
 - Utility packages are due to MSHDA
- **January 1st**
 - Implement utility changes



Utility Summary Tab

- Pre-populated breakdown of restricted units.
- Calculated Required Sampling Sizes

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S										
1	MSHDA-FINANCED UTILITY ALLOWANCE SUMMARY																												
2	v3.1																												
3	Development Name: IMAGINARY SPRINGS														MSHDA #:		0		Year:	2025									
4	Development City: 0														MSHDA Asset Mgr:		0												
5	County: 0														Programs:		0												
6																													
7	Management Co.: 0														Units by Category					BRS		Units		PBV/RAD					
8	U/A Contact Name:														Common:		0		0BR		0		0						
9	E-mail:														Market:		0		1BR		0		0						
10	Phone:														Elderly:		0		2BR		0		0						
11	Ext.:														Family:		0		3BR		0		0						
12	Utility Method Used: PHA Allowance														HOME:		0		4BR		0		0						
13	U/A Application Date: 10/1/2024														Restricted:		0		5BR		0		0						
14	Proposed U/A Effective Date: 1/1/2025														Total:		0		Total		0		0						
15																													
16	Rate Month:														ELECTRIC SAMPLING					GAS SAMPLING									
17	Electric Co.: Lansing Board of Water & Light														Gas Co.: Included in Rent														
18	eRate Used:														Add 4% Tax: No					gRate Used:					Add 4% Tax: No				
19	Sample Begin Mo/Yr: September 23														Sample Begin Mo/Yr: September 23					Sample Begin Mo/Yr: September 23									
20																													
21																													
22																													
23																													
24																													

When opening the URST workbook, use the drop down box under Development Name to select the correct development. SAVE AS using the correct file name (MSHDA# 2025 URST). Once the correct development is selected fields will pre-populate with that specific development's information.

Collecting Sampling

- Documentation must identify the utility company
- Use the same units for both electric and gas samples
- Sampling sizes are based on the number of restricted units
 - Only restricted unit may be used in the samples
 - Samples are based on each unit type
 - All units are included if the sample size is less than 20
 - If sampling is greater than 20 units, the template will calculate the size based on an algorithm
- Sampling period - must be consistent for all the units within a utility type
 - Sampling period must end after August 1, 2024.

It is recommended to use September 2023 – August 2024 or October 2023 – September 2024.

COLLECTING SAMPLES

When sampling > 20 units,
sample different tenants
annually

Exclude:

If sample size is insufficient,
use PHA allowances

Market Rate units

Units vacant for more than
2 billing cycles

Partial month bills

PHA Utility Allowances

- Authority's Housing Choice Voucher program publishes utility allowances
 - Must be used for all PBV and HCV units
- Development with 100% PBV
 - No utility samples required
 - PHA utility allowance used
- HOME funded Developments
 - HOME requires utility sampling, unless 100% of units have PBV (not TBV).

<h2>Billing Amounts</h2>	<ul style="list-style-type: none"> • Billing amounts must match the backup documentation <ul style="list-style-type: none"> • Determine if taxes are included in billings • Billed amounts should: <ul style="list-style-type: none"> • Not include <ul style="list-style-type: none"> • Unit specific fees • Include <ul style="list-style-type: none"> • charges applied to all the tenants' bills • only full month's utility bills • Does not need to cover a 10-month consecutive period
------------------------------	--

Unit specific fees not included in calculation – Credits, flat rates, or delinquent payments.

If taxes are included in the billing amount, indicate NO on the URST summary tab. If taxes are NOT included in the billing amounts, indicate YES on the summary tab.

City of Detroit Developments: There is an additional city tax that will need to be manually added to billing amounts.

Documents Required for Submission



Signed Owner's Utility
Allowance Certification



Excel URST Workbook



Utility Allowance Change
Notice (MSHDA Form
451A1)



Copies of the tenants'
utility consumption data



Verification of Rural
Development or HUD
utility rates, if applicable

Owner's Utility Allowance Certification

OWNER'S UTILITY ALLOWANCE CERTIFICATION (LIHTC)

UA APPLICATION DATE (Date certification due): 10/1/2022

PROPOSED UA IMPLEMENTATION DATE (Application + at least 90 days): 1/1/2023

Development Name: 0 MSHDA #: 0
City: 0 County: 0

Part A - Utility Allowance Type.

In accordance with MSHDA's utility policy, the utility allowances were calculated using one or more of the following method(s). Check all that apply:

- ☐ Not applicable. Select if *all utilities are included in the rent* and tenants do not make payments to utilities companies.
- ☐ Agency Estimates (Actual Consumption). Complete the following actions and *Part B* below:
- Collect and analyze Electric, Gas, and Water/Sewer (if applicable) consumption data based on MSHDA's sampling methodology in accordance with MSHDA's Utility Allowance policy and IRS regulations.
 - Retain the utility consumption data at the development.
 - All units included in the average are separately metered and billed to the resident for that utility source.
 - Notify affected tenants 90 days prior to the utility allowance change(s).
- ☐ PHA (MSHDA or Local). Attach a copy of the completed PHA schedule for each unit type.
- ☐ HUD Approved Utility Allowances. Attach a copy of the approved Rent Schedule Low Rent Housing (HUD-92458) form or the MSHDA approved Section 8 rent schedule.
- ☐ Rural Housing Service (RHS) Allowance. Attach a copy of the approved RHS utility allowance notice.
- ☐ Other (describe): _____

Part B - For developments using the Sampling (Agency Estimate) method.

Based on the Agency Estimates sampling performed, the utility allowances effective as of the proposed effective date above are presented in the following chart.

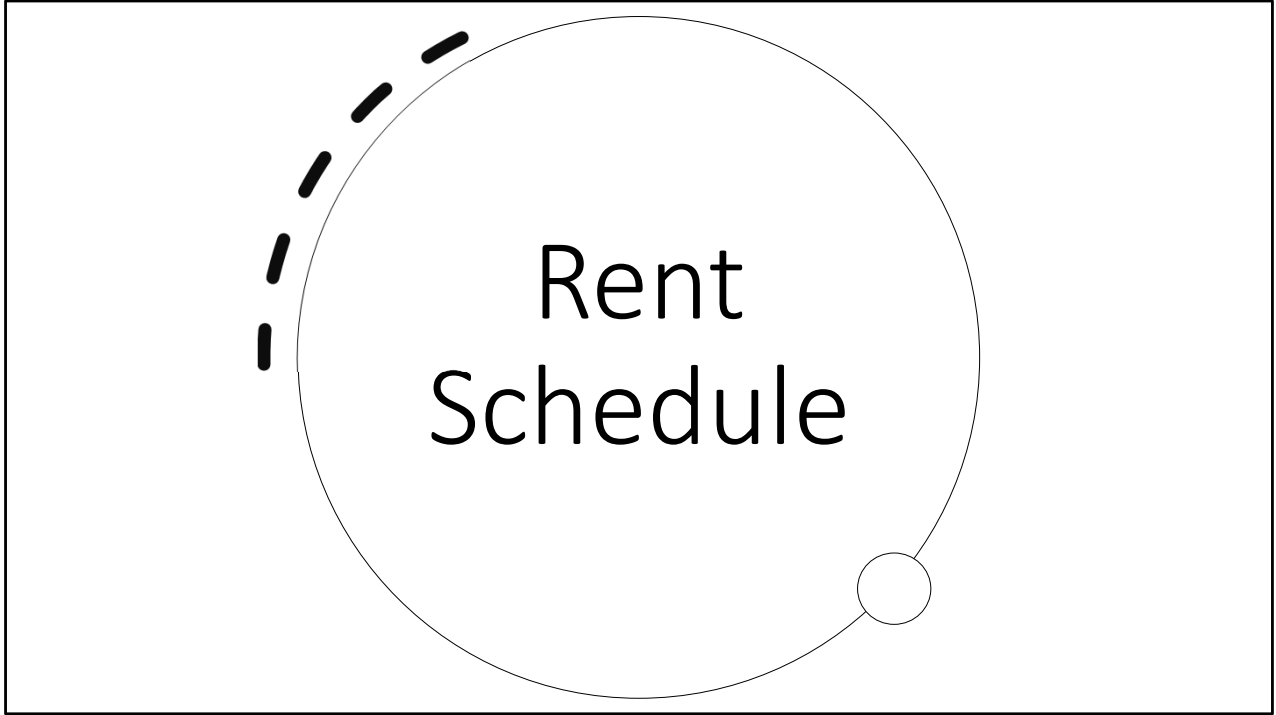
BR Size	Unit Type	Current Utility Allowance	Proposed Utility
		\$0	
		\$0	
		\$0	
		\$0	
		\$0	
		\$0	
		\$0	
		\$0	
		\$0	

Part C - Certification.

Parts A & C MUST be completed. Part B only if sampling is performed. Budget package IS NOT complete without this document.



Utility Allowance/Sampling



Rent Schedule: Key Concepts

Identify	Identify unit mix in accordance with Regulatory Agreement(s)
Establish	<p>Establish the maximum allowable rent limits</p> <ul style="list-style-type: none">▪ Consider the funding sources & use the most restrictive▪ PIS or Gross Rent Floor▪ Rent Restriction Type: By # in household or by bedroom? <p>PBV units follow the most recent contract rent approval letter</p>
Link	<p>MSHDA Compliance Link to Limits- https://www.michigan.gov/mshda/rental/Property-Managers/compliance/Income_Rent_and_Utility_Limits</p>

A correct rent schedule is a fundamental part to any budget submission. Please be sure to follow the checklist above.

Development Name:				MSHDA #:																																			
City: Midland				MSHDA Use Only																																			
County: Midland				AM Signature _____ Date _____																																			
Management Co.:				HERA: _____																																			
MSHDA Asset Manager: <i>Kylie Hayward</i>				Units by Category																																			
Program(s): Bond / LHIC / HOME				<table border="1"> <thead> <tr> <th></th> <th>BRS</th> <th>Units</th> <th>PBV/RAD</th> </tr> </thead> <tbody> <tr> <td>Common</td> <td>1</td> <td>0BR</td> <td>0</td> </tr> <tr> <td>Low HOME</td> <td>18</td> <td>1BR</td> <td>8</td> </tr> <tr> <td>High HOME</td> <td>0</td> <td>2BR</td> <td>56</td> </tr> <tr> <td>Market</td> <td>0</td> <td>3BR</td> <td>40</td> </tr> <tr> <td>Elderly</td> <td>0</td> <td>4BR</td> <td>0</td> </tr> <tr> <td>Family</td> <td>104</td> <td>5BR</td> <td>0</td> </tr> <tr> <td>Total:</td> <td>104</td> <td>Total</td> <td>104</td> </tr> </tbody> </table>					BRS	Units	PBV/RAD	Common	1	0BR	0	Low HOME	18	1BR	8	High HOME	0	2BR	56	Market	0	3BR	40	Elderly	0	4BR	0	Family	104	5BR	0	Total:	104	Total	104
	BRS	Units	PBV/RAD																																				
Common	1	0BR	0																																				
Low HOME	18	1BR	8																																				
High HOME	0	2BR	56																																				
Market	0	3BR	40																																				
Elderly	0	4BR	0																																				
Family	104	5BR	0																																				
Total:	104	Total	104																																				
HOME GRP Date: 7/27/2016		PIS Date: 1/20/2017		GRP Date: 7/29/2015		No Units																																	
Rent Eff. Date: 1/1/2025	Programs	Exp. Date	Units	Programs	Exp. Date	Units																																	
Sec 8 Rent Eff. Date:	MSHDA:	2/1/2042	104	HOME:	3/23/2033	18																																	
Rent based on x persons: 1.5	Tax Credits:	12/31/2046	103	HAP:	x	x																																	
Sec 8 HUD Project #:	1602:	x	x	Rural Dev (RD):	x	x																																	
Last CR Adj. Date (PBV):	TCAP/TCAP-R:	x	x	HTF:	x	x																																	
Rent increase limit %:	NSP/NPP/QPP:	x	x	RAD:	x	x																																	
Note: City of Midland has deeper targeting, not monitored by MSHDA.																																							

[illegible]

As the budget preparer your duty is to fill in UA info, 2024 Rent info, amount to be increased, 2025 UA info, and Max County Rent.

