

Reporting & Records Retention

Summary

At least annually, Owners must provide certain reports and forms to the Commission. All reports and forms — including samples and detailed instructions for filling out each document - can be found on our website at www.wshfc.org/managers/formsindex.

Owners must submit:

1. Annual Report comprised of the following (due January 31st of each year):
 - a) *Certificate of Continuing Compliance* (CCPC), Owner Annual Certification.
 - b) Table 1 of the **Combined Funders Annual Report**.
 - c) Utility allowance schedules for the reporting year.
 - d) Other reports as noted below (where applicable)
 - e) Resident packages as noted below
2. *Vacancy Report* (where applicable)
3. *Farm Work Move-in Report, Homeless/Transitional Report* (where applicable)
4. Resident Certification Packages which include:
 - a) *Eligibility Certifications* for each Household.
 - b) *Rental Eligibility Application* (REA) for each adult Resident.
 - c) Supporting documentation forms as needed.
 - d) Copy of lease and *Lease Rider* for audited households (**inspection year only**).
5. *Income and Expense Report*/Table 4 (due June 30th of each year).

Owner Annual Certifications

As the allocating agency for tax credits in the state of Washington, the Commission is responsible for monitoring properties that are financed through the Low-Income Housing Tax Credit program. Compliance reports are designed to meet this requirement in the most efficient manner possible, monitoring both federal and state commitments made by the Owner in his/her

Regulatory Agreement. Each year, Owners certify information about their properties to the Commission for review. A brief explanation of each form follows.

Annual Report

1. ***Certificate of Continuing Compliance (CCPC), Owner Annual Certification.*** A report where Owners certify annually concerning specific information about their property. This form is generated from our database and sent to Owners in December of each year. It is due by January 31st of each year.
2. **Table 1.** A spreadsheet where Owners provide information on all Households in the property including move in and move out dates; recertification dates; annual incomes of each Household; and actual rents and utilities charged. Due January 31st of each year.
3. **Utility Allowance Schedule(s),** for the reporting year. Utility numbers shown on your Table 1 form should match those on the utility schedule submitted with your report. The specific types of utilities present in the property (type of heat, for instance) should be circled on the schedules. Due January 31st of each year.
4. ***Income and Expense Report/Table 4.*** A form where Owners provide property income, expense and vacancy rate information. Due June 30th of each year.

Vacancy Report

This report must be completed if the required number of Special-Needs units was NOT met by the end of the reporting year. The ***Vacancy Report*** can only be used after the units have been *initially* rented to Special-Needs Households and the units are now vacant. This Report confirms that units were held vacant in a rent-ready condition for a minimum of 30 days, and that advertising targeted to Special-Needs groups was also carried out. Requirements of the Report also include providing a copy of the rent roll for affected units to show they were indeed vacant for a full 30 days. This report is due January 31st of each year and should be submitted with the annual report.

Farm Work Move-in Report – Homeless/Transitional Report

These reports must be completed for properties with these Commitments so the Commission can determine if the set-aside is being applied properly.

These reports are due January 31st of each year.

Please review each report's instructions for more information on how to properly complete them.

Resident Certification Packages

Packages should include all the forms management must complete to certify each Household to meet tax credit requirements. There are two basic forms to certify **all** Households:

1. ***Eligibility Certification.*** A three-page form with summary information, income and asset calculations. This form is completed and signed by property representatives.
2. ***Rental Eligibility Application.*** A report with a series of questions for the Residents regarding income and assets to verify eligibility for the program. This form is completed and signed by applicants/Residents, and is witnessed by property representatives.

States will be required to submit certain demographic data on all Tax Credit-financed properties to the IRS. This includes information on race, ethnicity, family composition, age, income, use of rental assistance, disability status, and household rent payments, for all Tax Credit-restricted units.

The Commission will require owners to collect this information by having all Households complete a form at the time of new move-in.

The following forms are part of the **Resident Certification Packages** and are used to verify specific Resident information such as employment status, unemployment benefits, self-employment, SSI benefits, assets and Student status, among other things. If any of these income or asset types apply to a Resident (whether at initial qualification or a recertification), the corresponding form must be included in the Resident file as supporting documentation. Remember that supporting documentation must be collected for income received by any household member who is turning 18 within twelve months of the certification date.

