



# Affordable Housing Assistance Program

**Program Guide for Operating Assistance Tax Credits**

Form #: AHAP-025-0

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## I. Introduction

The Missouri Affordable Housing Assistance Program (“AHAP”) housing credit is used as an incentive for Missouri businesses and/or individuals to participate in affordable housing production. This state tax credit is earned by an eligible donor for the donation of cash, equity, services, or real or personal property to a non-profit community-based organization for the purpose of providing affordable housing assistance activities or market rate housing in distressed communities. The AHAP credit is governed by Missouri Revised Statutes 32.105, 32.111, 32.112, 32.115, 32.120, and 32.125.

### AHAP Tax Credit

The AHAP tax credit is a one-time credit that may be allocated to an eligible donor (“Donor”) for up to 55 percent of the total value of an eligible donation. The credit is fully transferable and may be carried forward by the donor for a period of up to ten years.

The credit may be applied dollar-for-dollar against liability for Missouri corporate income tax, individual income tax, franchise tax, financial institution tax, gross premium receipts tax, and gross receipts tax.

There are two types of AHAP tax credits: Operating Assistance credits and Production credits (please see the AHAP Program Guide-Production Credits form AHAP-025-P for production-specific information). Agencies may receive reservations of credits in multiple years.

### Operating Assistance Tax Credits

Operating Assistance credits are allocated to Donors who provide eligible donations to Agencies for general operating assistance. The Agency **must** specify the projected use of the donation with respect to its operating expenses and demonstrate both the need for the donation and leverage with additional sources.

Qualified operating expenses include:

- |  |   |
|--|---|
| • <b>Salaries</b>                      | • <b>Taxes</b>  |
| • <b>Office Supplies/Equipment</b>     | • <b>Insurance</b>                                    |
| • <b>Office Rent/Mortgage Payments</b> | • <b>Maintenance/Repairs</b>                          |
| • <b>Utilities</b>                     | • <b>Professional Services Incurred by the Agency</b> |

**Donations may be received from one or multiple donors.** Operating Assistance credits may be requested in one or both of two rounds.

The total amount of Operating Assistance credits available for reservation in the first round is one million; reservations may not exceed \$100,000 per Agency. In the second application round, an Agency may request credits with no limit. To the extent that the total amount of Production tax credits authorized is less than ten million, the amount not authorized may be authorized for Operating Assistance tax credit applicants in the same fiscal year.

## Eligibility

### Eligible Donor

To be eligible, a Donor must be subject to Missouri tax from business activities that have been performed in the state of Missouri. Employees of the non-profit who have been allocated AHAP tax credits are not eligible to make donations for AHAP credits, however, they are eligible to receive AHAP tax credits through the transfer process. More specifically, a Donor must be classified as one of the following:

- A corporation filing Missouri Form 1120;
- A sole proprietorship filing Federal Form 1040 Schedule C and Missouri Form 1040;
- A farm operation filing Federal Form 1040 Schedule F and Missouri Form 1040;
- An individual reporting income from rental property or royalties on Federal Form 1040 Schedule E and filing Missouri Form 1040;
- A small business corporation (S-Corporation) filing Missouri Form 1120S;
- A partnership filing Missouri Form 1065;
- A bank, credit institution, savings and loan association, credit union, farmer's cooperative credit association, or building and loan association filing a Missouri financial institution tax return;
- An insurance company filing a Missouri Insurance Tax Return with the Division of Insurance;
- An individual partner in a partnership or shareholder in an S-Corporation; or
- A public or private foundation subject to Missouri tax. The foundation must certify that it is subject to the state income tax imposed by the provisions of chapter 143 RSMo because the unrelated business income of the foundation is subject to Missouri income tax.

Donors may apply the AHAP tax credit against:

- The corporation franchise tax in Chapter 174 RSMo;
- The State income tax in Chapter 143 RSMo;
- The annual tax on gross receipts of express companies in chapter 153 RSMo;
- The tax on banks determined under subdivisions (1) or (2) of subsection 2 of RSMo 148.030;
- The tax on other financial institutions in Chapter 148 RSMo; or
- The annual tax on gross premium receipts of insurance companies in Chapter 148 RSMo.