Compare All Regulatory Agreements

MSHDA Reg Doc

REGULATORY AGREEMENT

Department of Consumer and Industry Services
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
401 S. Washington Square, Plaza One Building
Lansing, Michigan 48933

Rental Restrictions.

a. **Program Rent Limits.** The Total Housing Expense for the **Fifty Percent Units** will be limited to one-twelfth (1/12th) of thirty percent (30%) of the MTSP Limits Very Low Income limit, **adjusted for family size**. The Total Housing Expense for the **Thirty Percent Units** will be limited to one-twelfth (1/12th) of thirty percent (30%) of 30% of area median gross income based upon the MTSP Limits, **adjusted for family size**. These restrictions are based on incomes for an imputed family size, **assuming occupancy by one and one-half persons per bedroom**. These restrictions shall remain in effect for the longest of (i) so long as any of the Mortgage Loans are outstanding, (ii) the Extended Use Period or (iii) fifty (50) years after the closing of the Mortgage Loans.

(c) the final draw of HOME funds in connection with the construction of the Development has been made; and (d) the Development's completion information has been entered in the disbursement and information system established by HUD. **Sixteen (16) units within the Development shall be deemed "HOME-Assisted Units."** The HOME-Assisted Units will be "fixed" units, as defined in 24 CFR §92.252 (j). All HOME-Assisted Units must meet the affordability requirements of 24 CFR §92.252 or 24 CFR §92.254, as applicable, for the entire Period of Affordability or a Recapture Obligation (as defined in Section 36 below)

b. **HOME Restrictions.** For the Period of Affordability, the Mortgagor agrees to maintain the Development as qualified affordable housing under the HOME Program by restricting occupancy at the Development (for initial and subsequent tenants) in all HOME-Assisted Units, more fully described in Exhibit A, attached and made a part of this Regulatory Agreement, to tenants whose annual household income does not exceed 60% of the HOME published area median gross income (adjusted for family size), as determined by HUD (**"Low" HOME-Assisted Units**). Compliance with the Program Restrictions set forth in Section 3.a. above may, but will not necessarily, satisfy the HOME Restrictions set forth in this section for all or a portion of the Period of Affordability. The term of the HOME Restrictions is not, however, concurrent with the term of the Program and the termination of the Program Restrictions shall not affect the applicability of the HOME Restrictions.

Tax Credit Reg Doc

AMENDMENT TO REGULATORY AGREEMENT

Department of Consumer and Industry Services
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LOW INCOME HOUSING TAX CREDIT
735 East Michigan Avenue
Lansing, Michigan 48912

13. ☒ **X** Credit has been allocated to this development on the basis that it will serve tenants at certain area median income restrictions and will also concomitantly reduce rents to those tenants. The number of units so assisted and the incomes of residents for those units are as follows:

- **10** units (**9.62** %) will be rented to families whose income does not exceed 30% of the area median gross income.
- _____ units (_____ %) will be rented to families whose income does not exceed 40% of the area median gross income.
- _____ units (_____ %) will be rented to families whose income does not exceed 50% of the area median gross income.
- **94** units (**90.38** %) will be rented to families whose income does not exceed 60% of the area median gross income.

LIHTC CHECK

30%-- 104 units x .0962 =10.004

10 UNITS AT 30%

50%-- 104 units x .9038 =93.9952

94 UNITS AT 50%

MSHDA REG IS MORE RESTRICTIVE THAN TAX CREDIT

Review the funding source per the Regulatory Document(s):

- **Ensure that you are using the most recently approved regulatory agreements and all subsequent amendments or modifications.**
- **Locate:**
 - Rent Restriction Type (i.e. # in household or 1.5 per bedroom)
 - Unit breakdown (i.e. # of units that must be restricted to a specific AMI)

Income Rent and Utility Limits

Home > Rental > Property Managers > Compliance for Rental Housing > Compliance Current Income and Rent Limits

04-01-2024 Income Limits: Pick based on PIS or Gross Floor Election Date

- All properties placed in service on April 1, 2024 or later should use the "04-01-2024 Income Limits":
[04-01-2024 Income Limits](#)
- All properties placed in service from May 15, 2023 through March 31, 2024 should use the "2023 PIS 04-01-2024 Income Limits"
[2023 PIS 04-01-2024 Income Limits](#)
- All properties placed in service from January 1, 2009 through May 14, 2023 should use the "2009 PIS - 2022 PIS 04-01-2024 Income Limits"
[2009 PIS - 2022 PIS 04-01-2024 Income Limits](#)
- All properties that were in existence (first occupied in 2008 or prior) should use the "HERA 04-01-2024 Income Limits"
[HERA 04-01-2024 Income Limits](#)

ONLY use if you have NSP funding at the site.

Neighborhood Stabilization Program (NSP) - Section 8 Income & Rent Limits

Other Programs Income and Rent Limits

06/01/2024	Housing Trust Fund Income Limits (HUD Exchange)	Link to the HTF Limits
06/01/2024	Housing Trust Fund Rent Limits (HUD Exchange)	
04/01/2024	Section 8 and Section 236 Income Limits (HUDuser)	Link to the HUD HOME Limits
06/01/2024	HOME Income Limits (HUD Exchange)	
06/01/2024	HOME Rent Limits (HUD Exchange)	
03/11/2024	Fair Market Rents (HUDuser)	

[Utility Allowances](#) can be found here.

To find the right limits chart, you can visit:

https://www.michigan.gov/mshda/rental/Property-Managers/compliance/Income_Rent_and_Utility_Limits

Know the development's Placed In-Service Date or Gross Rent Floor Election Date then pick the income limit chart accordingly

- If your site has some NSP funding, be sure to use NSP limits.
- If your site has HOME funding, be sure to pull the HOME limit chart
- If your site has HTF, be sure to pull those limits.

04/01/2024 INCOME AND RENT LIMITS									
County: 56 Midland									
Effective Date: 4/1/2024									
Income	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	
20%	13,840	15,920	17,920	19,900	21,500	23,100	24,680	26,280	
25%	17,425	19,900	22,400	24,875	26,875	28,875	30,850	32,850	
30%	20,910	23,880	26,880	29,850	32,250	34,650	37,020	39,420	
35%	24,395	27,860	31,360	34,825	37,625	40,425	43,190	45,990	
40%	27,880	31,840	35,840	39,800	43,000	46,200	49,360	52,560	
45%	31,365	35,820	40,320	44,775	48,375	51,975	55,530	59,130	
50%	34,850	39,800	44,775	48,750	53,750	57,750	61,700	65,700	
55%	38,335	43,775	48,750	52,725	56,725	60,725	64,700	68,700	
60%	41,820	47,760	52,725	56,700	60,700	64,700	68,650	72,650	
65%	45,305	51,745	56,700	60,675	64,675	68,675	72,600	76,600	
70%	48,790	55,730	60,675	64,650	68,650	72,600	76,550	80,550	
75%	52,275	59,715	64,650	68,625	72,600	76,550	80,500	84,500	
80%	55,760	63,700	68,625	72,600	76,550	80,500	84,450	88,450	
85%	59,245	67,685	72,600	76,575	80,525	84,475	88,425	92,425	
90%	62,730	71,670	76,575	80,550	84,500	88,450	92,400	96,400	
95%	66,215	75,655	80,550	84,525	88,475	92,425	96,375	100,375	
100%	69,700	79,640	84,525	88,500	92,500	96,450	100,400	104,400	
105%	73,185	83,625	88,500	92,525	96,525	100,475	104,425	108,425	
110%	76,670	87,610	92,525	96,550	100,550	104,500	108,450	112,450	
115%	80,155	91,595	96,550	100,575	104,575	108,525	112,475	116,475	
120%	83,640	95,580	100,575	104,600	108,600	112,550	116,500	120,500	
125%	87,125	99,565	104,600	108,625	112,625	116,575	120,525	124,525	
130%	90,610	103,550	108,625	112,650	116,650	120,600	124,550	128,550	
135%	94,095	107,535	112,650	116,675	120,675	124,625	128,575	132,575	
140%	97,580	111,520	116,675	120,700	124,700	128,650	132,600	136,600	
145%	101,065	115,505	120,700	124,725	128,725	132,675	136,625	140,625	
150%	104,550	119,490	124,725	128,750	132,750	136,700	140,650	144,650	
Rent By Person	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person	
20%	348	396	448	497	537	577	617	657	
25%	435	497	560	621	671	721	771	821	
30%	522	597	672	746	806	866	925	985	
35%	609	696	784	870	940	1,010	1,079	1,149	
40%	697	794	895	995	1,075	1,155	1,234	1,314	
45%	784	891	1,000	1,119	1,209	1,299	1,388	1,478	
50%	871	987	1,105	1,243	1,343	1,443	1,542	1,642	
55%	958	1,083	1,210	1,368	1,478	1,588	1,696	1,806	
60%	1,045	1,179	1,315	1,492	1,612	1,732	1,851	1,971	
65%	1,132	1,274	1,419	1,619	1,759	1,899	2,038	2,178	
70%	1,219	1,369	1,524	1,744	1,904	2,064	2,224	2,384	
75%	1,306	1,464	1,629	1,869	2,049	2,229	2,409	2,589	
80%	1,393	1,559	1,734	2,004	2,194	2,384	2,574	2,764	
85%	1,480	1,654	1,839	2,119	2,329	2,539	2,749	2,959	
90%	1,567	1,750	1,944	2,234	2,454	2,664	2,874	3,084	
95%	1,654	1,845	2,049	2,349	2,579	2,799	3,019	3,239	
100%	1,741	1,940	2,154	2,464	2,704	2,934	3,164	3,394	
105%	1,828	2,035	2,259	2,579	2,829	3,069	3,309	3,549	
110%	1,915	2,130	2,364	2,694	2,954	3,204	3,454	3,704	
115%	2,002	2,225	2,469	2,809	3,079	3,339	3,589	3,839	
120%	2,089	2,319	2,574	2,924	3,194	3,464	3,724	3,984	
125%	2,176	2,406	2,679	3,039	3,309	3,579	3,839	4,099	
130%	2,263	2,493	2,764	3,154	3,424	3,694	3,954	4,214	
135%	2,350	2,580	2,879	3,269	3,539	3,809	4,069	4,329	
140%	2,437	2,667	2,994	3,384	3,654	3,924	4,184	4,444	
145%	2,524	2,754	3,109	3,499	3,769	4,039	4,299	4,559	
150%	2,611	2,841	3,224	3,614	3,884	4,154	4,414	4,674	
Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom	5 Bedroom			
20%	448	497	546	595	644	693			
25%	535	597	650	702	754	806			
30%	622	696	754	816	878	940			
35%	709	784	846	908	970	1,032			
40%	796	871	933	995	1,057	1,119			
45%	883	958	1,020	1,082	1,144	1,206			
50%	970	1,045	1,107	1,169	1,231	1,293			
55%	1,057	1,132	1,194	1,256	1,318	1,380			
60%	1,144	1,219	1,281	1,343	1,405	1,467			
65%	1,231	1,306	1,368	1,430	1,492	1,554			
70%	1,318	1,393	1,455	1,517	1,579	1,641			
75%	1,405	1,480	1,542	1,604	1,666	1,728			
80%	1,492	1,567	1,629	1,691	1,753	1,815			
85%	1,579	1,654	1,716	1,778	1,840	1,902			
90%	1,666	1,741	1,803	1,865	1,927	1,989			
95%	1,753	1,828	1,890	1,952	2,014	2,076			
100%	1,840	1,915	1,977	2,039	2,101	2,163			
105%	1,927	2,002	2,064	2,126	2,188	2,250			
110%	2,014	2,089	2,151	2,213	2,275	2,337			
115%	2,101	2,176	2,238	2,300	2,362	2,424			
120%	2,188	2,263	2,325	2,387	2,449	2,511			
125%	2,275	2,350	2,412	2,474	2,536	2,598			
130%	2,362	2,437	2,499	2,561	2,623	2,685			
135%	2,449	2,524	2,586	2,648	2,710	2,772			
140%	2,536	2,611	2,673	2,735	2,797	2,859			
145%	2,623	2,698	2,760	2,822	2,884	2,946			
150%	2,710	2,785	2,847	2,909	2,971	3,033			

