November 2014

TO: Property Managers and Owners of Tax Credit Properties
FROM: WSHFC Asset Management & Compliance Division
SUBJECT: Tax Credit Compliance Manual Revisions - #1-2014

We’ve published revisions to our Tax Credit Compliance Manual as of November 2014, and we’re also posting this memo which includes the list of revisions to aid you in identifying the changes.

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

Chapter 1, Introduction: Updated formatting, rewording for clarity, updated official terms. Removed applicable fraction example. Added paragraph about using most restrictive income/rent limits according to funders involved in project.

Chapter 2, Federal Requirements: rewording for clarity, clarified recertification rules, student rule after Year 15. Added reminder about VAWA requirement under Fair Housing section. Clarified timeframe which results in student being considered Fulltime Student according to IRS criteria. Clarified appropriate verification for Student Rule exceptions. Clarification of Effect of Resident Moving to Another Unit (100% Affordable Properties) section. Updated Data Collection section. Deleted Rural Development Properties section.


Chapter 4, Rents and Tenancy Issues: Added additional language pertaining to restrictions on income/rent limits according to funder, in initial paragraphs. Also noted that rent and utility allowance calculations that result in cents must be rounded up. Rewording for clarity. Added note about other funder restrictions in Tax Credit Properties with S8 or RD Subsidies subsection. Revised Victims of Domestic Violence subsection based on recent VAWA updates. Updated bullet on live-in aide’s family members in Live-in Aides subsection.

Chapter 5, Income and Asset Certification: Rewording for clarity. Clarified rounding rules in General Information section. Clarified recertification guidance in Summary section and in Income-General Information section. Clarified rounding of weeks when calculating year to date income amount in Year-to-Date Information section. Updated how to obtain SS/SSI benefit verification. Added VA Aid and Attendance Payments subsection under Pensions, Veteran’s & Other Periodic Benefits section. Clarified that student financial assistance must be counted in determining eligibility for tax credit applicants who receive Section 8 assistance. Added language about how to value investment accounts when there are periodic payments and/or withdrawals (under Individual Retirement, Keogh, and 401(k) Accounts section).
Chapter 6, Reporting and Records Retention: Rewording for clarity. Added Extended Vacancy Report to Summary section. Added additional information about the form to the Owner Annual Certifications section. Updated Data Collection Requirement section. Updated Supporting Documentation Forms section with note about properties who report to HUD or RD. Added Seasonal Worker Statement to same section. Added Cash On Hand Affidavit to same section. Updated additional student verification forms in Student Verification Forms list. Reiteration of Student Rule requirement in Use of Self-Certification of Annual Income form subsection.

Chapter 7, Noncompliance: No changes.

Chapter 8, Tax Exempt Bond Financed Properties with Tax Credits: No changes.

Chapter 9, Property Transfers: Rewording for clarity, updating official terms. Updated transfer steps to omit requirement of Form of Opinion letter. Removed refund language from Fees section. Clarified timeframe for transfers to be processed, added disclaimer about Commission’s ability to complete transfers by Owner’s desired closing date (under Timeframe and Completeness section). Removed outdated links from end of chapter.

Chapter 10, Qualified Contract Process: No changes.

Chapter 11, Post Year 15 Monitoring Procedures: Rewording for clarity. Reiteration of Student Rule requirement after Year 15 in Recertifications section. Added note about ability to request additional verification where a Resident’s gross income significantly increases by the first recertification (in same section).

Chapter 12, Recertification Waiver Procedure: No changes.

No Appendices were revised except for the following:

Appendix L, Differences Between Tax Credits and Bonds: Reworded for clarity.

Appendix N, HUD Occupancy Handbook 4350.3: Updated to reflect latest language from Change 4.