



To: All Owners and Managers
From: Bob Conroy, Director of Asset Management

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I. Audited Financial Statements Fast Track

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Working in conjunction with our Maine Real Estate Managers Association (MREMA) WorkGroup partners, MaineHousing has developed a revised procedure and methodology for review of properties required to submit Audited Financial Statements (AFS) at the completion of each Fiscal Year-End (FYE).

This revised procedure applies only to properties eligible for full distributions.

Limited distribution and no distribution properties are not included in this procedure.

The intent is to expedite the release of Surplus Cash to owners whose properties are eligible for full distribution of available Surplus Cash.

Eligible properties will now be categorized as either eligible for “Fast Track Review” or “Risk Based Review” for the purposes of the AFS review and release of available Surplus Cash.

An enhanced reporting tool allows Asset Managers to review the Financial and Program Risk of each property to MaineHousing’s overall portfolio.

Financial and Program aspects to be assessed include, but are not limited to:

- Loan to Value
- Debt Service Coverage
- Cash Flow Coverage
- Expense Ratio
- Management and Occupancy Review Scoring
- Inspection Scoring
- Annual Reporting

The new process will be effective beginning with the AFS submitted for FYE 12/31/2019.

Owner/Managers of properties identified as eligible for “Fast Track Review” will be notified of this status by their Asset Manager on or before February 28, 2020.

AFS Fast Track Property Review Process Summary:

- MaineHousing’s Financial Officers (FO) will complete their review of the AFS Fast Track properties by using First In, First Out (FIFO) of incoming AFS submissions.
- The Fast Track review will be limited to components that determine Surplus Cash.
- Upon completion of the review, the FO will email the Owner/Agent approving the release of Surplus Cash. The Auditor and Asset Manager will be copied on the email.
- MaineHousing will complete AFS Fast Track reviews within 30-business days of receipt of the AFS.
- A complete analysis of the AFS for Fast Track properties will be issued within 120 business days of receipt of the AFS.

Once MaineHousing has completed the full Audited Financial Statement review process, further adjustments to Surplus Cash may be required. If this occurs, any necessary adjustments to the project accounts by the Ownership Entity will be required within sixty (60) business days of receipt of the review letter.

Properties identified as “Risk Based Review” or those not eligible for full distribution of Surplus Cash will not be eligible for early distribution of available Surplus Cash.

AFS Risk Based Property Review Process:

- MaineHousing Financial Officer (FO) will complete review of the AFS Risk-Based properties by using FIFO.
- MaineHousing will complete reviews for Risk Based and all other properties not eligible for full distribution of Surplus Cash, within 60-business days of receipt of the AFS.

Please note that MaineHousing provides notices as a service to our partners. Notices are not intended to replace ongoing training and do not encompass all compliance and regulatory changes that may occur on the wide arrange of housing programs in which we work. MaineHousing recommends partners establish an ongoing training program for their staff.

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.