To ensure you pick the correct limit:

1. Go to the appropriate county chart
2. Find the appropriate Rent Restriction section (i.e. by Person or by Bedroom)
 - It is most likely to be by bedroom size.
3. Find the AMI percentage(s) line that applies to your site and follow the line over to the person/bedroom columns
 - Note that by bedroom begins at 0 bedroom, be sure you are in correct column.

U.S. DEPARTMENT OF HUD
STATE: MICHIGAN

2024 HOME PROGRAM RENTS

PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Shiawassee County, MI HUD Metro FMR Area							
LOW HOME RENT LIMIT	684	689	905	1045	1166	1286	1407
HIGH HOME RENT LIMIT	684	689	905	1221	1278	1470	1661
For Information Only:							
FAIR MARKET RENT	684	689	905	1221	1278	1470	1661
50% RENT LIMIT	703	754	905	1045	1166	1286	1407
65% RENT LIMIT	895	960	1154	1325	1459	1591	1723
Lansing-East Lansing, MI HUD Metro FMR Area							
LOW HOME RENT LIMIT	820	878	1055	1218	1358	1499	1639
HIGH HOME RENT LIMIT	847	887	1092	1423	1454	1672	1890
For Information Only:							
FAIR MARKET RENT	847	887	1092	1423	1454	1672	1890
50% RENT LIMIT	820	878	1055	1218	1358	1499	1639
65% RENT LIMIT	1046	1123	1349	1550	1709	1867	2026
Midland, MI MSA							
LOW HOME RENT LIMIT	814	820	1074	1293	1439	1592	1741
HIGH HOME RENT LIMIT	814	820	1074	1409	1439	1655	1871
For Information Only:							
FAIR MARKET RENT	814	820	1074	1409	1439	1655	1871
50% RENT LIMIT	871	933	1120	1293	1443	1592	1741
65% RENT LIMIT	1113	1194	1434	1649	1820	1989	2159

For site with **HOME** funding:

1. Use the most current HUD chart for Michigan (accessible via a link on the MSHDA webpage)
2. Choose the appropriate county or metropolitan area
3. Identify the Low and High HOME limit box then follow the lines over to the appropriate bedroom size(s)

Choosing Rent Limits

Tax Credit Rent Limits

04/01/2024 INCOME AND RENT LIMITS					
County: 56 Midland	Effective Date:				
Income	1 Person	2 Person	3 Person	4 Person	5 Person 6 Person
Rent By Bedroom	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	
20%	348	373	448	517	
25%	435	466	560	646	
30%	522	559	672	776	
35%	609	653	784	905	
40%	697	746	896	1,035	
45%	784	839	1,008	1,164	
50%	871	933	1,120	1,293	
55%	958	1,026	1,232	1,423	
60%	1,045	1,119	1,344	1,552	
70%	1,219	1,306	1,568	1,811	
80%	1,394	1,493	1,792	2,070	
MAX	1,743	1,868	2,240	2,627	

HOME Rent Limits

U.S. DEPARTMENT OF HUD STATE: MICHIGAN	2024 HOME PROGRAM RENTS				
PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR
Midland, MI MHA					
LOW HOME RENT LIMIT	814	820	1074	1293	1439
HIGH HOME RENT LIMIT	814	820	1074	1409	1439
For Information Only:					
FAIR MARKET RENT	814	820	1074	1409	1439
50% RENT LIMIT	871	933	1120	1293	1443
65% RENT LIMIT	1113	1194	1434	1649	1820

UNIT TYPE	# Units	HOME Limits	LIHTC Limits
1 BR 30%/LH	1	\$820	\$559
1 BR @ 50%	7	N/A	\$933
2 BR @ 30%	1	N/A	\$672
2 BR 30%/LH	4	\$1074	\$672
2 BR @50%	45	N/A	\$1120
2 BR 50%/LH	6	\$1074	\$1120
3 BR 30%/LH	4	\$1293	\$776
3 BR @50%	33	N/A	\$1293
3 BR 50%/LH	3	\$1293	\$1293

When there is multiple funding sources (AKA Layering):

1. Compare the rent limits for like-units that have multiple funding sources
2. Select the MOST restrictive limit for the rent schedule.

2025 Rent Schedule for MSHDA and Section 8 Programs

Development Name:				MSHDA #:			
City:		Midland		MSHDA Use Only			
County:		Midland					
Management Co.:							
MSHDA Asset Manager:		Kylie Hayward		AM Signature _____ Date _____			
Program(s):		Bond / LIHTC / HOME					
HOME GRF Date:		7/27/2016		PIS Date:		1/20/2017	
GRF Date:		7/29/2015		HERA:		Units by Category BRS Units PBV/RAD	
Rent Eff. Date:		1/1/2025		Programs		Exp. Date Units	
Sec 8 Rent Eff. Date:				MSHDA:		2/1/2042 104	
Rent based on x persons:		1.5		Tax Credits:		12/31/2046 103	
Sec 8 HUD Project #:				I602:		x x Rural Dev (RD): x x	
Last CR Adj. Date (PBV):				TCAP/TCAP-R:		x x HTF: x x	
Rent increase limit %:		5%		NSP/NPP/QPP:		x x RAD: x x	

Note: City of Midland has deeper targeting, not monitored by MSHDA.

Totals:		104			0			Total M			Rent Potential:	\$89,248	\$1,070,976
BR	Size	Unit Type	# of Units	LIHTC & Other Rent Restrict.	HOME HH/LH	Special Units	2024 Rent Sch.	2024 Rent	Rent Incr.	% Incr.	Max County Gross Rent	Monthly Rent Potential	Annual Rent Potential
1	Apt	1	30%	LH			\$73	\$436	\$10.00	2%	\$559	\$446	\$5,352
1	Apt	7	50%				\$73	\$775	\$10.00		\$933	\$5,495	\$65,940
2	Apt	1	30%				\$81	\$530	\$10.00		\$672	\$540	\$6,480
2	Apt	4	30%	LH			\$81	\$530	\$10.00		\$672	\$2,160	\$25,920
2	Apt	45	50%				\$81	\$775	\$10.00		\$81	\$1,120	\$35,325
2	Apt	6	50%	LH			\$81	\$897	\$10.00	1%	\$81	\$5,442	\$65,304
3	Apt	4	30%	LH			\$143	\$563	\$10.00	2%	\$573	\$633	\$7,596
3	Apt	33	50%				\$143	\$1,033	\$10.00	1%	\$1,043	\$1,150	\$14,130
3	Apt	3	50%	LH			\$143	\$1,033	\$10.00	1%	\$1,043	\$1,150	\$13,800
											\$0	\$0	\$0

This unit is layered with HOME and LIHTC, so use the most restrictive limit.

This unit is only MSHDA/LIHTC, so use LIHTC limits.

When populating the Max County Gross Rents, make sure to use the **MOST** restrictive layer.

Rent Increases

- ✓ **Existing** resident rent can be increased up to 5% annually
- ✓ Budgeted rent increases can exceed 5% so long as the higher rent is only for **NEW** move-ins
- ✓ Rent can **NEVER** exceed the Maximum Allowable Rent

19																
20	Totals:		104			0	Total Monthly Rent Potential/Gross Rent Potential:								\$6,086	\$73,032
21	BR		# of Units	LIHTC & Other Rent Restrict.	HOME HH/LH	Special Units	2024 Rent Sch.		2025 RENT SCHEDULE					2025 RENT TOTALS		
22	Size	Unit Type					Utility Allow.	2024 Rent	Rent Incr.	% Incr.	2025 Rent (K)	Max Allow. Rent	Utility Allow.	Max County Gross Rent	Monthly Rent Potential	Annual Rent Potential
23																
24	1	Apt	1	30%	LH		\$73	\$436	\$50.00	11%	\$486	\$526	\$74	\$600	\$486	\$5,832
25	1	Apt	7	50%			\$73	\$775	\$25.00	3%	\$800	\$826	\$74	\$900	\$5,600	\$67,200
26											\$0	\$0			\$0	\$0

New Move In 2025	Renewal 2025
Up to \$526	\$457 *Cannot exceed 5% increase from prior year.

When implementing rent increases:

1. For current residents: take the rent charged in 2024 and multiple by 1.05 to determine new MAX rent. Current residents can not exceed a 5% increase.
2. For new residents: use the approved amount on the rent schedule or use to the max allowable.
3. DO NOT FORGET TO BOOK LOSS/GAIN TO LEASE.

