



July 2010

TO: Property Managers

FROM: Compliance & Preservation Division

SUBJECT: Tax Credit Compliance Manual Revisions – #2-2010

The Compliance & Preservation Division has published revisions to our Tax Credit Compliance Manual as of June 2010. Consequently, we are publishing this list of revisions to the Manual to aid you in identifying current changes. Most of the changes made in the Manual correspond to those mentioned in the Memo #1-2010 issued on January 22, 2010.

Please refer to the online version of our Tax Credit Compliance Manual, available at <http://www.wshfc.org/managers/ManualTaxCreditIndex.htm>. The online version includes links to pertinent forms and regulations that make compliance information easily accessible.

To be notified immediately when a compliance change has been published, sign up for our E-News Compliance newsletter at <http://www.wshfc.org/managers/BroadcastEmail.htm>.

TABLE OF CONTENTS

Revisions: Updated to match changed sections/pagination in each chapter, revised attachments to certain chapters, revised appendices.
Replace TOC dated February 2009 with TOC dated June 2010.

CHAPTER 1, INTRODUCTION

Revisions: Stylistic/grammatical adjustments made for clarity. In **Compliance Process Overview** section, changed third bullet to say 120 days allowed for initial qualification, not 90 days. Changed "Part B" to "Table 1" throughout and inserted references to WBARS.
Replace Chapter 1, Introduction, dated February 2009, with Chapter 1, (same name), dated June 2010.

CHAPTER 2, FEDERAL REQUIREMENTS

Revisions: Stylistic/grammatical adjustments made for clarity and consistency. **Evictions** section revised to note that increases in household income after move-in are not considered good cause unless the increase is a result of failure

to report income at move-in. Corrected the math in the project example in **Mixed-Income Buildings with Different Sized Units** section. In **Utilities Paid by Owner** section, stated that any owners paying all utilities must note this as the source in WBARS.

Replace Chapter 2, Federal Requirements, dated February 2009, with Chapter 2, (same name), dated June 2010.

CHAPTER 3, WASHINGTON STATE REQUIREMENTS

Revisions: Stylistic/grammatical adjustments made for clarity. In **Housing for the Elderly** section, inserted additional guidance about the 55+ housing commitment.

Replace Chapter 3, Washington State Requirements, dated February 2009, with Chapter 3, (same name), dated June 2010.

CHAPTER 4, RENTS AND TENANCY ISSUES

Revisions: Stylistic/grammatical adjustments made for clarity. Clarified bullet language in **Restricted Rent Requirements** section (under Chapter 2 note). Inserted additional guidance to the **Live-in Aides** section under **Household Composition Issues**.

Replace Chapter 4, Rents & Tenancy Issues, dated February 2009, with Chapter 4, (same name), dated June 2010.

CHAPTER 5, INCOME AND ASSET CERTIFICATION

Revisions: Stylistic/grammatical adjustments made for clarity. Clarified first paragraph of **Year-to-Date Information** section. Noted that owners may use previous 12 months' income data to calculate next 12 months' income in **Seasonal or Sporadic Wage Income** section. Modified **Self-Employment Income Verification** section to allow applicant's rent as a business expense and to allow the unit to be used as a tax deduction if it's their primary residence. Clarified additional information throughout this section. Clarified language in **Alimony and Child Support** section. Added new section, **Foster Adult/Child Income**. Clarified hostile fire language in **Military Pay** section, and added paragraph encouraging owner flexibility in supporting military households. Clarified examples of non-cash payments in **On-Going Monetary Gifts** section. Deleted language about counting student financial assistance from **Student Income** section. In **Additional Income Verification Guidelines** section, inserted additional guidance in rent subsidy bullet, and added bullet at the end regarding calculations for very little or fluctuating income. Added new section, **Assets Disposed of for Less Than Fair Market Value**.

Replace Chapter 5, Income & Asset Certification, dated February 2009, with Chapter 5, (same name), dated June 2010.

CHAPTER 6, REPORTING AND RECORDS RETENTION

Revisions: Stylistic/grammatical adjustments made for clarity. Updated annual report language to refer to WBARS. Added *Self-Certification* form note under *Resident Certification Packages* paragraph, just before **Data Collection** section. Clarified some of the bullets under the *Income Verification Forms*

heading in the **Supporting Documentation Forms** section. Also clarified bullets under the *Student Verification Forms* heading in the same section. Under *Commission Special-Needs Commitments* heading, clarified that *Farm Work W-2 Certification* form must be witnessed by site staff when the form is being completed by applicants. Inserted additional guidance toward the end of the **Annual Recertifications for 100% Low-Income Tax Credit Properties** section.

Replace Chapter 6, Reporting & Records Retention, dated February 2009, with Chapter 6, (same name), dated June 2010.

CHAPTER 7, NONCOMPLIANCE

Revisions: In **Resident Fraud** section, replaced IRS phone number with IRS form name.

Replace Chapter 7, Noncompliance, dated February 2009, with Chapter 7, (same name), dated June 2010.

CHAPTER 8. TAX EXEMPT BOND FINANCED PROPERTIES WITH TAX CREDITS

No revisions made.

CHAPTER 9, PROPERTY TRANSFERS

No revisions made.

CHAPTER 10, QUALIFIED CONTRACT PROCESS

No revisions made.

CHAPTER 11, POST-YEAR 15 MONITORING PROCEDURES

Revisions: Added language regarding WBARS in **Household Transfers** section, corrected name of *Self-Certification* form. Updated *Summary of Post-Year 15 Monitoring Procedures* form (mostly *Recertifications* paragraph).

Replace Chapter 11, Post-Year 15 Monitoring Procedures, dated February 2009, with Chapter 11, (same name), dated June 2010.

CHAPTER 12, RECERTIFICATION WAIVER PROCEDURE

Revisions: Corrected name of *Self-Certification* form.

Replace Chapter 12, Recertification Waiver Procedure, dated February 2009, with Chapter 12, (same name), dated June 2010.

None of the Appendices have been revised except for the following:

APPENDIX N, HUD OCCUPANCY HANDBOOK 4350.3

Revisions: Updated sections to be current with HUD's latest version of the handbook (CHANGE 3).

Replace Appendix N, dated February 2009, with Appendix N, dated June 2010.

APPENDIX P, STUDENT INCOME CHART

The ***Student Income Chart*** has been deleted and replaced with a chart entitled ***Explanation of WSHFC's Special Needs Housing Commitments***. Please remove the Student Income Chart and use the new chart as guidance for how to count units for multiple Housing Commitments at one project.