

MEMO

To: Virginia Housing Portfolio
From: Rental Compliance & Asset Management
Date: May 17, 2023
Re: Tax Credit Program 15-Day Notice of Compliance Audits

The Virginia Housing (“Agency”) compliance monitoring schedule is in full swing. The IRS’ amended and final Compliance Monitoring Regulations govern the Agency’s procedures for scheduling and conducting tenant file audits and property inspections (“audits”). (Reference: [February 2019 Regulations](#) and [July 2020 Regulations](#)).

Properties receive detailed instructions on the required documents and procedures for the scheduled audits. The project owner must make every effort to assemble and provide the requested property documents and must notify the tenants of the scheduled audit. Review the following information about audit scheduling requirements.

15-Day Audit Notice

Effective January 1, 2023, [IRS Notice 2022-05](#) requires the Agency to give the project owner notice of a scheduled audit, not exceeding 15 days.

Rescheduling is Permitted Only Within the 15-Day Notice Period

Once the notice of an audit is issued to the project owner, the inspection date may only change to a date within the required 15-day notice period.

Noncompliance Reporting - IRS Form 8823 Line 11n

In the event of noncompliance with the audit schedule, IRS form 8823 will be filed reporting noncompliance under Line 11n, “Owner has failed to respond to agency requests for monitoring reviews.” Examples of noncompliance include:

- there is no response to the 15-day audit notice
- the project owner does not accommodate or confirm the audit date within the 15-day notice period
- at least 24-hour notice of the scheduled property physical inspection is not provided to the tenants
- the property records are not available on the audit date