2025 Rent Schedule for MSHDA and Section 8 Programs

Development Name:										MSHDA #:									
City: Midland										MSHDA Use Only									
County: Midland										AM Signature _____ Date _____									
Management Co.:										HERA:									
MSHDA Asset Manager: Kylie Hayward																			
Program(s): Bond / LIHTC / HOME																			

HOME GRF Date:	7/27/2016	PIS Date:	1/20/2017	GRF Date:	7/29/2015	HERA:	Units by Category			BRS	Units	PBV/RAD
Rent Eff. Date:	1/1/2025	Programs	Exp. Date	Units	Programs	Exp. Date	Units	Common:	1	0BR	0	0
Sec 8 Rent Eff. Date:		MSHDA:	2/1/2042	104	HOME:	3/23/2033	18	Low HOME:	18	1BR	8	0
Rent based on x persons:	1.5	Tax Credits:	12/31/2046	103	HAP:			High HOME:	0	2BR	56	0
Sec 8 HUD Project #:		1602:		x	Rural Dev (RD):		x	Market:	0	3BR	40	0
Last CR Adj. Date (PBV):		TCAP/TCAP-R:		x	HTF:		x	Elderly:	0	4BR	0	0
Rent increase limit %:	5%	NSP/NPP/QPP:		x	RAD:		x	Family:	104	5BR	0	0
								Total:	104	Total	104	0

Note: City of Midland has deeper targeting, not monitored by MSHDA.

GRP used on Line 1 of Budget Template (450A).

Totals:		104	0	Total Monthly Rent Potential/ Gross Rent Potential:										\$89,248	\$1,070,976
BR Size	Unit Type	# of Units	LIHTC & Other Rent Restrict.	HOME HH/LH	Special Units	2024 Rent Sch.		2025 RENT SCHEDULE					2025 RENT TOTALS		
						Utility Allow.	2024 Rent	Rent Incr.	% Incr.	2025 Rent (R)	Max Allow. Rent	Utility Allow.	Max County Gross Rent	Monthly Rent Potential	Annual Rent Potential
1	Apt	1	30%	LH		\$73	\$436	\$10.00	2%	\$446	\$486	\$73	\$559	\$446	\$5,352
1	Apt	7	50%			\$73	\$775	\$10.00	1%	\$785	\$860	\$73	\$933	\$5,495	\$65,940
										\$0	\$0			\$0	\$0
2	Apt	1	30%			\$81	\$530	\$10.00	2%	\$540	\$591	\$81	\$672	\$540	\$6,480
2	Apt	4	30%	LH		\$81	\$530	\$10.00	2%	\$540	\$591	\$81	\$672	\$2,160	\$25,920
2	Apt	45	50%			\$81	\$775	\$10.00	1%	\$785	\$1,039	\$81	\$1,120	\$35,325	\$423,900
2	Apt	6	50%	LH		\$81	\$775	\$10.00	1%	\$785	\$1,039	\$81	\$1,120	\$6,720	\$80,640

GRP will auto populate onto the 450. Please make sure it matches.

Additional Scenarios

PBV units must use and include the rent and utility amounts as listed in the most recent letter as provided by MSHDA's voucher unit or PBCA unit or the local administrator.

Section 8 units must include the most recently approved HUD rent schedule form (HUD-92458).

Rural Development units must include the most recently approval letter.

Other Agency administered units must include the most recently approved rent and utilities from the administering agency.

No matter what category you may fall in, please include the most recent approval letter.

When in doubt, ask
your Asset
Manager!





Rent Schedules

Loss to Lease (L2L)

January 1st – A new rent schedule becomes effective changing unit rents

Existing tenant rents change on lease renewal dates

L2L – Calculates the difference between the GRP and the total monthly rent collected based on lease renewal dates

A L2L calculation/schedule must be submitted with the budget. If your system has an already approved loss to lease schedule, please send it. If your management company does not have an already approved loss to lease schedule, please send it to Paul Bursley to see if it can be approved. Otherwise, please use the Loss to Lease tab in the URST Workbook.

Loss to Lease Entry

2	Max. Rent Increase Percentage - Regulatory maximum percentage that the rent may be increased in a 12-month period for a remaining tenant.										
3	Unfiltered Totals - Provides the count, average, or sum of all the data entered in the column. The total in column D turns green when the count matches the total non-section 8 units at the development. The blue shaded field displays the total Loss to Lease amount based on the data entered. The Total GRP will not match the rent schedule if the development has section 8 units.										
4											
5	Filtered Totals - Provide the count, average, or sum of the entered data when filters are applied to the columns.										
6	Unit No. - Identify the unit number being entered.										
7	BRS - Enter the <i>Bedroom Size</i> of the unit.										
8	Unit Type - Description of the rent restrictions and unit structure (e.g., Apt. 50% LH)										
9	Lease Renewal Month - Identify the month of the current tenant's lease renewal. If vacant, enter January.										
10	Dec [CYear] Rent - Enter the rent being charged in Dec. of current year. Possibly different than rent schedule col. H due to rent increase limits.										
11	Actual [Budget Year] Rent - Enter the unit's genuine budget year contract rent based on the projected lease renewal or new occupancy of the unit.										
12	[Budget Year] RS Rent (Col. K) - Enter the Rent Schedule column K rent amounts based on the specific unit type.										
13	Is Unit Vacant? - Enter Yes, if the unit is currently unoccupied. "Yes" overrides "Over Limit" errors, if applicable.										
14	Special Unit? - I/A, does the current resident have Project-Based Vouchers, Tenant-Based Vouchers, or Rural Development rental assistance?										
15	Approved Rent Limit Exceeded - Determines if the approved rent exceeds the maximum allowable increase in rent on the unit.										
16	*Section 8 Units - Don't have Loss to Lease. All tenant rents change on the HAP anniversary date. Do NOT include Section 8 units in this schedule.										
17											
18	Notes:										
19											
20											
21											
22											
23											
24											
25											
26											
27											
28											
29											
30											

Standard MSHDA template for L2L. If any other template or schedule is used, it MUST be approved by MSHDA prior to submitting the budget.

Gain to Lease

Filtered Totals - Provide the count, average, or sum of the entered data when filters are applied to the columns.

Unit No. - Identify the unit number being entered.

BRS - Enter the *Bedroom Size* of the unit.

Unit Type - Description of the rent restrictions and unit structure (e.g., Apt. 50% LH)

Lease Renewal Month - Identify the month of the current tenant's lease renewal. If vacant, enter January.

Dec [CYear] Rent - Enter the rent being charged in Dec. of current year. Possibly different than rent schedule col. H due to rent increase limits.

Actual [Budget Year] Rent - Enter the unit's genuine budget year contract rent based on the projected lease renewal or new occupancy of the unit.

[Budget Year] RS Rent (Col. K) - Enter the Rent Schedule column K rent amounts based on the specific unit type.

Is Unit Vacant? - Enter Yes, if the unit is currently unoccupied. "Yes" overrides "Over Limit" errors, if applicable.

Special Unit? - I/A, does the current resident have Project-Based Vouchers, Tenant-Based Vouchers, or Rural Development rental assistance?

Approved Rent Limit Exceeded - Determines if the approved rent exceeds the maximum allowable increase in rent on the unit.

***Section 8 Units** - Don't have Loss to Lease. All tenant rents change on the HAP anniversary date. Do NOT include Section 8 units in this schedule.

Notes:

104

Max. Rent Increase Percentage	5%	Avg	Avg	Avg	Total	Total	Total	Total GRP	Total LTL
Unfiltered Totals:	2	\$700	\$750	\$650	0	2	0	\$15,600	-\$2,350
Filtered Totals:	2	\$700	\$750	\$650	0	2	0	\$15,600	-\$2,350

Unit No.	BRS	Unit Type	Lease Renewal Month	Dec. 2024 Rent	Actual 2025 Rent	2025 RS Rent (Col. K)	Is Unit Vacant?	Special Unit?	Approved Rent Limit Exceeded	Maximum Annual Rent Generated	Annual Loss to Lease
405	3	PBV	February	\$600	\$650	\$550	No	Yes		\$6,600	-\$1,150
505	2	Townhome PBV	January	\$800	\$850	\$750	No	Yes		\$9,000	-\$1,200
										\$0	\$0
										\$0	\$0

Gain to Lease – occurs when the rent charged for a specific unit exceeds the rent schedule rent.

- When approved rent is more than approved rent for the year. Must not exceed the Max Allowable Rent.
- When a voucher rent is applied.



Loss to Lease



BUDGET DETAIL



INCOME:

- Gross Rent Potential
(GRP)

- Other Income


		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
INCOME									
1. Gross Rent Potential-GRP	1			0		0	0%	0	YES
Section 8 GRP									
Deductions									
a. Loss to Lease:	1a			0		0	100%	0	YES
b. Vacancy Loss:	1b			0		0	0%	0	NO
c. Non-Rental Unit:	1c			0		0	0%	0	NO
d. Bad Debt/Former Residents:	1d			0		0	0%	0	NO
e. Marketing Rent Concessions:	1e			0		0	0%	0	NO
Gross Rent Potential Minus Total Deductions:		0	0	(0)	0	(0)			
Economic Vacancy		#DIV/0!	#DIV/0!	#DIV/0!	6.00%	#DIV/0!			
2. Other Income									
a. Late Charges:	2a			0		0	0%	0	NO
b. Laundry and Carport Income:	2b			0		0	0%	0	NO
c. Commercial Income:	2c			0		0	0%	0	NO
d. Subsidies/Grants:	2d			0		0	0%	0	NO
e. Interest Income:	2e			0		0	0%	0	NO
h. Bad Debt Recovery:	2h			0		0	0%	0	NO
j. Other:	2j			0		0	100%	0	YES
Total Other Income:		0	0	0	0	0			
3. TOTAL INCOME:	3	0	0	0	0	0			

GRP comes directly from the Rent Schedule.

DO NOT include interest income from MSHDA held escrows on line 2e.

2j –Other requires detailed budget notes.

EXPENDITURES – ADMINISTRATIVE:

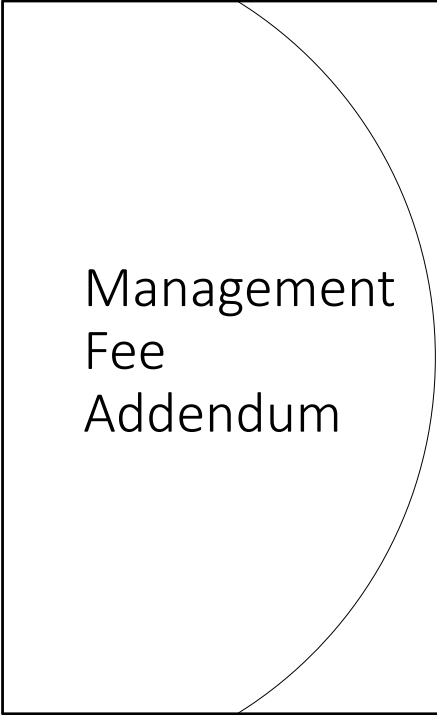


EXPENDITURES				
Administrative				
4.	Management Fees/COE			
a.	Management Fees:	4a		
b.	Premium Management Fees:	4b		
c.	COE Expenses:	4c		
Total Management Fees/COE:			a	a
5.	Marketing			
a.	Advertising:	5a		
b.	Marketing Payroll:	5b		
c.	Other:	5c		
Total Marketing:			a	a
6.	Legal:	6		
7.	Other Administrative			
a.	Administrative Payroll:	7a		
b.	Temp Administrative Services:	7b		
c.	Employee Pension Plans:	7c		
d.	Employer Payroll Taxes:	7d		
e.	Taxes Other:	7e		
f.	Telephone:	7f		
g.	Office:	7g		
h.	Auditing:	7h		
i.	Credit Reports:	7i		
j.	Human Services Program:	7j		
k.	Miscellaneous:	7k		
Total Other Administrative:				
Total Administrative:				

- Management Fees
- Marketing
- Legal
- Other Administrative

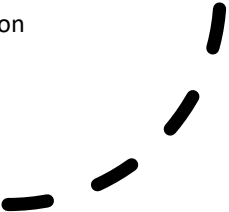
4a & 4b are not to exceed the MSHDA approved fees for 2025.
 5c Other and 7k Miscellaneous require detail budget notes if used.