### Eligible Donation

Donations may be in the form of cash, stock, real estate, professional services, or materials/products and must be eligible for the federal income tax charitable deduction. The donation must be made to an eligible non-profit agency which has received a reservation of AHAP credits from MHDC (see section II. Application Process). To allocate the credit, MHDC requires supporting documentation evidencing the receipt and value of the donation and a certification form (AHAP-125) executed by the Donor and the agency. MHDC reserves the right to request additional information. To be eligible, donations must be received on or after the date of reservation and before the deadline outlined in the reservation letter. Donations submitted for AHAP tax credits are prohibited from receiving tax credits from other tax credit programs for the same donation.

### **Eligible Non-Profit Agency**

In order to qualify for the AHAP credit, the donation must be made to a non-profit community-based agency (“Agency”) performing community services or economic development activities in the state of Missouri and classified as one of the following:

- An organization holding a ruling from the IRS that it is exempt from income taxation pursuant to provisions 501(c)3, 501(c)4, or 501(c)6 of the Internal Revenue Code;
- An organization incorporated in the state of Missouri as a not-for-profit corporation pursuant to the provisions of chapter 355 RSMo; or
- An organization that is designated as a community development corporation by the US government pursuant to the provisions of Title VII of the Economic Opportunity Act of 1964.

To receive donations eligible for Operating Assistance credits, the Agency must also be able to demonstrate that a significant part of its activities include affordable housing assistance activities or market-rate housing in distressed communities.

Any organization not solely relying on AHAP tax credits in the advancement of their business activities must meet the minimum requirements of subsection (3)(K) and shall have conducted their business activities for at least one (1) year. 4 CSR 170-5.100.

### **Commission Approval of Operating Credits**

The Commission must approve all Operating Assistance Credit applications.

### **Legal Employment Practices Certification**

Pursuant to RSMo 285.025, any employer who employs an illegal alien/undocumented worker shall be ineligible for any state-administered tax credit or loan. MHDC, as the administrator of the AHAP tax credit, the Missouri Low-income Housing Tax Credit (“LIHTC”), MHDC Fund Balance loans, and an issuer of tax-exempt bonds allocated by the Missouri Department of Economic Development requires all applicants for these programs to certify their compliance with federal, state, and local hiring laws.

Any individual, individual proprietorship, corporation, partnership, firm or association that is found by the director of MHDC to have negligently employed an illegal alien/undocumented worker in this state shall be unable to participate in MHDC’s programs for a period of five years following such determination. “Negligent” means that the employer has failed to take the steps necessary to comply with the requirements of 8 U.S.C. 1324a with respect to the examination of an appropriate document or documents to verify whether the individual is an unauthorized alien. The director of MHDC may, in the director’s discretion, elect not to bar the employer for a first-time occurrence.

The Agency will be required to certify at application to the above statement, indicating that it employs no illegal aliens in compliance with federal, state and local hiring laws.

Any donor donating services will be required to sign a form AHAP-135 Affidavit of Worker Eligibility Policy. By completing and signing the form, the donor is attesting that they will not knowingly employ persons who are unauthorized aliens. They will also attest that they will screen all of its employees using E-Verify to ensure that no unauthorized aliens are employed by the donor. As proof, MHDC will require screen shots documenting the donor is an E-Verify registrant.

Any donor donating services or materials will be required to sign a form AHAP-130 Services/Materials Affidavit. By completing and signing this form the donor attests that they have charged an amount for the materials and/or services that does not exceed the amount charged to the general public for the service/materials.

### **Recapture**

Allocations of AHAP credit shall only be revoked in the event of intentional fraud by the Donor. However, non-compliance during the restriction period may result in penalties (see section IX. Compliance Process).

### **Restriction for Religious Activities**

Please note that neither AHAP credits nor any State funds may be used for religious activities or to fund primarily religious entities regardless of the activities performed. Religious organizations may establish separate non-religious entities to conduct eligible affordable housing assistance activities. Each applicant must submit its articles of incorporation and by-laws with the AHAP application to ensure compliance with State law.

### **General Process**

The general process for the successful use of the AHAP tax credit program is described below according to the following steps:

1. Application Process >>
2. Reservation Process >>
3. Increase Request >>
4. Donation Process
5. Allocation Process >>
6. Transfer Process >>
7. Compliance Period >>
8. Agency Documentation

### **Amendments to This Guide**

MHDC reserves the right to establish additional requirements and make amendments to this guide at any time.

