

## **NCSHA Recommended Practices in Compliance Monitoring**

### **Background**

Congress has delegated responsibility for administering the Housing Credit to the states, recognizing that each state is better able than the federal government to address the low income housing needs unique to its citizens. Within the statutory and regulatory parameters set forth by the Congress and the Internal Revenue Service, the states have developed a variety of practices for allocating Housing Credits and monitoring the resulting developments for compliance.

Since 1992, the states, through NCSHA, have developed numerous “Recommended Practices” to strengthen state administration of the Credit. The Congress and the U.S. General Accounting Office have cited these Recommended Practices and their implementation by most states as proactive measures that enhance state administration of the program.

Consistency in some procedures and reporting among the states strengthens the Housing Credit program by streamlining and simplifying agency reviews and creating efficiency and clarity for developers and other Housing Credit industry professionals. In other areas, uniformity among the states is impractical or inconsistent with states’ need for flexibility to respond to their unique priorities.

In October 1998, NCSHA’s Board of Directors adopted the report of its Housing Credit Task Force, which recommended practices in Housing Credit allocation and underwriting. That report also recommended that NCSHA: (i) consider existing state allocation and compliance practices to determine where standardization would best streamline Credit administration; and (ii) develop further recommended practices in Housing Credit compliance.

NCSHA President Bob Kucab instructed the NCSHA staff, through consultation with HFA Housing Credit staff and industry experts, to produce recommended practices on these subjects for the Board’s consideration. The process for achieving those recommended practices and the practices themselves are the subject of this report.

### **Recommended Practices in Housing Credit Compliance Monitoring**

Congress in 1992 required states to monitor Housing Credit properties for program compliance, subject to IRS guidelines issued later that year. Since then, states have developed sophisticated and efficient monitoring systems that go well beyond the minimum requirements imposed by the Service's regulations. Tailored to respond to specific state needs, compliance practices vary considerably from state to state.

The process for developing recommended compliance practices was designed to include all state allocating agencies from the outset and to seek the views and comments of agency executive directors, Housing Credit staff, and private sector experts at multiple stages of the product's development. We began by developing an outline of issues for a roundtable discussion with state Housing Credit compliance staff at NCSHA's 1999 Housing Credit conference. That discussion and subsequent ones with state compliance staff and industry experts identified those issues recommended practices should address.

NCSHA then convened a series of conference calls with HFA compliance staff to discuss standardized compliance reports, forms, and certifications. During these calls, the group developed six standardized documents, including a tenant income certification, owner's certification of continuing program compliance, employment verification form, certification of zero income, under \$5,000 asset certification, and student verification.

All states discussed potential recommended practices and reviewed the six standardized documents at NCSHA's January 2000 Housing Credit workshop in Washington. Several Housing Credit industry compliance experts also participated in these discussions.

With significant input from agency compliance staff, NCSHA drafted the recommended practices in this report and circulated them to every state Housing Credit agency for comment. Revised recommendations incorporating staff comments were then sent to HFA executive directors and private sector experts for comment.

We received comments from several national compliance trainers, the National Association of Home Builders' Housing Credit Group, the Affordable Housing Investors Council, and others. All of the industry representatives praised the initiative and provided constructive comments on the recommendations. Some industry comments were conflicting, and some suggested that additional discussions with the industry, particularly on the standardized documents, were necessary to produce optimal recommendations.

Those discussions were held at NCSHA's 2000 Housing Credit conference in San Diego, where Housing Credit staff and industry representatives discussed another draft of the report. A subsequent draft, incorporating state and industry comments from San Diego, was circulated to all state executive directors, their Credit staff, and industry representatives for comment in July. The results are reflected in this final report. These recommended practices represent the minimum standards that all states should meet in monitoring Housing Credit properties for compliance, regardless of other differences among them.

## Compliance Manuals

**Recommendation:** Agencies should make available a Housing Credit compliance manual, with all necessary regulations and forms, as a comprehensive resource for owners and managers. Agency monitoring staff should use such manuals to ensure consistency in monitoring developments within the state. Staff should review and update compliance manuals periodically.

**Discussion:** Agencies recognize that compliance requirements are extensive and complex. Manuals informing Housing Credit property owners and managers of what they must do to keep properties in compliance have proven to be invaluable tools in many states. These manuals differ in scope but frequently describe owner and management responsibilities, IRS regulations and forms, and state documents relating to compliance.

## Owner/Manager Training

**Recommendation:** Agencies should strongly encourage owners and on-site managers of Housing Credit developments to attend or document that they have recently attended training on management and compliance prior to property lease-up, but no later than receipt of IRS Form 8609, which certifies an allocation of Credits. Agencies should also strongly encourage such training following significant or repeated noncompliance events. At a minimum, such training should cover key compliance terms, qualified basis rules, determination of rents, tenant eligibility, file documentation, next available unit procedures and unit vacancy rules, agency reporting requirements, record retention requirements, and site visits.