Management Fee Addendums



Management Fee Addendum

What is a Management Fee Addendum?

- An annual addendum to the Management Agreement stipulating an updated fee paid to the Agent
 - Required for all years that a Management Fee Agreement is not signed
 - Approved by the Authority
 - New version as of 5/23
 - Includes ownership change information
 - Eliminating Schedule 1
- 

This year there will be fee addendums rather than Management Agreements.

FEE ADDENDUM TO MANAGEMENT AGREEMENT For All Authority-Financed Developments (Including Section 8 and Section 236)																			
<p>This Addendum to Management Agreement made this _____ day of _____, 2023, between _____ (the Owner), whose address is _____ and _____ (the Agent), whose address is _____.</p> <p>The Owner and Agent entered into a Management Agreement (the Agreement) on _____, 2023, for the management of a multifamily housing development known as _____, MSHDA Development No. _____.</p> <p>The parties wish to set the amount of the annual compensation of the Agent, as set forth in Sections 15.1 and 15.2 and re-certify the information disclosed in Section 17 of the Agreement.</p> <p>NOW, THEREFORE, the parties agree that for the operating year ending on December 31, 2024.</p> <ol style="list-style-type: none"> The basic compensation due to the Agent under Section 15.1 of the Agreement (and as established in the approved Budget) shall equal _____, not to exceed the maximum allowable Management Fee of \$611.00 per unit. If the Premium Management Fee is earned by the Agent, the amount of the Premium Management Fee that may be paid to the Agent under Section 15.2 of the Agreement (and as established in the approved Budget) shall equal _____, not to exceed the maximum allowable Premium Management Fee of \$94.00 per unit. The Agent certifies as follows: <div style="margin-left: 20px;"> <input type="checkbox"/> The information set forth in Section 17 of the Agreement is still true and correct and no change in ownership and control of the Management Agent has occurred. If selected, skip sections 3.1 and 3.2. </div> <div style="margin-left: 20px;"> <input type="checkbox"/> The information set forth in Section 17 of the Agreement is no longer correct. The information set forth here identifies the changes to ownership and control of the Management Agent and shall replace the information set forth in Section 17 of the Agreement. If selected, complete sections 3.1 and 3.2. </div> <p>3.1 Percentage of Ownership - The Agent represents that as of _____, 20____, the persons listed below constitute all the shareholders, members or partners of _____, whose address is _____ (the Agent), holding the percentages of ownership set forth opposite their names:</p>	<table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Individual's Name</th> <th style="text-align: left; border-bottom: 1px solid black;">Percentage of Ownership</th> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; text-align: center;">%</td> </tr> </table> <p>To the extent that any interest in the Agent is owned by a corporation, limited liability company or partnership entity, the identity, and percentages of ownership of the entity must also be disclosed.</p> <p>3.2 Authorized Officers - The Agent represents that as of the date of this addendum the following persons are the officers or managers of the Agent who have the authority to authorize contracts with vendors providing services or supplies to the Development:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Individual's Name</th> <th style="text-align: left; border-bottom: 1px solid black;">Office or Title</th> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; height: 20px;"></td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; height: 20px;"></td> </tr> <tr> <td style="border-bottom: 1px solid black; height: 20px;"></td> <td style="border-bottom: 1px solid black; height: 20px;"></td> </tr> </table> <p>4. All other terms, conditions, and provisions of the Agreement will remain in full force and effect.</p>	Individual's Name	Percentage of Ownership		%		%		%		%	Individual's Name	Office or Title						
Individual's Name	Percentage of Ownership																		
	%																		
	%																		
	%																		
	%																		
Individual's Name	Office or Title																		
<small>MGMT 401A (8/20, 10/22, 5/23) Dev. Name: _____ Management Agent: _____ Page 1 of 3</small>	<small>MGMT 401A (8/20, 10/22, 5/23) Dev. Name: _____ Management Agent: _____ Page 2 of 3</small>																		

Paragraph 1- refers to today's date, between Owner and Agent.

Paragraph 2- The date is referring to the last approved Management Agreement (MA).

- This is likely the MA from last budget season.

- Could be MA from Intake process.

Paragraph 3- end date of this fee addendum should be 2025.

Paragraph 4- Referring to Management Fee amount Total. (#Units x \$MGMT FEE PUPY)

Paragraph 5- Referring to Premium Management Fee amount Total. (#Units x \$PMF FEE PUPY)

Paragraph 6- (The check boxes) ONLY CHECK ONE.

Paragraph 7- Ownership portion.

Paragraph 8- Authorized Officer portion.

Did all parties sign and date it?



Management Fee Addendum

BUDGET DETAIL

Continued..



EXPENDITURES – UTILITIES:

- Electricity
- Water & Sewer
- Fuel

		2022 BUDGET	2021 YEARS EXPENSES	2020 BUDGET
EXPENDITURES				
Utilities				
8. Electricity:	8			0
9. Water & Sewer:	9			0
Fuel:	10			0
Total Utilities:		0	0	0

A 12-month trailing average should be used for all utilities. Budget utility amounts should be greater than the previous year. If not, a detailed note is required.

EXPENDITURES - OPERATING & MAINTENANCE:

- Maintenance - Janitorial - Grounds

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
Operating & Maintenance									
11. <i>Maintenance</i>									
a. Maintenance Payroll:	11a			0		0	0%	0	NO
b. Temp Maintenance Services:	11b			0		0	0%	0	NO
Total Maintenance:			0	0	0	0			
12. <i>Janitorial</i>									
a. Janitorial Payroll:	12a			0		0	0%	0	NO
b. Temporary Janitorial Services:	12b			0		0	0%	0	NO
c. Janitorial Supplies:	12c			0		0	0%	0	NO
Total Janitorial:			0	0	0	0			
13. <i>Grounds</i>									
a. Grounds Maintenance Payroll:	13a			0		0	0%	0	NO
b. Temporary Grounds Services:	13b			0		0	0%	0	NO
c. Snow Removal:	13c			0		0	0%	0	NO
d. Lawn Maintenance:	13d			0		0	0%	0	NO
e. Parking Lot/Concrete Repairs:	13e			0		0	0%	0	NO
Total Grounds:			0	0	0	0			

13c Snow Removal & 13d Lawn Maintenance

(A copy of any snow/lawn contracts need to be submitted with the budget package)

Include in these calculations

The total contract amount

Outside company snow removal

Outside company lawn mowing

An estimate of any additional cost outside contract

The cost of ice melt that is applied by staff

The cost of seasonal plants or grass seed/fertilizer

BUDGET DETAIL

EXPENDITURES – OPERATING & MAINTENANCE:

- Non-Capitalized R&M
- Other Operating

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
EXPENDITURES									
Operating & Maintenance									
14. Non-Capitalized Repairs & Maint									
a. Land Improvements:	14a			0		0	0%	0	NO
b. Building & Components:	14b			0		0	0%	0	NO
c. Maintenance Equipment:	14c			0		0	0%	0	NO
d. Office Furniture:	14d			0		0	0%	0	NO
e. Furniture & Fixtures:	14e			0		0	0%	0	NO
f. Painting Units:	14f			0		0	0%	0	NO
g. Cleaning Units:	14g			0		0	0%	0	NO
h. Heating & Air Conditioning:	14h			0		0	0%	0	NO
i. Plumbing:	14i			0		0	0%	0	NO
j. Electrical:	14j			0		0	0%	0	NO
k. Pool Maintenance:	14k			0		0	0%	0	NO
l. Elevator:	14l			0		0	0%	0	NO
m. Ext Cycle Painting/Waterproofing:	14m			0		0	0%	0	NO
n. Common Area Costs:	14n			0		0	0%	0	NO
o. Other:	14o			0		0	0%	0	NO
Total Non-Cap Repairs & Maint:		0	0	0	0	0			
15. Other Operating									
a. Vehicle & Equip Operating Exp:	15a			0		0	0%	0	NO
b. Exterminating:	15b			0		0	0%	0	NO
c. Rubbish Removal:	15c			0		0	0%	0	NO
d. Security Payroll:	15d			0		0	0%	0	NO
e. Other:	15e			0		0	0%	0	NO
Total Other Operating:		0	0	0	0	0			
Total Operating & Maint:		0	0	0	0	0			

14o Other and 15e Other need detailed budget notes if used.

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
Other Expenditures									
16. Taxes									
a. Property Taxes or PILOT Exp:	16a								
b. Other:	16b	0	0	0		0	0%	0	NO
Total Taxes:		0	0	0	0	0			
17. Interest Expense									
a. Mortgage Interest:	17a			#N/A		#N/A	#N/A	#N/A	YES
b. Other Interest:	17b			0		0	0%	0	NO
c. S8 Pres Pass-thru Prog Bond Int:	17c			0		0	0%	0	YES
Total Interest Expense:		0	0	#N/A	0	#N/A			
18. Insurance									
a. Property & Liability Insurance:	18a								
b. Employee Health Benefits:	18b			0		0	0%	0	NO
c. Worker's Compensation:	18c			0		0	0%	0	NO
d. Other:	18d			0		0	0%	0	NO
Total Insurance:		0	0	0	0	0			

OTHER EXPENDITURES:

BUDGET DETAIL

- Taxes - Interest - Insurance

16a is grayed out as this expense is reported under Tax Escrow Deposits.

17a this should be populated for you by MSHDA.

18a is grayed out as this expense is reported under Insurance Escrow Deposits.

18d Other requires a detailed note if used.

REGULATORY AND BOND FEES

BUDGET DETAIL

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
19	19	0	0	0		0	0%	0	NO
20. Regulatory and Bond Fees:									
a. S8 Pres Pass-Thru Trustee Bond Fees:	20a	0	0	0		0	0%	0	YES
b. Sec 8 Pres Pass-Thru Reg Fees:	20b	0	0	0		0	0%	0	YES
c. ARRA Regulatory Fees:	20c	0	0	0		0	0%	0	#N/A
Total Regulatory and Bond Exp:		0	0	0	0	0			

Only 1602 and TCAP developments have ARRA Fees.
Please refer to the updated annual fee schedule located in the 450.