## II. Application Process

Applications for AHAP tax credits are executed and submitted by the Agency according to the guidelines and processes below:

1. The application changes each fiscal year. Therefore, ensure that the current year's application is submitted otherwise the application will be automatically **rejected**. The application can be obtained at the AHAP website <https://mhdc.com/programs/community-programs/missouri-affordable-housing-assistance-program-ahap/>.

*Note:* There is only one application; however, there are sections devoted solely to either Operating Assistance or Production tax credits based on the need of the Agency.

2. Applicants must submit:
  - **One originally executed** application Certification page (hardcopy of the application and exhibits are not submitted);
  - **one copy** of the electronic application in **Excel format** and all exhibits uploaded to Hightail; and
  - A check for the non-refundable application fee of \$100.
3. Applicants must respond to each question and request for documentation noted in the application form (AHAP-100) and checklist. Each answer should be brief, self-supporting, and not refer to any other area of the application.
4. Required exhibits include:
  - \$100 non-refundable application fee;
  - Executed original copy of the application form AHAP-100;
  - Non-profit agency information:
    - i. Articles of Incorporation;
    - ii. By-laws;
    - iii. Non-profit determination letter (i.e., IRS letter showing tax-exempt status). If the determination letter does not include the Federal Identification number, other proof of the FEIN used in application will be necessary.  
Please **highlight** the section of the Articles of Incorporation or By-Laws that address the organization's purpose in providing affordable housing assistance activities or market-rate housing in distressed communities.
    - iv. List of board members.
  - Donor information:
    - i. For single-donor proposals, applicants **must** include a letter of intent from the proposed Donor. Such applications submitted without an identified Donor and letter of intent will be considered incomplete applications.
    - ii. For multiple-donor proposals, applicants **must** include pledge letters for any known Donors and a plan and timeline for the receipt of donations, capital campaigns, and any further actions to demonstrate that donations will be

received in a timely manner.

- Agency financial information:
  - i. Current fiscal year operating budget; and
  - ii. Most recent audited annual financial statement.

MHDC staff reserves the right to request additional information as needed during the application review process.

5. Submission of the Certification page and application fee should be sent to:  
Missouri Housing Development Commission  
ATTN: AHAP Program  
1201 Walnut Street, Suite 1800  
Kansas City, MO 64106

And

Electronically submitted to Hightail [www.mhdc.com/bigfile](http://www.mhdc.com/bigfile) with AHAP Program in the Message.

6. Application Deadlines:
  - a. The process and deadlines for obtaining a reservation for Operating Assistance will be provided within the AHAP Notice of Funding Availability (NOFA).
  - b. Applications received after the deadline will not be accepted for any reason.
  - c. Each reservation has a deadline for the receipt of donations (see section IV. Reservation Process). Donations may only be received during this time. Donations obtained prior to or after the end of the donation period will be ineligible for tax credits.
  - d. Failure to completely utilize a reservation will negatively affect an Agency's application for additional tax credits, unless the Agency notifies MHDC within a reasonable timeframe prior to the reservation deadline to allow the recapture of unused reservations.
7. Pursuant to the Tax Credit Accountability Act (RSMo 135.800-135.830), staff will contact the Missouri Department of Revenue to determine if any Agency applicant has outstanding tax liability. In the case of outstanding liability, MHDC will notify the Agency and offer it a grace period of two weeks to cure any outstanding obligations. Remaining liabilities thereafter will cause the application to be rejected.
8. MHDC will check with the MO Secretary of State to confirm the Agency is in "Good Standing."
9. MHDC review shall include evaluating proposals according to primary and secondary criteria based upon information available at the time of submission.

Primary criteria provide a threshold review. Proposals that do not meet one or more of the thresholds shall be rejected; proposals that meet all threshold items shall proceed to secondary criteria to determine the level of recommendation that is merited.

Primary criteria include: eligibility of the Donor, Agency, and donation; completeness of the application; income qualification of proposed households assisted; proper Agency use of previous AHAP-related donations.

Secondary criteria fall in three categories:

#### Agency Criteria

Agencies will be assessed based on past performance with the AHAP program and all other MHDC programs, the ability to fully utilize reservations, a current list of pledges or plans to obtain donations and demonstrated financial stability.

#### Operating Assistance Criteria

Requests for AHAP credits for Operating Assistance will be reviewed for need, leverage, and reasonableness of the request and eligibility of proposed use(s) of the donated funds. Criteria for evaluation include an agency's ability to utilize credits and/or amount and frequency of unused tax credits returned (recaptured credits), compliance issues and timely report submissions, and an agency's ability to obtain pledge letters.