**Discussion:** Successful operation of a Housing Credit development is management intensive. Thorough understanding of Housing Credit development requirements and compliance monitoring procedures requires training of development owners and managers. This training should be provided to the property's on-site management staff before the property is occupied.

## Coordination of Monitoring Activities

**Recommendation:** To the extent practical, agencies should coordinate compliance reviews for Housing Credit developments financed with multiple subsidies.

**Discussion:** Developments with multiple subsidies (i.e., Housing Credit and HOME) are subject to reviews for different program compliance requirements. Furthermore, the division within the agency responsible for monitoring one program may not be the same division, or even the same agency, responsible for another

program. This situation is inefficient, as each responsible party collects duplicative information. It is also a burden on property managers and the low income tenants who must accommodate multiple property reviews.

### **Transmittal of Development Information**

**Recommendation:** Agencies should develop procedures for transmitting critical development information from allocation to monitoring staff. At a minimum, this information should include the completed IRS Form 8609 for the development, once obtained from the owner, and any extended low income housing commitments that document tenant income or other property restrictions.

**Discussion:** Different agencies or divisions within an agency often carry out Housing Credit allocation and monitoring. Coordination and communication between them is critical to compliance staff having the development information necessary to effectively monitor. Development information included on IRS Form 8609, such as the owner's certification of the original qualified basis of the building at the close of the first year of the Credit period and the election to begin the Credit period of a building the first year after it is placed in service, is essential information for property monitoring. Extended low income housing commitments, documenting income set-asides and other property restrictions, are also critical. Monitoring staff also needs the qualified allocation plan in effect at the time of the allocation and any additional loan agreements, especially if the Credits were allocated by a different agency.

### **Distributing Income and Rent Limits**

**Recommendation:** Agencies should make updated Housing Credit income and rent limits available to development sponsors and managers annually.

**Discussion:** HUD issues revised income limits each year that must be used to qualify tenants and determine new rent limits in Housing Credit developments. Some development sponsors and managers apparently are unaware that the income and rent limits change each year and rely on incorrect limits for income qualification.

### **Monitoring Fees**

**Recommendation:** Agencies should develop a reasonable monitoring fee structure taking into account the cost of monitoring to the agency and the impact on developments. Given that fees may change over time, agencies should notify the development community of any such changes in the qualified allocation plan or through other state notice.

**Discussion:** Monitoring Housing Credit developments for the mandated compliance period is costly, and new requirements imposed by the IRS in its recent compliance regulations may make it more costly. It is reasonable for agencies to pass this cost on to development owners in the form of compliance monitoring fees. The IRS clarified in its monitoring regulations that federal law does not prohibit an agency from charging fees to cover the agency's monitoring expenses.

### **Monitoring Section 515 Developments**

**Recommendation:** Agencies should execute a compliance Memorandum of Understanding (MOU) with their Rural Housing Service (RHS) field office.

**Discussion:** IRS compliance regulations allow agencies to exempt owners of Section 515 developments from the submission of tenant income certifications, supporting documentation, and rent records if the agency enters into an agreement with RHS to provide this information. RHS developed a model MOU for this purpose in 1993, which has been implemented by most states. IRS compliance regulations also permit exemption of Section 515 properties from habitability inspections beginning in 2001, provided that RHS inspects the property and transmits inspection results to the state agency pursuant to an executed MOU.

### **Tenant File Review Procedures**

**Recommendation:** When conducting tenant file reviews of Housing Credit properties, agencies should review the current rent record and, at minimum, verify the following from the tenant files for at least 20 percent of the development's low income apartments:

- Rental application completed, including certification of assets and disposal of assets, if applicable;
- Tenant income certification completed for move-in and current year, including all required signatures and dates;
- Income verification(s) completed and documented;
- Assets documented, and verified if total assets are more than \$5,000 in value;
- Student eligibility documented;
- Lease and lease addendum completed at move-in; and
- Current year utility allowance on file.

**Discussion:** IRS Housing Credit compliance regulations require state agencies to review tenant files of Credit properties on a regular basis but do not specify what must be evaluated in these file reviews. State agencies, based on their significant experience in conducting tenant file reviews, find the above essential elements of a thorough file review.