BUDGET DETAIL

ESCROW DEPOSIT AND WITHDRAWAL

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
Tax Escrow									
Deposit:	E1-D			SN/A		SN/A	SN/A	SN/A	SN/A
Insurance Escrow									
Deposit:	E2-D			SN/A		SN/A	SN/A	SN/A	SN/A
Replacement Reserve									
Deposit:	E3-D			0		0	0%	0	YES
Withdrawal:	E3-W			0		0	0%	0	YES
DCE Principal									
Withdrawal:	E4-W	0	0	0		0	0%	0	NO
DCE Interest									
Withdrawal:	E5-W	0	0	0		0	0%	0	YES
ORC									
Withdrawal:	E6-W	0	0	0		0	0%	0	NO
Operating Assurance									
Withdrawal:	E7-W	0	0	0		0	0%	0	NO
Operating Deficit									
Withdrawal:	E8-W	0	0	0		0	0%	0	NO
Misc. Special Escrow									
Deposit:	E9-D	0	0	0		0	0%	0	NO
Withdrawal:	E9-W	0	0	0		0	0%	0	NO
Other Escrow									
Deposit:	E10-D	0	0	0		0	0%	0	NO
Withdrawal:	E10-W	0	0	0		0	0%	0	NO
Net Escrow Deposits & Withdrawal		0	0	SN/A	0	SN/A			

RR Deposit is required to be at least the minimum per the Regulatory Agreement.

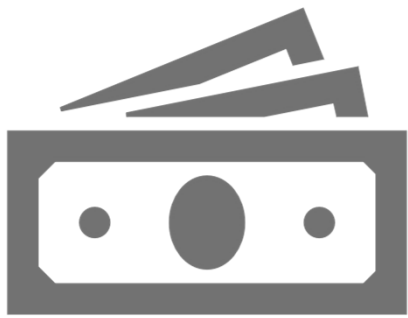
When budgeting for Tax Escrow and Insurance Escrow Deposits please remember the following:

You must budget **at least as much** as the amounts detailed on the Tax and Insurance analysis that is completed by our finance division and sent to you in August.

If you want to budget an amount that is less than is shown on the escrow analysis, you must submit back up to show justification for the lower amounts.

Taxes – you must submit a copy of your most recent tax bill

Insurance – you must submit a copy of your most recent policy premium



Capital Needs
Assessments (CNA's)

Budgeting
Replacement Reserve
Deposits

Key Points



What is a Capital Needs Assessment (CNA)?



What are Replacement Reserve (RR) Needs?



Why is budgeting RR deposits important?



What should I budget for Replacement Reserve withdrawals for the year?



What if I can not budget in accordance with my CNA or have not had a CNA done yet?

What is a Capital Needs Assessment (CNA)?

Evaluates physical condition of property
Projects the replacement and repairs of the property
Determines adequate funding of RR

What creates an RR Need?

- CNA funding plan indicates outside capital deposit is required but has not been received (Plan 2)
- When annual RR funding is less than the annual required CNA plan deposit

Why is accurately
budgeting RR
deposits so
important?

- Ensures compliance with the
Regulatory Agreement
- Effects monthly payments due to
MSHDA

Budgeting Replacement Reserves based on CNA

arithmetically as (A+D+E)+F=G, Year-End Balances, then carries forward to Line A of the following Year.

	2016 Year 1	2017 Year 2	2018 Year 3	2019 Year 4	2020 Year 5	2021 Year 6	2022 Year 7	2023 Year 8	2024 Year 9	2025 Year 10
(A) Reserve Balances										
Starting Replacement Reserves	\$770,616	\$815,340	\$932,039	\$1,028,316	\$1,101,526	\$1,069,171	\$856,909	\$894,630	\$962,250	\$1,032,459
(B) Annual Funding										
Contributions Indexed at 3%	\$418	\$430	\$443	\$457	\$470	\$484	\$499	\$514	\$634	\$653
(C) Additional Unit Contributions								\$120		\$110
	417.92	430.46	443.37	456.67	470.37	484.48	499.02	633.99	633.99	763.01
(D) Total Annual Reserve Funding	\$67,285	\$69,304	\$71,383	\$73,524	\$75,730	\$78,002	\$80,342	\$102,072	\$102,072	\$122,844

\$122,844

Per the CNA the 2025 RR Contribution should be \$122,844. If CNA has a plan 2, make sure to use this plans annual funding amount. If this funding amount does not work, must follow the Regulatory Agreement at minimum.

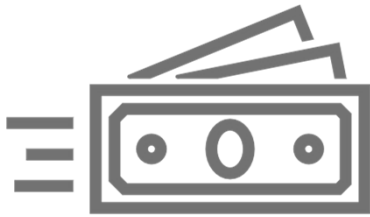
Budgeting Replacement Reserve without a CNA

Regulatory Agreement Language is used to determine RR Deposit.

8. **Replacement Reserve Fund.** The Mortgagor shall establish and maintain a Replacement Reserve Fund by depositing monthly installments with the Authority, beginning with the commencement of amortization of the permanent mortgage loan. For the first year, the annual payment to the Replacement Reserve Fund shall be \$14,550, payable in monthly installments of \$1212.50. Subsequent to the first year of operation, monthly installments shall be made based upon an amount equal to 1/12 of 3.176% of the gross annual rent potential (including tenant contributions and subsidies) for the Development as indicated in the most recent annual budget prepared by the management agent of the Mortgagor and approved by the Authority's Director of Management and Reinvestment ("Gross Rent Potential"), unless a different payment schedule or amount is approved or directed in writing by an Authorized Officer of the Authority. The Authority agrees to consult with the Mortgagor regarding any increase in the funding of the Replacement Reserve Fund which is higher than the required funding formula specified in this Agreement; provided, however, that the decision concerning any increase in the funding shall be solely within the discretion of the Authority. Funds on deposit in the Replacement Reserve Fund shall be invested and reinvested by the Authority's Office of Finance in accordance with the Act, and shall at all times be under the control of the Authority. Interest earned on this Fund, if any, shall become a part of this Fund and shall be treated and disbursed in the same way as any other deposits to the Fund, in accordance with the Office of Management

Use the GRP from the last approved budget to calculate. $1/12^{\text{th}}$ is equal to 1 months funding. The budget amount is $12/12^{\text{th}}$ or 12 months of funding.

Some Reg Agreements state that annual funding should be the greater of 1.03% of prior years deposit, or a % of the prior year GRP.



What about budgeting Replacement Reserve withdrawals?

- Attempt to budget major projects
- Budgeted projects should be identified in the applicable line item.

RR Withdrawals should be equal to or less than the total of section 14 R&M + total Fixed Assets.



Replacement Reserve

BUDGET DETAIL

FIXED ASSETS

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	APPROVED BUDGET	20%	
Fixed Assets								
Land Improvements - Additions	FA2		0	0		0	0%	0
Building and Components - Additions	FA3		0	0		0	0%	0
Maintenance Equipment - Additions	FA4		0	0		0	0%	0
Office Equipment - Additions	FA5		0	0		0	0%	0
Furniture and Fixtures - Additions	FA6		0	0		0	0%	
Other - Additions	FA7		0	0		0	0%	
			0	0				

NOTE: Major structural repairs or additions require MSHDA approval before work commences.

All expenses over \$10,000 need pre-approval. Major structural repairs or additions require MSHDA approval before work commences.

LIABILITY ACTIVITIES & FINANCING ACTIVITIES

BUDGET DETAIL

		2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
Liability Activities									
Short-Term Related Party Advances/Liabilities	L9			0		0	0%	0	YES
Other Short-Term Liabilities	L10			0		0	0%	0	NO
Deduct Liability Activities		0	0	0	0	0			
Financing Activities									
1st Mortgage Principal Balance	F1			BN/A		BN/A	BN/A	BN/A	YES
Delinquent Mortgage Principal	F2			0		0	0%	0	NO
Small Size Loan	F5			0		0	0%	0	YES
Security Loan	F6			0		0	0%	0	NO
Preservation Loan	F7			0		0	0%	0	NO
MSHDA HOME Loan	F8			0		0	0%	0	NO
TCAP Loan	F9			0		0	0%	0	NO
NSP Loan	F10			0		0	0%	0	YES
1602 Loan	F11			0		0	0%	0	YES
Other MSHDA Loan	F12			0		0	0%	0	YES
Other Loan	F13			0		0	0%	0	YES
Long-Term Related Party Loans	F14			0		0	0%	0	YES
Long-Term Related Party Advances	F15			0		0	0%	0	YES
Other Financing	F19			0		0	0%	0	NO
Deduct Financing Activities		0	0	BN/A	0	BN/A			

Please don't forget to budget for your mortgage.

- MSHDA, HUD, Other Third Party.

BUDGET DETAIL

SURPLUS CASH ACTIVITIES:

- Allowable Distributions



Surplus Cash Activities
Allowable Distributions

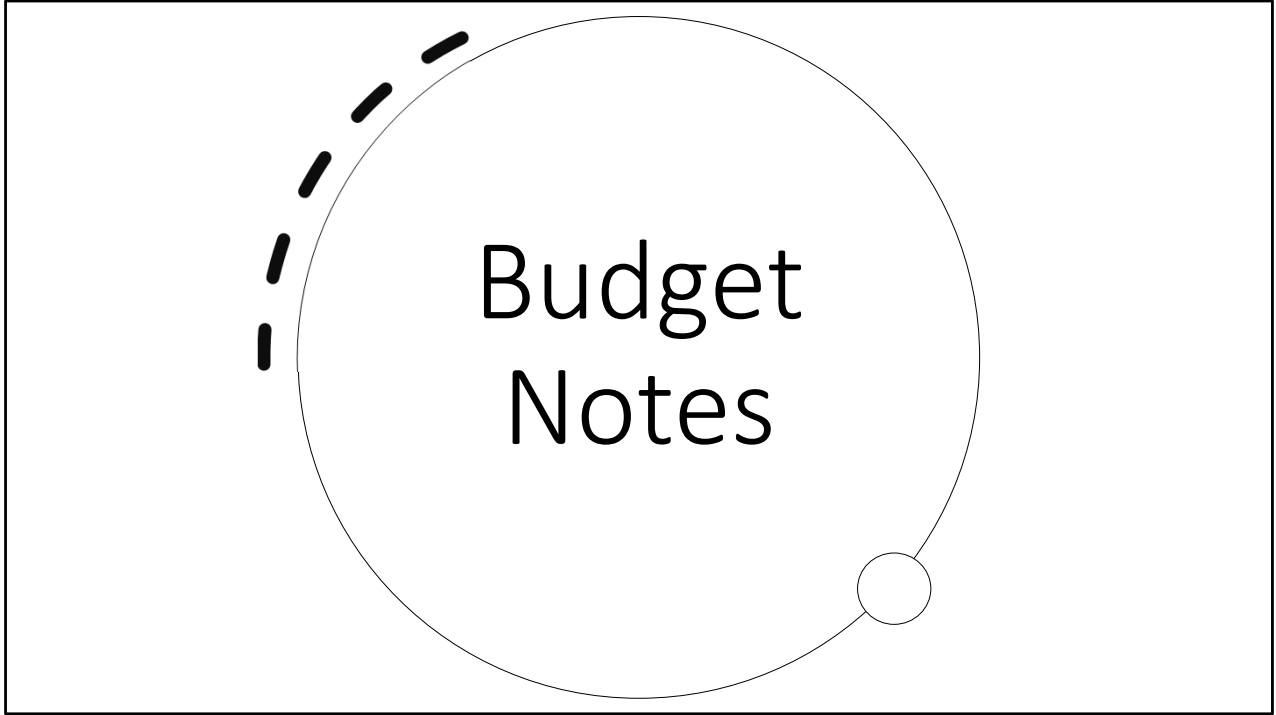
You may budget for an allowable distribution. However, this does NOT mean you will automatically get an allowable distribution as that is determined by the audit.