10. Leverage refers to other sources of funds obtained by the Agency for the proposed development in addition to the donations related to the AHAP request. By leveraging funds Agencies minimize the need for AHAP tax credits, thereby making it possible for MHDC to spread a limited resource among more agencies and developments.
11. MHDC has the right to accept and reject applications at its sole discretion.
12. The application review period typically takes about 30 days to complete. Once the review of the application is complete, it must wait for the next commission meeting to be presented for approval. Staff will proceed with reservation letters for applications approved by the commission or with notification of rejection for applications which are not approved (see section IV. Reservation Process).
13. If you experience any issues with the technical aspect of the application (downloading the application, etc.) or after reading the FAQ (Form AHAP-050) you have questions about the information requested in the application please contact Pamela Sanders either by email [psanders@mhdc.com](mailto:psanders@mhdc.com) or via phone (816) 759-6684.

### III. MHDC Disclosure and Quiet Periods

Pursuant to MHDC's Standards of Conduct, adopted July 31, 2009 and as amended (<https://mhdc.com/about-us/policies/>), the section "Contact with Commissioners and Employees" is applicable to your agency/organization as an Interested Party, so please be mindful of both the Disclosure Period and the Quiet Period.

MHDC Commissioners and Employees may at any time and for any legal purpose initiate contact with anyone, including Interested Parties or agents of Interested Parties, in the course of investigating any Competitive Matter.

**Disclosure Period:** The period of time after an Interested Party submits a proposal, application, bid or response in a Competitive Matter.

If an Interested Party initiates communication, in any form, with a Commissioner or Employee regarding a Competitive Matter following submission of the Interested Party's proposal, application, bid or response the Interested Party shall follow the following disclosure procedure:

- Within twenty-four (24) hours of contacting a Commissioner or Employee, the Interested Party must file a written notice of the contact with MHDC.
  - The written notice will include a written description of any oral communication from the Interested Party to the Commissioner or Employee, and the written notice will include copies of any written or recorded materials provided to the Commissioner or Employee.
- In addition, within twenty-four (24) hours of filing the notice of contact with MHDC, the MHDC staff will deliver, either in person, electronic mail or through overnight courier, a copy of the notice (including any attachments) to each and every other Interested Party.

During the Disclosure Period, contact may be made with MHDC regarding any approved AHAP reservation of credits as usual.

**Quiet Period:** The period consisting of seven days prior to a scheduled MHDC decision on a Competitive Matter.

During the Quiet Period, Interested Parties shall not initiate contact with Commissioners or Employees.

Failure to honor the provisions set forth herein regarding the Disclosure Period and/or Quiet Period shall result in the disqualification of the Interested Party's proposal, application, bid or response.

## IV. Reservation Process

Following the review and approval of successful applications, MHDC shall issue a reservation letter stating the amount of credits reserved and the deadline for obtaining the donation(s).

1. MHDC reserves the right to reserve credits in an amount less than the application request.
2. Agencies receiving a reservation shall be assessed a fee equal to one-half of one percent ( $\frac{1}{2}\%$ ) of the reservation amount and must be remitted to MHDC no later than ten days after the date of the reservation letter.
3. The reservation letter will detail the amount of credit reserved, the reservation fee required, and the deadline for the receipt of eligible donations. Donations received before the date of the reservation letter are not eligible for AHAP credits. Donations received after the deadline specified in the reservation letter are not eligible.
4. The Agency shall sign its acceptance of the reservation and return an original to MHDC accompanied by the reservation fee. If the Agency rejects the reservation, it should notify MHDC in writing.
5. All donations must be received by the Agency by the corresponding deadline as stated in the Agency's tax credit reservation letter. If the donation is related to professional services, the services must be provided between the dates of the reservation letter and the applicable deadline. Pledges or commitments of any type are not sufficient to satisfy reservation deadline requirements.
6. Agencies with a reservation for Operating Assistance tax credits shall submit a Progress Report (AHAP-200) to MHDC no later than 30 days prior to the applicable deadline. Agencies that believe they will be unable to obtain the amount of donations to satisfy the entire reservation are highly encouraged to notify MHDC as soon as they have made this determination. MHDC will return the unused reservation to the pool of available credits to apply to other eligible credit requests.
7. Any reservations that have **not been fully used** by the deadline will be recaptured and reallocated in the second round. All agencies receiving reservations shall be required to submit a Progress Report (AHAP-200) to MHDC within five business days after the applicable reservation deadline to report the final status of eligible donations received as of the close of the reservation period. Failure to file the final report within the prescribed time shall result in the recapture of all AHAP credits that have not been allocated at that date.
8. When an Agency has been unsuccessful in fully utilizing reservations by the prescribed deadline, MHDC shall send a letter of notification to report the amount of reservation recaptured.