## Calculating Anticipated Tenant Income

**Recommendation:** Agencies should instruct property managers qualifying tenants for Housing Credit apartments to calculate household income using the gross income the household anticipates it will receive in the 12-month period following the effective date of the income certification or recertification. For purposes of this recommendation, anticipated income should be documented in the tenant file by third party verification whenever possible or by an acceptable alternate method of verification with documentation as to why third party verification was not possible. States and property managers should use current circumstances to project income, unless verification forms or other verifiable documentation indicate that an imminent change will occur. Agencies should refer managers to HUD Handbook 4350.3 for guidance on the proper calculation of income and assets.

**Discussion:** For purposes of calculating annual household income, IRS regulations refer to HUD Handbook 4350.3. This handbook defines annual income as the gross income the household anticipates it will receive from all sources, including all net income derived from assets, during the 12-month period following the effective date of the income certification or recertification. Third party verification of annual income and the value of assets is the preferred method of verification for HUD programs. Alternate methods, such as pay stubs or income tax returns, are allowed in the event third party verification cannot be obtained and the file is documented accordingly.

## Student Households

**Recommendation:** For purposes of qualifying student households to live in Housing Credit developments, agencies should in general:

- consider a single person household ineligible if he or she is a full-time student at the time of initial occupancy or will be at any time during the certification period (unless the individual meets one of the student exceptions described below);
- consider a household of students eligible if it includes at least one part-time student or meets one of the student exceptions described below;
- consider a household containing full-time students and at least one child (who is not a full-time student) an eligible household;
- not consider children enrolled in kindergarten through 12<sup>th</sup> grade to be full-time students; and
- consider TANF an acceptable Title IV program exception.

In addition, agencies should encourage Housing Credit property managers to utilize a lease provision in all Housing Credit properties requiring tenants to notify management of any change in student status.

**Discussion:** A household comprised entirely of full-time students may not be counted as a qualified household under the Housing Credit program, unless the household meets one of the following four exceptions:

- all household members are full-time students, and such students are married and file a joint tax return;
- the household consists of single parents and their children, and such parents and children are not dependents of another individual;
- at least one member of the household receives assistance under Title IV of the Social Security Act (i.e., AFDC assistance); or
- at least one member of the household is enrolled in a job training program receiving assistance under the Job Training Partnership Act or similar federal, state, or local laws.

IRS has not issued adequate guidance to states regarding qualification of student households, and as a result, state policies vary considerably. In a draft of its forthcoming guide on Correction of Noncompliance, IRS has attempted to address this situation with guidance consistent with this recommended practice. NCSHA and the states will continue to request clarification from the Service on student issues. Until IRS issues such guidance, the above recommendations will help to provide consistency on student eligibility among states.

### **Unborn Children**

**Recommendation:** Agencies should count unborn children in determining household size and applicable income limits. If permitted by state law, agencies should require documentation of pregnancy in such circumstances.

**Discussion:** In qualifying households for Housing Credit apartments, property managers must know the size of the household to calculate the applicable income limit. State policies currently differ regarding the inclusion of unborn children in household size. To provide consistency with the HUD handbook requirement to estimate household income for a future 12-month period, household size should be measured over the same 12-month period and include any unborn children. Some property managers require documentation of pregnancy, such as a doctor's statement, in such circumstances.

### **Interim Recertifications**

**Recommendation:** Agencies should require tenant income recertifications on an annual basis.

**Discussion:** IRS rules require Housing Credit property owners to recertify tenant income eligibility at least annually. Some property managers require interim recertifications for circumstances such as addition of a new household member or transfer of a household within the same building. IRS does not require interim recertifications. Agencies requiring them only on an annual basis will simplify the recertification process and reduce the paperwork burden on managers.

### **Encouraging Fair Housing Compliance**

**Recommendation:** In addition to the IRS annual owner certification requirement for development owners to certify to the state agency any finding of discrimination under the Fair Housing Act, agencies should refer any fair housing complainants to the appropriate state fair housing enforcement agency.

**Discussion:** Beginning in January 2001, Housing Credit property owners are required to certify annually to the state monitoring agency any finding of discrimination under the Fair Housing Act. Because most state Credit agencies are not the designated fair housing agency for their state, they should develop a procedure for referring any fair housing complainants to the appropriate agency within the state and report any discrimination findings to the IRS as required by IRS Form 8823

### **Monitoring Property Restrictions**

**Recommendation:** Agencies should require that extended low income housing commitments identify all requirements imposed on the development which are material to the award of Credit, including, for example, income restrictions, rent skewing, affordability period, reserve levels, amenities and services, definition of housing type, and requisite tenant qualifications. Compliance staff should monitor to ensure these commitments are met and report any noncompliance to the Service on IRS Form 8823.

**Discussion:** In making Credit allocation determinations, agencies frequently award additional points to developments that elect restrictions beyond those required by federal law, such as deeper income targeting, longer affordability periods, or special needs tenancies. Agencies can monitor and enforce these restrictions by incorporating them into extended low income housing commitments.