NET SURPLUS OR DEFICIT

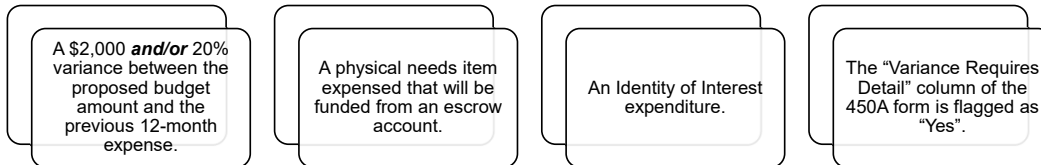
	2022 BUDGET	PREVIOUS YEARS EXPENSES	PROPOSED 2023 BUDGET	ADJS BY MSHDA	MSHDA APPROVED BUDGET	Variances of Greater than 20%	Variances of Greater than \$2,000	Variance Requires Detail
Net Surplus or Deficit Budget	0	0	\$N/A	0	\$N/A			

Deficit budgets require an explanation of how the owner plans to address deficits as the budget year proceeds

Deficit budgets require an explanation of how the owner plans to address deficits as the budget year proceeds



Budget Notes – When are they required?



A “**Budget Notes are required**” reference in the detailed explanation in “Budget Form #450A Tab Instructions” section of the Budget Guide. All payroll line items (i.e. Marketing, Administrative, Maintenance, Janitorial, and Grounds Maintenance payrolls) must include the gross salary amount of the positions and whether any position is currently vacant.

Additionally, Section 8 Preservation Pass-through Developments must also provide detailed notes for the following line items:

- 17c: S8 Pres. Pass-thru Prog. Bond Int.
- 20a: S8 Pres. Pass-thru Trustee Bond Fees
- 20b: Sec 8 Pres. Pass-thru Reg. Fees.

Budget Notes: Good vs Bad

ACCEPTABLE

Maintenance Payroll- (Line 11A)- Payroll Wages are a base of \$25,000. Employee can earn up to 5% bonus program based on performance. Bonus is paid in October. Also added in overtime for on call and snow removal.

Office Furniture (14d) – We are planning to replace the desks in the manager’s office and the leasing agent’s office.

COULD IMPROVE

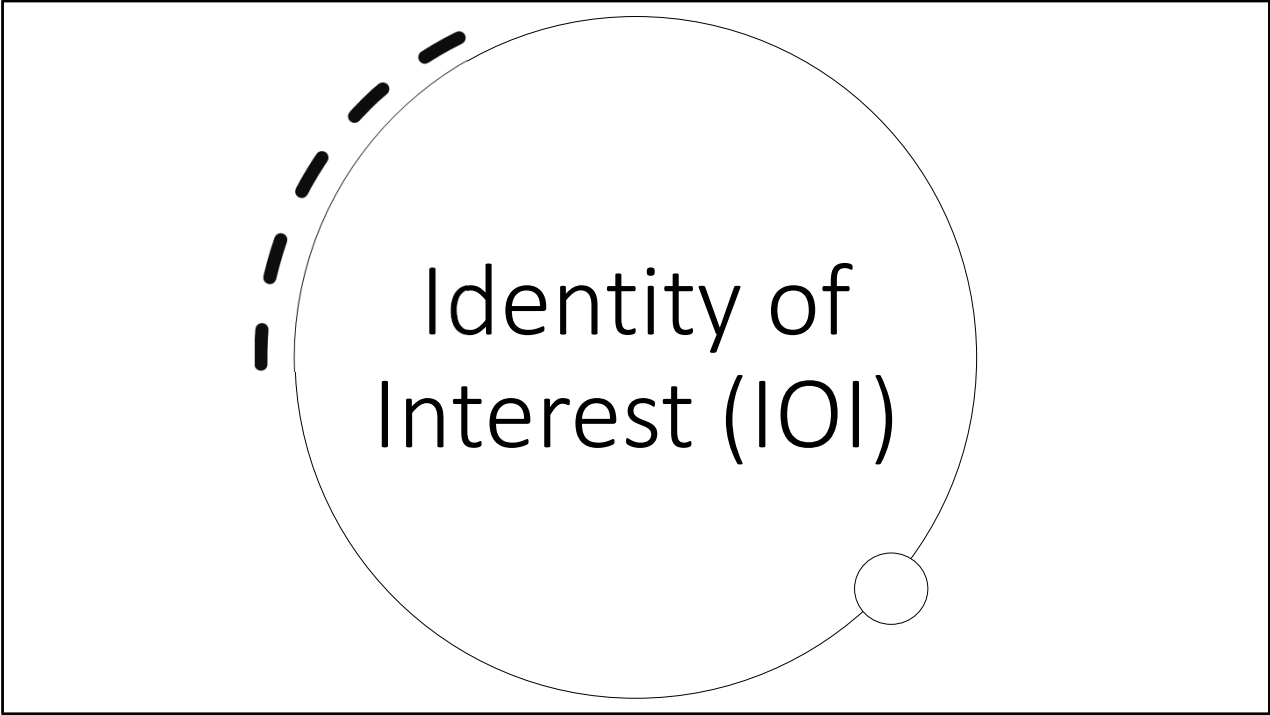
Maintenance Payroll- (line 11A)- Adjustment of employee hours and rate.

Office Furniture (14d) – 50% increase

A little extra time on your budget notes can save you a lot of time on MSHDA Asset Management emails and correspondence.



Budget Detail and Notes



Identity of Interest (IOI)

Identity of Interest Disclosures

- What is an Identity of Interest (IOI)?
 - Any contractual relationship with the potential for conflicts of interest. These relationships can be between owners, management agents, and/or vendors. A more thorough overview is described in the Identity of Interest Rule.

Requirements for Conducting Business With An IOI

- A separate Identity of Interest Disclosure for each vendor and related Management Agent is submitted to the Authority
- The IOI should include:
 - Detailed explanation of the goods and services to be provided
 - Three bids for those goods and services
 - Articles of Incorporation for the vendor
- The Authority must approve all IOI's

Three bids are not required for management fees.

Approval should be completed prior to the IOI vendor being used.

Completing the Identity of Interest Disclosure

Found on IOI tab of URST Workbook

Select from dropdown, "Does an Identity of Interest relationship exist at the above development?"

- No- Identity of Interest Certification (MSHDA Mgmt. 405C) will display, Print and Sign.
- Yes - Select number IOI vendors and enter the name of each vendor to create a separate IOI disclosure.
- Complete all fields for each IOI.
- Each IOI should be accompanied by backup information and include:
 - A copy of vendor's organizational document
 - A copy of the vendor's contract for goods or services for the development
 - Three bids for the contracted goods or services to be rendered by the IOI vendor.

Please be sure when you select yes or no for the 'Does an IOI relationship exist at the above development' that you are thinking about relationships that pertain to both the ownership as well as the agent. Information on save requirements for file name can be found in the 450-Budget Guide Policy

Bids submitted must be dated within one year.

No bids may be required if an IOI vendor is used as an "on needed" bases. When this happens, bids should be submitted prior to work being competed.

IDENTITY OF INTEREST DISCLOSURE

Development Name:	MSHDA #
-------------------	---------

Identity of Interest Rules are defined in Part 10 of the Authority's General Rules (see the following link for MSHDA's General Rules - http://dmbinternet.state.mi.us/DMB/ORRDocs/AdminCode/65_10064_AdminCode.pdf).

The owner/agent requests approval to use the following identity of interest vendor:

Vendor Name:	Federal ID #:
Vendor Contact:	
Street Address:	
City:	State: Zip:

*Provide a list of all offices where business records are kept for the Identity of Interest Vendor.

Vendor's Owner Name(s) (Printed)	Type of Ownership

*Attach organizational documents

List of Vendor's Current Officer Names	Titles
	President
	Vice President
	Treasurer
	Secretary

List all Identity of Interest individuals and describe the extent of each individual's relationship:

Individual's Name	Description of Identity of Interest Relationship

Description of Goods/Services Provided:

Contract Effective Date:	Contract End Date:
--------------------------	--------------------

IDENTITY OF INTEREST DISCLOSURE

Date: _____

- *** a new contract begins or,
- *** a previously approved contract increases in price by 10% or more of the current contract price previously approved by
- *** a previously approved vendor plans to supply goods or services beyond the goods or services previously approved by the Authority.

IDENTITY OF INTEREST DISCLOSURE			
Development Name: 123 Apartments		MSHDA #	123123
Identity of Interest Rules are defined in Part 10 of the Authority's General Rules (see the following link for MSHDA's General Rules - http://dmbinternet.state.mi.us/DMB/ORRDocs/AdminCode/65_10064_AdminCode.pdf).			
The owner/agent requests approval to use the following identity of interest vendor:			
Vendor Name:	Andrew Landscaping	Federal ID #:	12-12345678
Vendor Contact:	James Andrew		
Street Address:	123 Main Street		
City:	Any Town	State:	MI Zip: 12345
*Provide a list of all offices where business records are kept for the Identity of Interest Vendor.			
Vendor's Owner Name(s) (Printed)		Type of Ownership	
James Andrew		Sole proprietor	
*Attach organizational documents			
List of Vendor's Current Officer Names		Titles	
James Andrew		President	
		Vice President	
		Treasurer	
		Secretary	
List all Identity of Interest individuals and describe the extent of each individual's relationship:			
Individual's Name	Description of Identity of Interest Relationship		
Deb Andrew	Spouse of vednor and general partner of 123 Apartments		
Description of Goods/Services Provided:			
Lawn mowing and snow plowing services			
Contract Effective Date:		January 1, 2023	Contract End Date: December 31, 2023

This example shows a vendor that is the spouse of the owner of the property.

IDENTITY OF INTEREST DISCLOSURE

MIE Line Item	# of Units / # of Occurrences		Cost per Unit / Occurrence	Item Total Based on Units or Occurrences	-OR- Cost of Contract	Set Total Cost
13c-Snow Removal	15	X	125	1,875		1,875
13d-Lawn Maintenance	24	X	150	3,600		3,600
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
Total Contract Amount:				5,475	0	5,475

Provide a list of all the Identity of Interest vendor's bookkeepers and accountants:

Name	Address
James Andrew	123 Main Street, Any Town, MI 12345

Attachments

☐ Provide a copy of the vendor's organizational documents.

Provide at least three (3) current bids (within 12 months of approval request) for the contracted goods and services to be rendered by the identity of interest vendor. If a multi-year contract exists, rebidding the contract is required every 4 years or anytime the vendor supplies goods or service beyond the goods or services previously approved by the Authority or the contract price increases by 10% or more.

An Identity of Interest vendor can NOT be used until the proposed vendor and contract amount have been approved by the Authority. Notification of any proposed vendors with whom there is an identity of interest relationship must be submitted annually with the development operating budget.

Approval for contracts with identity of interest vendors require the submission of at least three bids on the goods or services to be provided and shall be submitted any time:

- ... a new contract begins or,
- ... a previously approved contract increases in price by 10% or more of the current contract price previously approved by
- ... a previously approved vendor plans to supply goods or services beyond the goods or services previously approved by the Authority.