## V. Increase Request Process

MHDC desires complete and effective use of the annual allocation of AHAP credits in order to provide assistance to address the greatest needs throughout the state of Missouri. Round 2 will serve to utilize all remaining Operating Assistance credits and unallocated Production credits.

1. To the extent that tax credits are not allocated by a determined timeframe, Production tax credits may be used for Operating Assistance and Production tax credits in the Round 2 application cycle.
1. Round One applicants may continue to collect donations for the reservation of credits the agency received in this round.
2. A fee of one-half of one percent ( $\frac{1}{2}\%$ ) of the increased reservation amount will be due from the Agency within ten days of MHDC's approval of the request.
3. MHDC reserves the right to reserve credits in an amount less than the increase request.

## VI. Donation Process

Agencies may begin receiving donations eligible for credits on or after the date of the reservation letter issued by MHDC. Please refer to section IV. Reservation Process for details about reservation deadlines, status report requirements, potential extensions or recapture of reservations. The AHAP credit cycle is based upon MHDC’s fiscal year (July 1 – June 30). The application round and deadline have been designed to efficiently utilize all available credits within this timeframe, allowing the final two months to allocate recaptured or unused credits for the use of Agencies demonstrating successful performance with reservations and allocations throughout the current fiscal year. Regardless of the credit type, all eligible donations must be received by April 30, or June 30, with approved increase, in order to receive an allocation of credits.

1. Agencies are responsible for ensuring that the Donor and the type of donation are eligible (see Donor Eligibility in section I. Introduction). Employees of the non-profit that is applying for AHAP tax credits are not eligible to make donations for AHAP credits. However, they are eligible to receive AHAP tax credits through the transfer process. The agency may not receive tax credits through the transfer process.
2. Donors have until June 30<sup>th</sup> following the fiscal year in which their donation was made to submit their Tax Credit Certification form. Missouri’s fiscal year is from July 1<sup>st</sup> through June 30<sup>th</sup>.
3. Once the donation is received, the Agency shall have the Donor complete the Tax Credit Certification form (AHAP-125) which shall be executed by both the Donor and the Agency. The form shall be submitted to MHDC accompanied by proof of the type, amount and date of the donation in a reliable format, including a two-sided copy of the check, stock certificate, invoice, etc. MHDC encourages the filing of this documentation as soon as possible following the donation to facilitate timely recordkeeping and allocation of credits. Agencies can best demonstrate their success in utilizing credit reservations by filing the certification forms and supporting documentation in a timely manner. Please see below for the required documentation for each type of donation.

Type of Donation	Documentation Required
<b>Cash</b>	Attach a copy of <b>one</b> of the following: <ul style="list-style-type: none"> <li>• front and back of the cancelled check from the donor’s account;</li> <li>• credit card statement to include name of Donor and pertinent charge;</li> <li>• money order; or cashier’s check.</li> </ul> <p style="text-align: center;"><b>MHDC reserves the right to request additional documentation.</b></p>
<b>Real Estate</b>	A copy of the deed, executed settlement statement and appraisal must have already been submitted to MHDC.
<b>Professional Services</b>	Attach copies of documents detailing dates of service, type of service performed and associated fees or value for service (i.e., for labor please indicate the hourly rate and amount of time charged for the service). The value of the services donated must not exceed the amount the Donor charges for similar services to the general public in the ordinary course of the Donor’s business. The Donor must also submit a Services Affidavit (AHAP-130) certifying to the

	appropriateness of the charges and acknowledging the penalty for providing false information, an Affidavit of Worker Eligibility Policy (AHAP-135) and proof that the donating entity is a registrant of E-Verify (for further details, refer to #5 below).
<b>Materials/Products</b>	<p>Attach a copy of the invoice or other documentation showing the cost for the product and the name of the Donor. The value of the materials donated must not exceed the amount the Donor charges for similar materials to the general public in the ordinary course of the Donor's business.</p> <p>The Donor must also submit a Services/Materials Affidavit (AHAP-130) certifying to the appropriateness of the charges and acknowledging the penalty for providing false information.</p>
<b>Stocks</b>	<p>Documentation by monthly or quarterly account summary statement must include the Donor's name. The account summary must include at a minimum documentation of the transfer of stocks or bonds from the Donor to the Agency, indicating the name of the securities, number of shares, date of transfer and market value on the date of the transfer.</p> <p>MHDC calculates the value of stock donation based on the transfer date (this may be different from the date the stock is sold by the agency) and based on the average high and low price on the transfer date.</p>