### **Standardized Forms and Reporting**

**Recommendation:** Agencies should adopt the six attached standardized documents for use in Housing Credit monitoring.

**Discussion:** All states require Housing Credit development owners to use certain forms for compliance reporting. These forms differ from state to state. Standardization of some compliance forms among the states would create efficiency for developers and other Housing Credit industry professionals.

## OWNER'S CERTIFICATE OF CONTINUING PROGRAM COMPLIANCE

To: *Insert State Agency name and address*

<b>Certification Dates:</b>	<b>From:</b> January 1, 20_____	<b>To:</b> December 31, 20_____	
<b>Project Name:</b>			<b>Project No:</b>
<b>Project Address:</b>			<b>City:</b> _____ <b>Zip:</b> _____
<b>Tax ID # of Ownership Entity:</b>			

- No buildings have been Placed in Service  
 At least one building has been placed in Service but owner elects to begin credit period in the following year.  
 If either of the above applies, please check the appropriate box, and proceed to page 2 to sign and date this form.

The undersigned \_\_\_\_\_ on behalf of \_\_\_\_\_ (the "Owner"), hereby certifies that:

1. The project meets the minimum requirements of: (check one)
  - 20 - 50 test under Section 42(g)(1)(A) of the Code
  - 40 - 60 test under Section 42(g)(1)(B) of the Code
  - 15 - 40 test for "deep rent-skewed" projects under Section 42(g)(4) and 142(d)(4)(B) of the Code
  
2. There has been **no change in the applicable fraction** (as defined in Section 42(c)(1)(B) of the Code) for any building in the project:
  - NO CHANGE**       **CHANGE**
 If "**Change**", list the applicable fraction to be reported to the IRS for each building in the project for the certification year on page 3:
  
3. The owner has received an annual Tenant Income Certification from each low-income resident and documentation to support that certification, or the owner has a re-certification waiver letter from the IRS in good standing, has received an annual Tenant Income Certification from each low-income resident, and documentation to support the certification at their initial occupancy.
  - YES**                       **NO**
  
4. Each low-income unit in the project has been rent-restricted under Section 42(g)(2) of the Code:
  - YES**                       **NO**
  
5. All low-income units in the project are and have been for use by the general public and used on a non-transient basis (except for transitional housing for the homeless provided under Section 42 (i)(3)(B)(iii) of the Code):
  - YES**                       **NO**                       **HOMELESS**
  
6. No finding of discrimination under the Fair Housing Act, 42 U.S.C 3601-3619, has occurred for this project. A finding of discrimination includes an adverse final decision by the Secretary of Housing and Urban Development (HUD), 24 CFR 180.680, an adverse final decision by a substantially equivalent state or local fair housing agency, 42 U.S.C 3616a(a)(1), or an adverse judgment from a federal court:
  - NO FINDING**               **FINDING**
  
7. Each building in the project is and has been suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards), and the state or local government unit responsible for making building code inspections did not issue a report of a violation for any building or low income unit in the project:
  - YES**                       **NO**
 If "**No**", state nature of violation on page 3 and attach a copy of the violation report as required by 26 CFR 1.42-5 and any documentation of correction.

8. There has been **no change in the eligible basis** (as defined in Section 42(d) of the Code) of any building in the project since last certification submission:  
 **NO CHANGE**       **CHANGE**  
 If "**Change**", state nature of change (e.g., a common area has become commercial space, a fee is now charged for a tenant facility formerly provided without charge, or the project owner has received federal subsidies with respect to the project which had not been disclosed to the allocating authority in writing) on page 3:
9. All tenant facilities included in the eligible basis under Section 42(d) of the Code of any building in the project, such as swimming pools, other recreational facilities, parking areas, washer/dryer hookups, and appliances were provided on a comparable basis without charge to all tenants in the buildings:  
 **YES**       **NO**
10. If a low-income unit in the project has been vacant during the year, reasonable attempts were or are being made to rent that unit or the next available unit of comparable or smaller size to tenants having a qualifying income before any units were or will be rented to tenants not having a qualifying income:  
 **YES**       **NO**
11. If the income of tenants of a low-income unit in any building increased above the limit allowed in Section 42(g)(2)(D)(ii) of the Code, the next available unit of comparable or smaller size in that building was or will be rented to residents having a qualifying income:  
 **YES**       **NO**
12. An extended low-income housing commitment as described in section 42(h)(6) was in effect, including the requirement under section 42(h)(6)(B)(iv) that an owner cannot refuse to lease a unit in the project to an applicant because the applicant holds a voucher or certificate of eligibility under Section 8 of the United States Housing Act of 1937, 42 U.S.C. 1437s. Owner has not refused to lease a unit to an applicant based solely on their status as a holder of a Section 8 voucher and the project otherwise meets the provisions, including any special provisions, as outlined in the extended low-income housing commitment (not applicable to buildings with tax credits from years 1987-1989):  
 **YES**       **NO**       **N/A**
13. The owner received its credit allocation from the portion of the state ceiling set-aside for a project involving "qualified non-profit organizations" under Section 42(h)(5) of the code and its non-profit entity materially participated in the operation of the development within the meaning of Section 469(h) of the Code.  
 **YES**       **NO**       **N/A**
14. There has been no change in the ownership or management of the project:  
 **NO CHANGE**       **CHANGE**  
 If "**Change**", complete page 3 detailing the changes in ownership or management of the project.