IDENTITY OF INTEREST DISCLOSURE

Certification of No Cost

No ☐ Select "YES" if this section applies to this vendor.

I/We certify that the Identity of Interest vendor is used as a no cost vendor. The services are provided by the vendor at no cost to the development. Therefore, the management company is unable to obtain three comparable bids for the services provided by the identity of interest vendor. By agreeing to this certification, MSHDA has the right to review the identity of interest vendor's accounting records as part of its audit process.

Certification of Identity of Interest Rules

I/We certify that I/we have read the Michigan State Housing Development Authority Rules regarding the use of Identity of Interest Vendors and agree to abide by the terms and conditions required by this rule.

OWNER: 123 Apartments LDHA LD

AGENT: DA Management

Signature: Debra Andrew

Signature: Debra Andrew

ITS: General Partner

ITS: Owner

Date: 9/15/2022

Date: 9/15/2022

VENDOR Signature:

Date: 9/15/2022

MSHDA Approval: Owners/Agents must receive a signed copy of the Identity of Interest form in order to begin using the goods or services of an Identity of Interest Vendor. Approval by an authorized officer of MSHDA is required below.

Authorized Signatory, Asset Management Division

Date:

IDENTITY OF INTEREST DISCLOSURE			
Development Name: 123 Apartments		MSHDA # 123123	
<small>Identity of Interest Rules are defined in Part 10 of the Authority's General Rules (see the following link for MSHDA's General Rules - http://dmbinternet.state.mi.us/DMB/ORDDocs/AdminCode/65_10064_AdminCode.pdf).</small>			
<small>The owner/agent requests approval to use the following identity of interest vendor:</small>			
Vendor Name:	DA Management	Federal ID #:	12-01234567
Vendor Contact:	Deb Andrew		
Street Address:	123 Main Street		
City:	Any Town	State:	Mi Zip: 12345
<small>*Provide a list of all offices where business records are kept for the Identity of Interest Vendor.</small>			
Vendor's Owner Name(s) [Printed]		Type of Ownership	
Deb Andrew		LLC	
<small>*Attach organizational documents</small>			
List of Vendor's Current Officer Names		Titles	
Deb Andrew		President	
		Vice President	
		Treasurer	
		Secretary	
<small>List all Identity of Interest individuals and describe the extent of each individual's relationship:</small>			
Individual's Name	Description of Identity of Interest Relationship		
Deb Andrew	Owner of DA Management and General Partner of 123 Apartments		
<small>Description of Goods/Services Provided:</small> Management fees and premium management fees.			
Contract Effective Date:		January 1, 2023	Contract End Date: December 31, 2023

This example is for an owner that also has a management company, and wants to self manage the property.

IDENTITY OF INTEREST DISCLOSURE

MIE Line Item	# of Units / # of Occurrences		Cost per Unit / Occurrence	Item Total Based on Units or Occurrences	-OR- Set Cost of Contract	Total Cost
4a-Management Fees	75	X	611	45,825		45,825
4b-Premium Management Fees	75	X	94	7,050		7,050
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
		X		0		0
Total Contract Amount:				52,875	0	52,875

Provide a list of all the Identity of Interest vendor's bookkeepers and accountants:

Name	Address
Deb Andrew	123 Main Street, Any Town, MI 12345

Attachments ☐ Provide a copy of the vendor's organizational documents.

☐ Provide at least three (3) current bids (within 12 months of approval request) for the contracted goods and services to be rendered by the identity of interest vendor. If a multi-year contract exists, rebidding the contract is required every 4 years or anytime the vendor supplies goods or service beyond the goods or services previously approved by the Authority or the contract price increases by 10% or more.

An Identity of Interest vendor can NOT be used until the proposed vendor and contract amount have been approved by the Authority. Notification of any proposed vendors with whom there is an identity of interest relationship must be submitted annually with the development operating budget.

Approval for contracts with identity of interest vendors require the submission of at least three bids on the goods or services to be provided and shall be submitted any time:

- ... a new contract begins or,
- ... a previously approved contract increases in price by 10% or more of the current contract price previously approved by
- ... a previously approved vendor plans to supply goods or services beyond the goods or services previously approved by the Authority.

IDENTITY OF INTEREST DISCLOSURE

Certification of No Cost
☐ No ☐ Select "YES" if this section applies to this vendor.

I/We certify that the Identity of Interest vendor is used as a no cost vendor. The services are provided by the vendor at no cost to the development. Therefore, the management company is unable to obtain three comparable bids for the services provided by the identity of interest vendor. By agreeing to this certification, MSHDA has the right to review the identity of interest vendor's accounting records as part of its audit process.

Certification of Identity of Interest Rules
I/We certify that I/we have read the Michigan State Housing Development Authority Rules regarding the use of Identity of Interest Vendors and agree to abide by the terms and conditions required by this rule.

OWNER: 123 Apartments LDHA LD

Signature: Debra Andrew

ITS: General Partner

Date: 9/15/2022

AGENT: DA Management

Signature: Debra Andrew

ITS: Owner

Date: 9/15/2022

VENDOR Signature: Debra Andrew Date: 9/15/2022

MSHDA Approval: Owners/Agents must receive a signed copy of the Identity of Interest form in order to begin using the goods or services of an Identity of Interest Vendor. Approval by an authorized officer of MSHDA is required below.

Authorized Signatory, Asset Management Division _____

Date: _____

Please make sure all signatures and dates are completed on the last page of the form.

How to avoid Identity of Interest Common Mistakes:

Confirm that contract effective and end dates are correct.

May be approved up to 4 years.

Confirm IOI Line Items match budgeted line items.

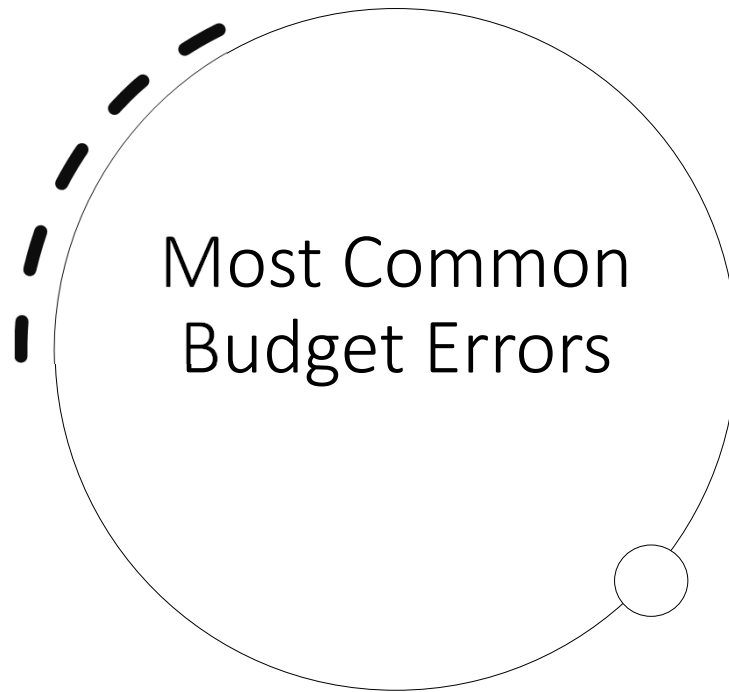
New bids are submitted if there is an increase that exceeds 10% of the previously approved multi-year Identity of Interest Disclosure.

Common Mistakes on IOIs:

- Date of budget year on contract.
 - Jan 1, 2025 to Dec 31, 2025.
 - MAY extend up to 4 years.
 - Can not be an auto renew, must include dates.
- Confirm Budget Lines onto IOI line.
- New Bids are required every time a new IOI is submitted.
- If a multi year, new bids are required exceeds 10% increase.
- All bids must be dated within the year.



Identity of Interest



CNA Errors

On a CNA with a Plan 1 and Plan 2, what plan is recommended to be followed?

A.) Plan 1

B.) Plan 2

If you have both plans in a C.N.A.- It is recommended to use PLAN 2.

Replacement Reserve Deposit Errors

A replacement reserve deposit can be the same each year.

A.) True

B.) False

Replacement Reserve Deposit should increase each year. Either 3% of PY, %per Reg Doc x GRP, or PLAN 2 of C.N.A.

Loss to Lease Errors

A L2L is not required as part of a budget package.

A.) True

B.) False

A loss to lease submission is REQUIRED for all budgets.

Budget Notes Errors

Which of the following budget notes give a clear picture as to why the budgeted amount is higher than last year?

A.) we expect more

B.) A new employee was hired. The starting wage is \$18.00 per hour and bonuses may be awarded in July based on performance.

C.) We plan to replace a roof on building 3 and resurface the parking lot.

The more detail the better on budget notes.

IOI Errors

Kelly owns a landscaping company. She also is the owner of Fantastic Management that manages the development. Is an IOI required for lawn services if her company is the selected vendor?

☒ A.) Yes

☐ B.) No

An IOI would be required.



Common Budget Errors

Budget Timelines and Submission Requirements

Budget Timelines

- AUGUST 1- Begin to collect utility data
- Prior to October 1- Post Utility Change Notice
- October 1- SUBMIT the COMPLETE Budget Package
- October 1- Nov 30- be prepared to answer emails, phone calls, and provide additional info the Asset Manager may need

Please keep yourself on a timeline. We are more than happy to accept a completed budget EARLY.

	<div>Submission Requirements</div> <div> <ul style="list-style-type: none"> • Copy of Budget Form 450A* • Detailed Budget Notes • Utility Change Notice • Owner's Utility Certification to MSHDA* • Proposed Rent Schedule* • Management Agreement or Fee Addendum* • Identity of Interest Disclosures* <ul style="list-style-type: none"> • if applicable include documentation (ie: bids; corp. docs) • Current Service Contracts </div> <div>* Denotes SIGNED documents.</div> <div> <p><u>IF APPLICABLE</u></p> <ul style="list-style-type: none"> • Pension Plan Certification • Market Analysis • Letter from Owner • See page 7 of Budget Guide Policy for more detail </div>
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While finalizing your budget package, please remember a few best practices.

- All required items are submitted using approved file name and format
- Is your package neat and orderly? Cover pages are allowed.
- Prepare a response to Asset Manager Calls/Emails

Ready to Submit?

Email

- ✓ Utility Data (PDF)
- ✓ Utility Rent Schedule Template (URST) Workbook (Excel)

To: mshdaassetmgt@Michigan.gov

Subject Line: **Utility Data – MSHDA #, Development Name**

Upload to Certification Online Portal (COL)

- ✓ Excel budget template
- ✓ CSV tab (comma delimited) of the budget template.

Email

- ✓ Budget Documents (PDFs saved with proper file names)

To: mshdaassetmgt@Michigan.gov

Subject Line: **2025 Budget Package [sequence#], [MSHDA #, Development Name]**



Quick Links

MSHDA Management Agent Guidelines

<https://www.michigan.gov/mshda/rental/property-managers/management-agents/am-policies-and-forms>

MSHDA Compliance

<https://www.michigan.gov/mshda/rental/Property-Managers/compliance>

Budget Policy

<https://www.michigan.gov/mshda/rental/property-managers/management-agents/am-policies-and-forms>

Questions?

