

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.
- **WBARS Annual Summary Report** not attached to *Owner's Annual Certification*.
- **The WBARS Annual Summary Report** attached to *Owner's Annual Certification* is different from the one submitted with the Table 1.

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** must be printed after Table 1 has been submitted and attached to the *Owners Annual Certification*. The "Occupied as of" numbers on the Project Summary report are a result of correct or incorrect entries into Table 1.

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 date the unit was rent-ready and a written explanation as to why the unit was vacant for an extended period. 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. This applies no matter what type of report is being submitted.- Also attach with the file a clarification as to what happened with the HH being over 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 WSHFC Bonds.

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.