4. The Tax Credit Certification form must also be accompanied by the Donation Allocation form (AHAP-150) indicating the use or potential use of the donation by the Agency. If the intended use for the donation differs from the use designated in the application, the Agency must complete the Exchange of Uses form (AHAP-175) to reflect the adjusted distribution of donations.
5. For donations of services, the donor will be required to sign a form AHAP-135 Affidavit of Worker Eligibility Policy. By completing and signing the form, the donor is attesting that they will not knowingly employ persons who are unauthorized aliens. They also will attest that they will screen all of its employees using E-Verify to ensure that no unauthorized aliens are employed by the donor. As proof, MHDC will require screen shots documenting the donor is an E-Verify registrant.

For donations of materials and/or services, the donor will be required to sign a form AHAP-130 Services/Materials Affidavit. By completing and signing this form, the donor is attesting that they have charged an amount for the materials and/or services that does not exceed the amount charged to the general public for the services/materials.

6. When there is an identity of interest between the Donor and the Agency receiving the benefit of the donation, MHDC reserves the right to request the Tax Credit Certification form be accompanied by an opinion from a tax attorney on the eligibility of the donation as a charitable contribution for federal tax purposes.

## VII. Allocation Process

Once MHDC has received documentation that a donation has been made, it will review the paperwork for eligibility, accuracy and completeness and conclude the allocation process.

1. Required documentation includes:
  - Completely executed Tax Credit Certification form (AHAP-125);
  - Proof of donation in the form of a two-sided copy of the check, stock certificate, invoice, etc.;
  - Donation Allocation form (AHAP-150);
  - Exchange of Uses form, if applicable (AHAP-175);
  - Attorney's tax opinion (Identity of Interest, see section VI. Donation Process); and
2. MHDC shall complete the upper right-hand corner of the Tax Credit Certification form approving the allocation of credit to the listed Donor. The original form shall be sent to the Department of Revenue or the Department of Insurance as applicable for their reference at the time the credit is claimed. MHDC shall forward a copy of the Benefit Record to the Donor for their files.
3. A replacement benefit record can be obtained by the donor by completing an AHAP-127 Request for Reissuance of AHAP Benefit Certification and mailing in the original notarized form to the Kansas City MHDC office. MHDC will not provide information to any third party.

If intentional fraud by the Donor is discovered in the application or donation process, any credit allocation made shall be revoked, and the Agency and/or Donor shall be barred from future participation in the AHAP program.

## VIII. Transfer Process

Donors may transfer the allocated credits to any individual or entity upon MHDC's review and approval of the Missouri Transfer Form MO-TF (AHAP-275) providing the details of the transaction. There are no limits on the transfer of credits. However, an agency receiving an allocation of AHAP tax credits is not eligible to receive tax credits through the transfer process.

## IX. Compliance Process

All Agencies may be audited at any time to ensure compliance with MHDC guidelines. Compliance requirements extend to the documentation of the receipt and the use of donations. Compliance is designed to track a grantee's program compliance with Missouri state statutes and MHDC regulations, prevent fraud, waste and abuse, and identify technical assistance needs. MHDC staff can monitor grantees by conducting on-site or desk audit compliance reviews.

### Preparing for Monitoring Activities

A grantee may be asked to provide any document listed on the AHAP-400 sample file checklist. Please ensure that all files are up-to-date and available for review. Please note that MHDC may conduct monitoring activities for up to two years after the eligible grant period.

### For On-Site Compliance Visits

On-site compliance visits will be conducted at a location designated by the grantee. The MHDC compliance officer will review intended operating uses reported on the AHAP-150 form(s) and will select a sample. The requested files are expected to be produced in physical copy format within fifteen (15) minutes of the compliance officer's arrival. Failure to produce requested files within fifteen (15) minutes will result in a compliance violation. Therefore, it is vital that a grantee staff member is always available to assist the MHDC staff member as needed at the location and during the times provided by grantee. \* The only exception is if a staff member is assisting a client.

