

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.
- Owner signature is a copy; we require an original signature.
- **WBARS Annual Summary Report** not attached to *Owner's Annual Certification*.

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 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 and calculate the value and earnings on assets when total assets exceed \$5,000.
- 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.

Miscellaneous (but still important)

- Utility Allowance provided does not cover the *entire* report year or match that input into WBARS.
- Homeless/Transitional Report not submitted when required or not submitted on the provider's stationery.
- Residents who did not declare enough income to pay their portion of the rent.
- No explanation provided for extended vacancy periods.

Refer to *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. We recommend that Owners sign in blue ink. 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 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 is 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. NEW, 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. NEW, 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. See [Extended Vacancy/Rent-Ready Report](#) 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.
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.
5. ➔ Staple each individual certification, with a heavy-duty stapler if necessary. Paper clips and binder clips can fail and create chaos in our file room.

Extended-Vacancy/Rent-Ready Report

For the 2019 reporting year the Extended Vacancy/Rent Ready Report is required with your Annual Report packet if a property had units that were not made rent-ready within 30 days of resident move-out and/or had units vacant for longer than 90 days.

NOTE: Effective for the 2020 reporting year, this report will be required with your Annual Report if a property has any units vacant for longer than 30 days.

Reminder: The IRS has stated that two or three days should be long enough to make a unit rent-ready. The Commission has taken a more reasonable stance and feels that units should be made rent-ready within 30 days.

A unit that is not made rent-ready in the prescribed time-frame may be an instance of noncompliance and is reportable to the IRS. For further information please refer to **Unit Occupancy** in the *Tax Credit Frequently Asked Questions* and *Chapter 6* in the *8823 Guide*.

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.

It is always nice to receive a brief cover letter, especially if there is something unusual, such as a household not recertified within the required 12 months.

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 anytime 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.