## Complete Package Checklist for a Budget-based Rent Adjustment

The following checklist identifies documentation that maybe required for submission of a complete package for a budget based rent adjustment.

* **Cover Letter** that briefly does all of the following:
  + Summarizes the reasons why a rent increase is needed and the date the increase will be effective.
  + Percentage of rent increase requested
  + Describe the project's physical condition and any improvements that have been budgeted for. The letter may refer to the reasons stated in the Notice or elaborate on those reasons. (The main reasons stated in the letter must be the same as the main reasons stated in the Notice to Tenants, if the project was subject to the tenant comment procedures.
  + Identifies any proposed change in services, equipment or charges and the reasons for the change.
* **Completed Budget Worksheet** (Form HUD 92457-A) (must not be expired HUD form)
  + Most recent audited financial figures in the left column (These figures must match the most recent Audited Financial Statements submitted to HUD).
  + For any property not insured by HUD, the owner must submit a copy of the most recent fiscal year financial statements
  + Year to date actual expenses in the middle column
  + Proposed figures for the requested budget year in the right column
  + Form must be signed and dated
* **An explanation and supporting documentation for line items**
  + An increase of more than 5% and $500 requires an explanation and
  + An increase of less than 5% but over $500 requires a brief statement explaining the basis for the increase
  + An increase of less than 5% and less than $500 does not require an explanation or documentation
  + New line items not included in the prior year budget requires an explanation and supporting documentation.

**Examples of supporting documentation include**:

* + Current (past 12 months of data) copies of contracts, invoices, bills or estimates obtained
  + Dated notice of an increase from a utility company, insurance provider etc.
  + Analysis and backup documentation of how the projected expenses were estimated
* **Provide an itemized list for the following categories** budgeted for regardless of whether or not the owner is requesting an increase:
  + 6390 Misc Admin Expenses
  + 6590 Misc Operating and Maintenance Expenses
  + 6790 Misc. Taxes, Lic, Permits and Insurance
  + 6890 Misc Financial Expenses

For example, if you are claiming a total of $1000 in line 6390, you must itemize each expense such as $600 for postage, $300 for stationary, and $100 for copying expenses.

* **Provide documentation to support the following categories** budgeted for regardless of whether or not the owner is requesting an increase:
  + 6520 Contracts
  + 6720 Property and Liability Insurance
  + For projects that pay a **Shelter Rent Tax**, provide Taxation Department letter or recent bill with every budget based rent adjustment
  + FOR ALL NEW SUBMISSIONS, CGI will request a copy of all contracts (line 6520) and all property and liability insurance bills (line 6720) regardless of the requested increase/decrease
* **Provide Payroll Analysis** (including current salaries, project salaries, and payroll taxes) to support the following accounts, regardless of the amount requested:
  + 6310 Office Salaries
  + 6330 Manager/Superintendent Salaries
  + 6510 Janitor/Cleaning Payroll
  + 6530 Security Payroll Contract
  + 6351- Bookkeeping fee
* **Past Due Accounts Payable**
  + In some cases of troubled properties with significant operating deficits, HUD may approve Past Due Accounts Payable as an operating expense. The following docs must be provided with the owner’s request
    - A detailed listing of past due invoices, with copies of the invoice as backup documentation
    - An explanation as to why these invoices were not paid using operating funds from prior years
    - A certification signed by the owner that states the invoices listed are currently outstanding and have not been paid.
    - In addition, a statement of what steps the owner is taking to ensure invoices are current and will continue to paid timely in the future
* **Current Management Certification approved by HUD** (form HUD-9839-A,B,C, as applicable)
  + Management fees which are not supported by a current Management Certification; the owner/agent must submit to HUD and obtain HUD approval of a current Management cert
  + Please note this must be submitted directly to HUD for approval. Once HUD approval has been received, please forward a copy of the approval to CGI
* **Copy of Notice to the Residents**
  + Where applicable, a copy of the Notice to Tenants annotated to show where and how the Notice was distributed (e.g., posted, mailed, hand carried)
  + Notice must show reason(s) for the requested increase, and the tenant’s right to contact HUD within 30 days.
  + Notice to residents must follow the exact format listed in HUD Handbook 4350.1, Chapter 7, Appendix 1
* **Copy of Comments from Residents and Owner Evaluation of Comments**
  + All comments from residents received by the owner must be reviewed, evaluated and responded to by the owner (Property types: 202’s and Co-ops exempted)
  + The comments, summary of the owner’s review and evaluation of the comments, and the owner’s response to the comments must be submitted to the PBCA with the rent adjustment
* **Owner Certification that he provided proper notice to the tenants**
  + Per the 4350.1 Chapter 7, Appendix 2, this document refers to the Notice to Tenants and the owner certifies he provided proper notice. The owner also certifies that he provided the full comment period which is 30 days.
  + The Certification must be dated 30 days *following t*he Notice to Tenants.
* An executed copy of the Owner's Certification Regarding Purchasing Practices and Reasonableness of Expenses
* A status report on the project's implementation of its current Energy Conservation Plan
  + **This applies only to section 236 and bmir projects, projects that receive rent supplement assistance, and projects that converted from rent supplement to section 8**
* A signed request for an increase in the **Reserve for Replacement** if such an increase is contemplated as part of the rent increase request.
  + IF the owner wishes to increase the RfR deposit, the request must be submitted in writing and be accompanied by a Capital Improvement / MIO Plan or a Reserve for Replacement Analysis, and if applicable, the Comprehensive Needs Assessment
  + Any change in the Reserve for Replacement deposit must be approved by HUD
* **Utility Allowance Analysis** (for Projects with UA)—see details presented earlier in this manual.