**Note: Failure to complete this form in its entirety will result in noncompliance with program requirements. In addition, any individual other than an owner or general partner of the project is not permitted to sign this form, unless permitted by the state agency.**

The project is otherwise in compliance with the Code, including any Treasury Regulations, the applicable State Allocation Plan, and all other applicable laws, rules and regulations. This Certification and any attachments are made UNDER PENALTY OF PERJURY.

\_\_\_\_\_  
 (Ownership Entity)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



# TENANT INCOME CERTIFICATION

Initial Certification  
  Recertification  
  Other \_\_\_\_\_

Effective Date: _____
Move-in Date: _____
(MM/DD/YYYY)

## PART I - DEVELOPMENT DATA

Property Name: \_\_\_\_\_ County: \_\_\_\_\_ BIN #: \_\_\_\_\_  
 Address: \_\_\_\_\_ Unit Number: \_\_\_\_\_ # Bedrooms: \_\_\_\_\_

## PART II. HOUSEHOLD COMPOSITION

HH Mbr #	Last Name	First Name & Middle Initial	Relationship to Head of Household	Date of Birth (MM/DD/YYYY)	F/T Student (Y or N)	Social Security or Alien Reg. No.
1			HEAD			
2						
3						
4						
5						
6						
7						

## PART III. GROSS ANNUAL INCOME (USE ANNUAL AMOUNTS)

HH Mbr #	(A) Employment or Wages	(B) Soc. Security/Pensions	(C) Public Assistance	(D) Other Income
<b>TOTALS</b>	\$ _____	\$ _____	\$ _____	\$ _____

Add totals from (A) through (D), above TOTAL INCOME (E): \$  

## PART IV. INCOME FROM ASSETS

Hshld Mbr #	(F) Type of Asset	(G) C/I	(H) Cash Value of Asset	(I) Annual Income from Asset

TOTALS: \$ \_\_\_\_\_ \$ \_\_\_\_\_

Enter Column (H) Total Passbook Rate = (J) Imputed Income  
 If over \$5000 \$ \_\_\_\_\_ X 2.00% = \$ \_\_\_\_\_  
 Enter the greater of the total of column I, or J: imputed income **TOTAL INCOME FROM ASSETS (K)** \$  

(L) Total Annual Household Income from all Sources [Add (E) + (K)] \$  

## HOUSEHOLD CERTIFICATION & SIGNATURES

The information on this form will be used to determine maximum income eligibility. I/we have provided for each person(s) set forth in Part II acceptable verification of current anticipated annual income. I/we agree to notify the landlord immediately upon any member of the household moving out of the unit or any new member moving in. I/we agree to notify the landlord immediately upon any member becoming a full time student.

Under penalties of perjury, I/we certify that the information presented in this Certification is true and accurate to the best of my/our knowledge and belief. The undersigned further understands that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of the lease agreement.

Signature	(Date)	Signature	(Date)
Signature	(Date)	Signature	(Date)

**PART V. DETERMINATION OF INCOME ELIGIBILITY**

**RECERTIFICATION ONLY:**

TOTAL ANNUAL HOUSEHOLD INCOME FROM ALL SOURCES: From item (L) on page 1

\$

Household Meets Income Restriction at:

- 60%  50%  
 40%  30%  
 \_\_\_\_\_%

Current Income Limit x 140%:

\$ \_\_\_\_\_  
 Household Income exceeds 140% at recertification:  
 Yes  No

Current Income Limit per Family Size: \$ \_\_\_\_\_

Household Income at Move-in: \$ \_\_\_\_\_

Household Size at Move-in: \_\_\_\_\_

**PART VI. RENT**

Tenant Paid Rent \$ \_\_\_\_\_  
 Utility Allowance \$ \_\_\_\_\_

Rent Assistance: \$ \_\_\_\_\_  
 Other non-optional charges: \$ \_\_\_\_\_

GROSS RENT FOR UNIT: (Tenant paid rent plus Utility Allowance & other non-optional charges)

\$

Unit Meets Rent Restriction at:  
 60%  50%  40%  30%  \_\_\_\_\_%

Maximum Rent Limit for this unit: \$ \_\_\_\_\_

**PART VII. STUDENT STATUS**

ARE ALL OCCUPANTS FULL TIME STUDENTS?

