

# Tax Credit Annual Report Common Errors

## **The Certificate of Continuing Project Compliance Owners Certification**

- The Owner of record did not sign the *Owner's Annual Certification (OAC)*. If the authorized signature has changed from the previous year you need to provide a copy of Corporate Resolutions or a copy of the Minutes appointing the new authorized signatory.
- **The WBARS Annual Summary Report** submitted with *Owner's Annual Certification* is different from the one generated from the Table 1 submitted in WBARS.

## **Table 1 in WBARS**

- Activity for each unit for the entire year not included.
- Yellow validation not explained in **Comments** section on **Table 1 Detail** page.
- Common Area Unit not designated correctly.
- Tax Credit Special-Needs units are not indicated correctly.
- Certification dates are missing or incorrect.

## **Individual Resident Packages**

- Income on *Household Eligibility Certification* does not match income on Table 1.
- Questions on *Resident Eligibility Application* not answered.
- The anticipated income lines on pages 2, 3 and 4 of the *Resident Eligibility Application* are blank when the applicable "Yes" box was checked.
- Child support question on the *Resident Eligibility Application* is incomplete.
- Corrections made on *Resident Eligibility Application* not initialed by the resident.
- Income of a household member who will be 18 within 12-months of the certification effective date was not included in household income.
- Failure to properly verify employment income, including the use of pay stubs instead of an Employment Verification without three documented attempts to obtain one.
- Failure to follow The Work Number verification policy, which requires a start date to calculate Year-to-Date income from pay stubs.
- Failure to properly calculate Year-to-Date income.
- Failure to clarify tips with employers in service industries before adding the standard 20%, or not adding any tips at all.
- Failure to properly verify and calculate the value and earnings on assets when total assets exceed \$5,000.

## **Miscellaneous (but still important)**

- Utility Allowance provided does not cover the *entire* report year or match that input into WBARS.
- Residents who did not declare enough income to pay their portion of the rent with no comment in WBARS.
- No explanation provided for extended vacancy periods or timeline provided for extended make ready times.

- Homeless/Transitional Report not submitted when required, or not submitted on the provider's stationery and signed by provider
- Residents designated as Homeless or Transitional in WBARS do not match those on the Homeless/Transitional Report.

Refer to the following *Best Practices* for more information on how to submit a perfect report.

# Best Practices for Submitting Annual Reports

## The Owner's Annual Certification

1. Owner's signature must be an original or electronic. If the signing authority has changed, provide Corporate Resolutions or a copy of the Minutes authorizing new person to sign.
2. The **WBARS Project Summary Report** should be printed after Table 1 is complete and reviewed by the Authorized Signer. The "Occupied as of" numbers on the Project Summary report are a result of entries into Table 1. The Authorized Signer should verify the property is in compliance prior to signing the Owners Annual Certification.

## WBARS Summary

When in the Summary, if you have a Large Household set-aside look at the bedroom sizes. If you see any one or two bedrooms you will know those units do not meet the LH set-aside.

## Table 1 in WBARS

1. Both **Table 1** as it appears in WBARS and the **Excel Export** of the table generated should be reviewed for accuracy prior to submitting the report.
2. The report should include activity for each unit for the *entire* year.
3. All validations should be explained with a **Comment** on the **Occupants Details, Set-Aside and Rent Data** tab.
4. Pay special attention to highlighted information and information in bold on the **Excel Export of Table 1** as these indicate areas of possible non-compliance and may or may not generate a validation message. Information will be highlighted or bolded as follows:
  - a. Certification dates – will be highlighted if the certification date is in the wrong calendar year or there are more than 12 months between certification dates.
  - b. Gross Income – will be bolded if it exceeds the Max Income and highlighted if it exceeds 140% of the Max Income.
  - c. Total Rent with Utility Allowance – will be highlighted if it exceeds the Maximum Allowed Rent.
  - d. Vacant – will be highlighted if the unit was vacant for more than **90** days.
  - e. Income Under/Over Limit – will be highlighted if Income is more than \$10,000 over the limit at first recert or if Income is within \$500 of limit at the time of move-in.
  - f. Rent and Utility Allowance Under/Over Household Monthly Income – will be highlighted if Rent plus Utility Allowance is more than Monthly Income.
5. If a unit was not rent-ready within **30** days and/or vacant for more than **90** days during the calendar year, provide the **Extended Vacancy/Rent-Ready Report**. Be sure to include the date the unit was rent-ready and a written explanation as to why any unit was not rent-ready within 30 days and/or vacant for an extended period. **List the units in the order they appear on Table 1**. Provide a detailed maintenance timeline for any unit that took longer than 30 days to be made rent-ready. Note: Any unit not made rent-ready within 90 days of vacancy will be reported as noncompliance.
6. Common Area Units (CAUs) being utilized as such must be designated as a CAU in the **Unit Designation** field on the **Occupants Details, General** tab. If a CAU is occupied by a qualified household, then it should be designated as a "Restricted" unit.

## Resident Packages

1. Assemble the certifications in the order listed on the Compliance Checklist. Do not include a copy of the Compliance Checklist or the Household Demographics Form. Only include forms that are necessary for each specific certification.
2. **Show your calculations!** Remember to use the *greater* of the actual salary (as you calculate it) or the salary derived from year-to-date figure. The *Household Eligibility Certification* contains a section to assist in calculating income.
3. Include in initial report submission packet copies of the initial and first recertification of any household whose income exceeded 140% AMGI during the calendar year, unless submitting an On-Site Year Report, then submit after the inspection. Also attach with the file a clarification as to why the Household income exceeded 140%.
4. Include in initial report submission packet copies of the initial certification of any household whose income was within \$500 of the applicable income limit.

## Miscellaneous

Include **current** utility allowances covering the **entire** reporting period. If no changes have been made since the previous year, indicate to whom you spoke, date, phone number, and state "no changes." Remember to circle with a pen (not a hi-lighter) the amounts you used to determine the utility allowance.

An *Affirmative Marketing Report* is required on properties with underlying WSHFC Bonds.

If Income Averaging was chosen as the federal election on Form 8609, then submit an **Average Income Test Worksheet**. Any vacant units should be counted under the AMI of the previous qualified household.

If your organization has a policy to funnel all questions regarding compliance through one or two of your people, in no time those people will become your resident experts. This is just a suggestion and as always, we welcome questions from any and all.

Resident certification packages typically have fewer mistakes if a policy is in place to have "a second (and sometimes a third) set of eyes" look at the certification packages prior to final approval.

The *Special-Needs Vacancy Report* needs to be completed any time the property's Special-Needs set-asides have not been met. This report should then be included with the annual compliance report. Proper documentation needs to be attached to this report ensuring that the required good-faith marketing effort for at least the 30-day period after the rent-ready date has been met. Consult the Tax Credit Compliance Procedures Manual for additional information. You may also need to include special reports if the property has Farmworker and/or Transitional/Homeless Commitments. Refer to the Tax Credit Compliance Reports' page on our website for these reports.