Income Verification Forms

- ***Employment Verification.*** Used to verify a Resident's employment information (wages, tips, when started, etc.). To be filled out by employer only. (*Required for all adult [18+] Residents with jobs*)
- ***Income Verification/Clarification by Telephone.*** Used to clarify another income verification form when that form is returned with incomplete or confusing information. The form can also be used by

Data Collection Requirement
(to be implemented at a later date)

Supporting Documentation Forms

itself to verify income if a third-party income verification form cannot be obtained for some reason (the reason should be documented)

- **Self-Employment Verification.** Form that summarizes basic information for those with a personal business. The most recent tax return or profit & loss statement must be attached also. *(Required for all self-employed Residents)*
- **Self-employment Income Worksheet.** This is not a verification form. Management staff may use this form to calculate income received from a Resident's business.
- **Child Support Affidavit.** Used for Residents who are eligible for child support payments. Fill out regardless of whether payments are actually received. *(Required for all Residents eligible for child support payments)*
- **Public Assistance Verification.** Used for Residents who are receiving any kind of public assistance from the government. *(Required for all Residents receiving public assistance)*
- **Unemployment Benefits Verification Request.** Used for Residents who receive unemployment benefits. Unemployment benefits must be annualized even if Employment Security notes that the claimant is not eligible for further benefits as of a specific date. *(Required for all adult [18+] Residents receiving unemployment benefits)*
- **Military Pay Verification Request.** Used to verify employment for Residents who receive military income. A copy of the Resident's most recent Leave and Earnings Statement may be substituted for this form; however, an additional verification of the clothing allowance must accompany the L.E.S. *(Required for all Residents receiving active duty or reserve pay from the military)*
- **Pension Verification Request.** Used to verify income for Residents who receive a pension or annuity. *(Required for all Residents receiving benefit checks from a pension fund)*
- **Annuity or Stock Verification Request.** Used to verify income for Residents who receive income from an annuity or stocks. *(Required for all Residents who hold an annuity or stocks)*
- **Gift Affidavit.** Used to verify income from ongoing gifts. This form may be completed either by the gift donor or the Resident, and **must** be notarized. *(Required for all Residents who receive an ongoing gift)*
- **Zero Income Certification.** Self-certification form completed by any Resident who has no source of income whatsoever. *(Required for all*

adult [18+] Residents who are claiming no income either from a wage source or a non-wage source)

Asset Verification Forms

- ***Under \$5,000 Asset Certification or Sworn Statement of Net Household Assets.*** Form completed by Households who certify that their total assets are below \$5,000.00. *(Required for all Residents who have assets under \$5,000; they will not be required to itemize assets)*
- ***Deposit Verification Request.*** Used for those Households with a savings, checking, money market account, certificate of deposit or any other type of bank account where the combined totals of the accounts are \$5,000 or greater. *(Required for all Households with bank/asset accounts which total \$5,000 or more)*
- ***Real Estate Evaluation Worksheet.*** This is not a verification form per se, but should be used to calculate income derived from/value of real property.

Student Verification Forms

- ***Student Certification.*** A form completed by a Household when it is comprised entirely of fulltime students, including minors, to show that they are eligible under certain exceptions *(Required for all fulltime Students in a Household comprised solely of fulltime Students – there is also a version for students at HUD/RD properties).*
- ***Student Status Verification.*** Used to verify the Student status – fulltime or part-time – of a Resident *(Required for all adult [18+] Residents who indicate Student status)*
- ***Student Exception Affidavit.*** To be completed by a single parent head of household to certify that s/he is not the dependent of another person – only use if head of household cannot provide a federal tax return to show independence *(Required for fulltime Student Household wishing to qualify for the single parent with dependents exception)*

Other Forms

- ***Identification Certification.*** This form must be completed by all Household adults who *a) do not have a Social Security number, b) do not have an acceptable document to verify their Social Security number, or c) provide identification documentation other than a Social Security number*

- **Authorization (optional).** Management may use this form to have applicant/Resident authorize them to check information necessary to qualify the Household for the Tax Credit program.
- **Pregnancy Self-Certification.** If an applicant/Resident claims to be pregnant, Owners must allow the Resident to write a statement certifying such. Owners are not allowed to require the Resident to get medical verification of the pregnancy; they must accept the self-certification as sufficient documentation.
- **Estrangement Certification.** If an applicant/Resident confirms that s/he's married but not divorced, s/he should complete the Commission's **Estrangement Form** to certify that s/he understands the potential income-related consequences of moving a new adult into the qualified household (if s/he reconciles with the estranged spouse).

*Note that a spouse **not** living in the qualified household, and **not** estranged from the head of household, should be considered a "temporarily absent family member." This means that property management staff must count the absent spouse's income when determining if the household qualifies for housing.*

- **Live-in Aide Agreement.** If the necessity of a Live-in Aide has been confirmed by an appropriate third party, the applicant/Resident, property representative and the approved Aide must all sign/date this form.

