



STATE OF MISSISSIPPI  
HALEY BARBOUR, GOVERNOR  
MISSISSIPPI DEVELOPMENT AUTHORITY  
Gray Swoope  
EXECUTIVE DIRECTOR

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**LONG TERM WORKFORCE HOUSING MEMORANDUM**

**DATE: July 12, 2010**

**SUBJECT: Further Clarification of Duplication of Benefits and Means Testing**

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- I. **BACKGROUND:** Additional questions have arisen regarding certain aspects of Duplication of Benefits checks and Means Testing that MDA determined warranted further clarification.
- II. **GUIDANCE:** The following clarifications were received regarding Duplication of Benefits and related means testing during a July 7, 2010 conference call between MDA and HUD representatives:
  - A. **Forced Mortgage:** Forced mortgage payments may be used as a deduction in determining the need for additional housing assistance through means testing. Each sub-recipient/sub-grantee is responsible for developing a policy for appeals and means testing based on MDA Memorandum 09-111, Duplication of Benefit Individual Inquiry Policy dated December 15, 2009 and Clarification on Means Testing Policy dated April 16, 2010. Sufficient documentation must be included in the applicant file. Voluntary payment of mortgages is not considered a deduction for the purpose of documenting additional need through means testing. Note: A "forced" mortgage payoff exists when the lending institution's name is on the insurance benefit check, the HAP check, etc., and the lender under the terms of its mortgage elects to apply the funds to its debt rather than release the funds to the property owner for repair or reconstruction. Additionally, the lender taking some legal action to seize the funds would also be considered "forced." If the applicant makes a payoff under threat of foreclosure, the sub-recipient may deem such payment as a "forced mortgage payment" with proper documentation in the file. On the other hand, where the borrower or owner has control of the funds and, rather than repairing or rebuilding, makes a decision to pay off the debt for whatever reason, that would be "voluntary."
  - B. **Self-certification:** Site inspections by the sub-recipient and/or its agent(s) accompanied by a self-certification by the applicant may be used as acceptable documentation in the absence of receipts. The self-certification must specifically state the type of housing related expense incurred with an estimated amount paid.

- C. **Contractor Fraud:** Contractor fraud may be used as a deduction in determining the need for additional housing assistance through means testing. Sufficient documentation, including but not limited to, police reports, insurance reports, etc., should support any claims of contractor fraud.
  
  - D. **Private funds:** Previous benefits received, reported by MDA/Horne, to calculate duplication of benefits do not include private funds. Private funds specifically designated for housing related assistance shall be considered a Duplication of Benefits and must be used in the calculation for benefits (e.g. lump sum **housing** grants from Salvation Army, Red Cross, etc.). Private funds that are general in nature are not considered as duplication (e.g. work by faith based groups, donation of materials by faith based groups, sweat equity by applicant, etc.). All sub-recipients/sub-grantees must ensure through the application process that private funds specific to housing are reported and considered in the Duplication of Benefits calculation.
- III. REQUIRED ACTIONS:** All sub-recipients of LTWH funds must adhere to this guidance, must disseminate the guidance to all appropriate staff, and must maintain the guidance on file for future reference.
- IV. CONTACT:** Questions concerning this guidance should be addressed to Lynn Seals, Program Manager at 601-359-2905.