- yes  no

If yes, Enter student explanation\* (also attach documentation)

Enter 1-4

\*Student Explanation:

- 1 TANF assistance
- 2 Job Training Program
- 3 Single parent/dependent child
- 4 Married/joint return

**PART VIII. PROGRAM TYPE**

Mark the program(s) listed below (a. through e.) for which this household's unit will be counted toward the property's occupancy requirements. Under each program marked, indicate the household's income status as established by this certification/recertification.

a. Tax Credit

b. HOME

c. Tax Exempt

d. AHDP

e. \_\_\_\_\_   
 (Name of Program)

See Part V above.

*Income Status*

- ≤ 50% AMGI  
 ≤ 60% AMGI  
 ≤ 80% AMGI  
 OI\*\*

*Income Status*

- 50% AMGI  
 60% AMGI  
 80% AMGI  
 OI\*\*

*Income Status*

- 50% AMGI  
 80% AMGI  
 OI\*\*

*Income Status*

- \_\_\_\_\_  
 \_\_\_\_\_  
 OI\*\*

\*\* Upon recertification, household was determined over-income (OI) according to eligibility requirements of the program(s) marked above.

**SIGNATURE OF OWNER/REPRESENTATIVE**

Based on the representations herein and upon the proofs and documentation required to be submitted, the individual(s) named in Part II of this Tenant Income Certification is/are eligible under the provisions of Section 42 of the Internal Revenue Code, as amended, and the Land Use Restriction Agreement (if applicable), to live in a unit in this Project.

\_\_\_\_\_  
 SIGNATURE OF OWNER/REPRESENTATIVE

\_\_\_\_\_  
 DATE

# INSTRUCTIONS FOR COMPLETING TENANT INCOME CERTIFICATION

*This form is to be completed by the owner or an authorized representative.*

## Part I - Development Data

Check the appropriate box for Initial Certification (move-in), Recertification (annual recertification), or Other. If Other, designate the purpose of the recertification (i.e., a unit transfer, a change in household composition, or other state-required recertification).

Move-in Date Enter the date the tenant has or will take occupancy of the unit.

Effective Date Enter the effective date of the certification. For move-in, this should be the move-in date. For annual recertification, this effective date should be no later than one year from the effective date of the previous (re)certification.

Property Name Enter the name of the development.

County Enter the county (or equivalent) in which the building is located.

BIN # Enter the Building Identification Number (BIN) assigned to the building (from IRS Form 8609).

Address Enter the address of the building.

Unit Number Enter the unit number.

# Bedrooms Enter the number of bedrooms in the unit.

## Part II - Household Composition

List all occupants of the unit. State each household member's relationship to the head of household by using one of the following coded definitions:

H	-	Head of Household	S	-	Spouse
A	-	Adult co-tenant	O	-	Other family member
C	-	Child	F	-	Foster child(ren)/adult(s)
L	-	Live-in caretaker	N	-	None of the above

Enter the date of birth, student status, and social security number or alien registration number for each occupant.

*If there are more than 7 occupants, use an additional sheet of paper to list the remaining household members and attach it to the certification.*

## Part III - Annual Income

**See HUD Handbook 4350.3 for complete instructions on verifying and calculating income, including acceptable forms of verification.**

From the third party verification forms obtained from each income source, enter the gross amount anticipated to be received for the twelve months from the effective date of the (re)certification. Complete a separate line for each income-earning member. List the respective household member number from Part II.

Column (A) Enter the annual amount of wages, salaries, tips, commissions, bonuses, and other income from employment; distributed profits and/or net income from a business.

Column (B) Enter the annual amount of Social Security, Supplemental Security Income, pensions, military retirement, etc.

Column (C) Enter the annual amount of income received from public assistance (i.e., TANF, general assistance, disability, etc.).

Column (D) Enter the annual amount of alimony, child support, unemployment benefits, or any other income regularly received by the household.

Row (E) Add the totals from columns (A) through (D), above. Enter this amount.

#### Part IV - Income from Assets

See HUD Handbook 4350.3 for complete instructions on verifying and calculating income from assets, including acceptable forms of verification.

From the third party verification forms obtained from each asset source, list the gross amount anticipated to be received during the twelve months from the effective date of the certification. List the respective household member number from Part II and complete a separate line for each member.

Column (F) List the type of asset (i.e., checking account, savings account, etc.)