Commission Special-Needs Commitments Verification Forms

- **Disability Certification.** Used to determine Disabled status of Households residing at properties which elected the Special-Needs Housing Commitment for persons with Disabilities (*Required to be completed by all Households at Properties with the Special-Needs Commitment for persons with Disabilities, whether or not the Household meets the Disabled Commitment*).
- **Disability Verification.** Used to provide acceptable verification of Disabled status at properties which elected the Special-Needs Housing Commitment for persons with Disabilities (*Required for those Households who claim the status of Disabled*).
- **Farm Work Household Initial Certification.** Used to determine whether a Household meets the requirement of the Farm Work Commitment at properties which elected a Farm Work Commitment. The principal occupation of all Households at these properties must be Farm Work. (*Required for all Households at properties with a Farm Work Commitment*)

- **Farm Work W2 Certification.** Used to determine income of Residents at properties with a Farmworker Commitment whose income cannot be verified adequately by contacting their present employer[s]. This form is completed by the Household and **must** be notarized. *(Required for Residents at Farm Worker properties who, due to the nature of their employment, cannot verify their income adequately through their present employer[s].)*
- **Homeless Certification.** Used to certify the status of Households claiming Homeless status in a property with a Homeless or Transitional Special-Needs Commitment. The top part of the form is completed by the head of the Household and the bottom part is completed by an appropriate service provider.

Lease Rider form for Tax Credit Properties

Used to inform prospective Residents of Tax Credit program requirements and to notify Residents that annual recertification is required. It **must be attached** to all Resident leases. **Always use the most current** Lease Rider posted on the Compliance website.

The Owner must provide the Commission copies of all Form 8609 and Schedule A's for each building **for the first year in which credit is claimed.** The forms must be filled out completely and executed (signed by the Owner and the Commission) at both the top and the bottom of the form. 8609s must be filed with the IRS and the Commission in the first year. After the first year submission, Owners may file electronically and do not need to send copies to the Commission in subsequent years.

Owners must also provide copies of any and all notices, correspondence or other documentation received by the IRS concerning the property. This documentation must be received within 15 days of the Owner's receipt of the notice or correspondence.

For 100% low-income tax credit properties, Section 42 no longer requires that third-party recertifications of Residents be completed on an annual basis for the duration of their tenancies. However, the Washington State Housing Finance Commission has implemented a "first year third-party recertification" policy. **Properties are required to third-party recertify Residents on the one year anniversary of their initial qualification. Once the Residents have passed their first year recertification, self-recertifications are permitted.**

IRS Forms 8609, Schedule A and 8586

Annual Recertifications for 100% Low- Income Tax Credit Properties

The effective date of a Resident's recertification is always the anniversary date of their lease commencement date. Recertifications should be started 120 days prior to the effective date of the certification.

Example: Sam Thesham signed a six-month lease and moved into the Golden Arms Apartments effective February 1, 2002. Sam is still in the same unit one year later. The property management agent completed the recertification and made the changes effective February 15, 2003. The unit is not in compliance because the recertification date should have been February 1, 2003.

**Use of Self-
Recertification of
Annual Income
Form**

In subsequent years, Residents will not undergo third-party recertifications. Rather, each Household will complete the Commission's *Self-Recertification of Annual Income* form. On this form, Residents will anticipate their gross income for the coming twelve months, list all Household members, and certify as to Student status of Household members.

CCPC

Owners will be expected to certify on the CCPC that all previous calendar year initial move-in certifications, as well as third-party recertifications done in the past year, were completed properly and that all Households were income-qualified at initial move-in. Further, Owners will be expected to certify that no adult members were added to any Household in the first six months of its tenancy. For any adult Household additions during the first six months of occupancy, the Owner will certify that the entire Household was re-income qualified as a new move-in.

HUD/RD

Note: Properties receiving funding from HUD or Rural Development are required to continue annually third-party recertifying their Residents, per HUD/RD program requirements.

**Annual
Recertifications
for Mixed
Income
Properties**

For tax credit properties with market rate units, Section 42 requires that third-party recertifications of Residents be completed on an annual basis for the duration of their tenancies.

Failure of these properties to annually third-party recertify their Residents will be cause for reporting to the IRS.

**Record
Retention**

The Owner must retain original records for all Households that occupied units in a building during the first credit year. Records must be kept for at least six years beyond the *last year of the Compliance Period* of the building; this means the records must be kept for at least 21 years.

For all other years, the Owner must retain the records for at least six years after the due date (with extensions) for filing the federal income tax return for that year. Federal rules require the record retention for each year within the Compliance Period (i.e., the first 15 years following placed in service); the Commission requires this record retention to extend for each year in the Property Compliance Period (i.e., following any additional low-income use period and the applicable three-year period thereafter).

The Commission recommends that Owners keep a copy of all records in a secure off-site location. Records may be retained electronically, but they must be reproducible per IRS regulations.

Authority:

IRS Revenue Procedure 97-22