### Desk Audit Compliance

The compliance officer may elect to conduct a remote desk audit review in lieu of an on-site visit. The agency will be expected to provide documentation electronically via MHDC's secure portal per the compliance officer's instructions. Please note that in instances of a desk audit, files are expected to be uploaded digitally within 24 hours of the file request time.

### Scheduling

MHDC staff will reach out to the agency to schedule a compliance visit via email for both on-site and desk reviews. Staff will make three attempts to schedule the compliance review with the agency. Please ensure that contacts are updated with the AHAP administrator, as compliance status of the agency may be impacted if scheduling attempts are made with no response.

### Exit Interview

At the conclusion of the site visit, the compliance officer will discuss the findings of the visit with the appropriate grantee staff member(s). The grantee will be given the opportunity to discuss the findings as well as any other questions and concerns with the compliance officer. In the instance of a desk audit, the exit interview will be conducted via email, and the agency will have 24 hours to respond to any findings or questions.

### Final Audit Report

After completing an on-site visit or desk audit, MHDC staff will prepare an email notification detailing the results of the review, including any minor or major findings, areas for improvement, corrective actions that need to be taken and the deadline to complete these actions.

### **Compliance Status**

The Final Audit report will note the agency's compliance status. An agency may be placed out of compliance if they are found to be in violation of their agreement with MHDC. Common reasons for noncompliance include:

- More than one half of the sample selection provided contained ineligible items or other findings.
- Files were unable to be obtained by the compliance officer.
- Agency was unresponsive to attempts to schedule a compliance visit.

Agencies that are found to be habitually out of compliance with program requirements, have violated MHDC guidelines or refuse to cooperate with MHDC staff shall have their performance recorded for future consideration of AHAP applications or other MHDC programs. Upon the determination that an Agency is out of compliance with the statute or MHDC guidelines, MHDC may seek injunctive enforcement action against the Agency following 150 days' notice thereof or seek legal damages against it representing the value of the tax credits as provided in RSMo 32.115.3(4).

### **Correction Action Plan (CAP)**

If it is discovered that an agency reported operating uses that were ineligible or misrepresented on the original AHAP-150 form, a corrective action plan may be assigned to the agency. An agency will be given 30 days to address any findings noted in the final audit report. The agency may also be required to present new operating expenses with supporting documentation that meet MHDC's eligibility criteria to "replace" any expenses that were found to be ineligible during the review. The compliance officer will review the submitted CAP and if approved, the agency will be considered back in compliance with AHAP funding.

## X. Agency Documentation

All Agencies are required to keep documentation and record activity regarding the AHAP process for monitoring and audit by MHDC. Files should be kept for a period of two years following the receipt of the donation. File and accounting requirements are detailed below:

Agency files must include:

- A copy of the executed AHAP application and exhibits;
- The Agency's original copy of the AHAP reservation letter;
- A copy of each Tax Credit Certification form with the required back-up documentation as submitted to MHDC (please see section IV. Reservation Process and section VI. Donation Process);
- Copies of invoices and checks or other paperwork documenting the use of the donation; and
- A general ledger account must be created for the donation received and the use of the funds tracked through general ledger entries.

Form AHAP-400 (Sample File Checklist – Operating Assistance) is designed to be used as a guide for file maintenance.

## XI. Index of Forms

The following guides and forms are to be referenced and utilized for the administration of Operating Assistance credits.

<b>AHAP-050</b>	FAQs
<b>AHAP-075</b>	Notice of Funding Availability
<b>AHAP-100</b>	AHAP Application
<b>AHAP-101</b>	Authorized Signature Form
<b>AHAP-125</b>	Tax Credit Certification Form
<b>AHAP-127</b>	Request for Reissuance of AHAP Benefit Record Certification
<b>AHAP-130</b>	Services Affidavit Form
<b>AHAP-135</b>	Affidavit of Worker Eligibility Policy
<b>AHAP-150</b>	Donation Allocation Form
<b>AHAP-175</b>	Exchange of Uses Form
<b>AHAP-200</b>	Progress Report
<b>AHAP-250</b>	Increase Request Form
<b>AHAP-275</b>	Transfer Form (MO-TF)
<b>AHAP-350</b>	Agency Affordable Housing Activities Annual Reporting Form
<b>AHAP-400</b>	Sample File Checklist – Operating Assistance