Column (G) Enter C (for current, if the family currently owns or holds the asset), or I (for imputed, if the family has disposed of the asset for less than fair market value within two years of the effective date of (re)certification).

Column (H) Enter the cash value of the respective asset.

Column (I) Enter the anticipated annual income from the asset (i.e., savings account balance multiplied by the annual interest rate).

TOTALS Add the total of Column (H) and Column (I), respectively.

If the total in Column (H) is greater than \$5,000, you must do an imputed calculation of asset income. Enter the Total Cash Value, multiply by 2% and enter the amount in (J), Imputed Income.

Row (K) Enter the greater of the total in Column (I) or (J)

Row (L) Total Annual Household Income From all Sources Add (E) and (K) and enter the total

#### HOUSEHOLD CERTIFICATION AND SIGNATURES

After all verifications of income and/or assets have been received and calculated, each household member age 18 or older must sign and date the Tenant Income Certification. For move-in, it is recommended that the Tenant Income Certification be signed no earlier than 5 days prior to the effective date of the certification.

#### Part V – Determination of Income Eligibility

Total Annual Household Income from all Sources Enter the number from item (L).

Current Income Limit per Family Size Enter the Current Move-in Income Limit for the household size.

Household income at move-in Household size at move-in For recertifications, only. Enter the household income from the move-in certification. On the adjacent line, enter the number of household members from the move-in certification.

Household Meets Income Restriction Check the appropriate box for the income restriction that the household meets according to what is required by the set-aside(s) for the project.

Current Income Limit x 140% For recertifications only. Multiply the Current Maximum Move-in Income Limit by 140% and enter the total. Below, indicate whether the household income exceeds that total. If the Gross Annual Income at recertification is greater than 140% of the current income limit, then the available unit rule must be followed.

### Part VI - Rent

Tenant Paid Rent	Enter the amount the tenant pays toward rent (not including rent assistance payments such as Section 8).
Rent Assistance	Enter the amount of rent assistance, if any.
Utility Allowance	Enter the utility allowance. If the owner pays all utilities, enter zero.
Other non-optional charges	Enter the amount of <u>non-optional</u> charges, such as mandatory garage rent, storage lockers, charges for services provided by the development, etc.
Gross Rent for Unit	Enter the total of Tenant Paid Rent plus Utility Allowance and other non-optional charges.
Maximum Rent Limit for this unit	Enter the maximum allowable gross rent for the unit.
Unit Meets Rent Restriction at	Check the appropriate rent restriction that the unit meets according to what is required by the set-aside(s) for the project.

### Part VII - Student Status

If all household members are full time\* students, check “yes”. If at least one household member is not a full time student, check “no”.

If “yes” is checked, the appropriate exemption must be listed in the box to the right. If none of the exemptions apply, the household is ineligible to rent the unit.

*\*Full time is determined by the school the student attends.*

### Part VIII – Program Type

Mark the program(s) for which this household’s unit will be counted toward the property’s occupancy requirements. Under each program marked, indicate the household’s income status as established by this certification/recertification. If the property does not participate in the HOME, Tax-Exempt Bond, Affordable Housing Disposition, or other housing program, leave those sections blank.

Tax Credit	See Part V above.
HOME	If the property participates in the HOME program and the unit this household will occupy will count towards the HOME program set-asides, mark the appropriate box indicating the household’s designation.
Tax Exempt	If the property participates in the Tax Exempt Bond program, mark the appropriate box indicating the household’s designation.
AHDP	If the property participates in the Affordable Housing Disposition Program (AHDP), and this household’s unit will count towards the set-aside requirements, mark the appropriate box indicating the household’s designation.
Other	If the property participates in any other affordable housing program, complete the information as appropriate.

### SIGNATURE OF OWNER/REPRESENTATIVE

It is the responsibility of the owner or the owner’s representative to sign and date this document immediately following execution by the resident(s).

The responsibility of documenting and determining eligibility (including completing and signing the Tenant Income Certification form) and ensuring such documentation is kept in the tenant file is extremely important and should be conducted by someone well trained in tax credit compliance.

*These instructions should not be considered a complete guide on tax credit compliance. The responsibility for compliance with federal program regulations lies with the owner of the building(s) for which the credit is allowable.*

# EMPLOYMENT VERIFICATION

## THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY TENANT

TO: (Name & address of employer) \_\_\_\_\_ Date: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: \_\_\_\_\_ Applicant/Tenant Name Social Security Number Unit # (if assigned)

I hereby authorize release of my employment information.

\_\_\_\_\_  
Signature of Applicant/Tenant Date

The individual named directly above is an applicant/tenant of a housing program that requires verification of income. The information provided will remain confidential to satisfaction of that stated purpose only. Your prompt response is crucial and greatly appreciated.

\_\_\_\_\_  
Project Owner/Management Agent

**Return Form To:**

## THIS SECTION TO BE COMPLETED BY EMPLOYER

Employee Name: \_\_\_\_\_ Job Title: \_\_\_\_\_

Presently Employed: Yes \_\_\_ Date First Employed \_\_\_\_\_ No \_\_\_ Last Day of Employment \_\_\_\_\_

Current Wages/Salary: \$ \_\_\_\_\_ (circle one) hourly weekly bi-weekly semi-monthly monthly yearly other \_\_\_\_\_

Average # of regular hours per week: \_\_\_\_\_ Year-to-date earnings: \$ \_\_\_\_\_ through \_\_\_/\_\_\_/\_\_\_

Overtime Rate: \$ \_\_\_\_\_ per hour Average # of overtime hours per week: \_\_\_\_\_

Shift Differential Rate: \$ \_\_\_\_\_ per hour Average # of shift differential hours per week: \_\_\_\_\_

Commissions, bonuses, tips, other: \$ \_\_\_\_\_ (circle one) hourly weekly bi-weekly semi-monthly monthly yearly other \_\_\_\_\_

List any anticipated change in the employee's rate of pay within the next 12 months: \_\_\_\_\_; Effective date: \_\_\_\_\_

If the employee's work is seasonal or sporadic, please indicate the layoff period(s): \_\_\_\_\_

Additional remarks: \_\_\_\_\_

\_\_\_\_\_  
Employer's Signature Employer's Printed Name Date

\_\_\_\_\_  
Employer [Company] Name and Address

\_\_\_\_\_  
Phone # Fax # E-mail

**NOTE:** Section 1001 of Title 18 of the U.S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

# STUDENT VERIFICATION

## THIS SECTION TO BE COMPLETED BY MANAGEMENT AND EXECUTED BY STUDENT

This Student Verification is being delivered in connection with the undersigned's eligibility for residency in the following apartment:

Project Name: \_\_\_\_\_

Building Address: \_\_\_\_\_

Unit Number if assigned: \_\_\_\_\_

I hereby grant disclosure of the information requested below from \_\_\_\_\_  
Name of Educational Institution

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Student ID#

**Return Form to:**

## THIS SECTION TO BE COMPLETED BY EDUCATIONAL INSTITUTION

The above-named individual has applied for residency or is currently residing in housing that requires verification of student status. Please provide the information requested below:

**Is the above-named individual a student at this educational institution?    YES    NO**

**If so, part-time or full-time?    PART-TIME    FULL-TIME**

**If full-time, the date the student enrolled as such: \_\_\_\_\_**

**Expected date of graduation: \_\_\_\_\_**

I hereby certify that the information supplied in this section is true and complete to the best of my knowledge.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Print your name: \_\_\_\_\_

Tel. #: \_\_\_\_\_

Title: \_\_\_\_\_

Educational Institution: \_\_\_\_\_

**NOTE:** Section 1001 of Title 18 of the U. S. Code makes it a criminal offense to make willful false statements or misrepresentations to any Department or Agency of the United States as to any matter within its jurisdiction.

## CERTIFICATION OF ZERO INCOME

(To be completed by adult household members only, if appropriate.)

Household Name: \_\_\_\_\_ Unit No. \_\_\_\_\_

Development Name: \_\_\_\_\_ City: \_\_\_\_\_

1. I hereby certify that I do not individually receive income from any of the following sources:
  - a. Wages from employment (including commissions, tips, bonuses, fees, etc.);
  - b. Income from operation of a business;
  - c. Rental income from real or personal property;
  - d. Interest or dividends from assets;
  - e. Social Security payments, annuities, insurance policies, retirement funds, pensions, or death benefits;
  - f. Unemployment or disability payments;
  - g. Public assistance payments;
  - h. Periodic allowances such as alimony, child support, or gifts received from persons not living in my household;
  - i. Sales from self-employed resources (Avon, Mary Kay, Shaklee, etc.);
  - j. Any other source not named above.
  
2. I currently have no income of any kind and there is no imminent change expected in my financial status or employment status during the next 12 months.
  
3. I will be using the following sources of funds to pay for rent and other necessities: \_\_\_\_\_  
\_\_\_\_\_

Under penalty of perjury, I certify that the information presented in this certification is true and accurate to the best of my knowledge. The undersigned further understand(s) that providing false representations herein constitutes an act of fraud. False, misleading or incomplete information may result in the termination of a lease agreement.

\_\_\_\_\_  
Signature of Applicant/Tenant                      Printed Name of Applicant/Tenant                      Date

