

## *Rental Process & Reporting Procedures*

### Rental Process

Residents of set-aside units **MUST** be income-qualified at move-in, and the income verifications must be dated prior to and within 120 days of the date of move-in. The best time to determine if an applicant qualifies for a particular income set-aside and/or Special-Needs group is during the initial interview process. Although the project may have reached its quota of income-qualified Residents, we suggest that the necessary forms and verifications be completed if the applicant appears to fall within project guidelines.

### Proportionate Lease-Up Requirement – New Construction Properties

Federal regulations require that during initial lease-up of new construction properties, income-qualified units and market-rate units must be rented proportionately. For example, if 37 units are occupied in the month of January, then at least **eight** of those units must be rented to income-qualified households (assuming the owner made the 20% @ 50% AMGI federal election).

When completing the *Certificate of Continuing Project Compliance* during the **quarterly reporting stage**, be sure to list **all** units in the property on Table 1 of the report so we may determine whether or not your property is leasing up proportionately. **Please refer to the Bond Table 1 instructions on our website at <http://www.wshfc.org/managers/forms-bond.htm> for specific instructions on how to complete the Table 1 report.**

### Counting Vacant Units to Meet Set-Aside Requirements

For all types of bond-financed properties, at all stages of development, vacant units that have never been rented to an income-qualified Resident or that were immediately previously rented to a market rate household, **cannot** be counted toward the property's income set-aside requirements.

### Move-Ins

After the Owner (or the Owner's agent) has determined if an applicant is a likely candidate for Qualified (80%), Project Qualified (60%), Additionally Qualified (50%), or Specially Qualified Resident (other income set-aside), the following procedures should be used:

1. Have the applicant(s) complete a *Rental Eligibility Application* (each household member 18 years of age or older (or who will turn 18

within the next 12 months) must complete separate pages two through four).

2. Have the applicant(s) sign the appropriate verification forms.
3. Have the applicant(s) sign Commission’s ***Bond Lease Rider***.
4. Verify income (see ***Chapter 4*** in this Manual for instructions).
5. Complete an ***Eligibility Certification***.
6. Complete a ***Compliance Checklist*** (optional).
7. Make a copy of the forms listed above for the Commission.
8. Keep your original documents.

**Move-Outs**

If an income-qualified Resident moves out, note the date the qualified Resident vacated the unit in the Resident’s file. The move-out date must be included on the ***Table 1 Report***.

**Record Keeping  
and Retention  
Period**

All original forms and documentation should be kept by the Owner or manager; copies should be sent to the Commission. These forms should be retained for the duration of the Regulatory Agreement and are subject to an audit by the Internal Revenue Service, any regulatory agreement-defined Monitor and the Commission.

**Bond/Tax  
Credit  
Properties  
Records**

**NOTE:** If your project intends to take tax credits, the Owner must retain the original records described above for the first year of the credit period for at least six years beyond the *last year of the Compliance Period*. For all other years, the Owner must retain the records for at least six years after the due date (with extensions) for filing the federal income tax return for that year. Federal rules require record retention for each year within the Compliance Period (i.e., the first 15 years following placed in service); the Commission requires this record retention to extend for each year in the Property Compliance Period.

**Reporting Dates**

Each Owner is responsible for submitting compliance reports in accordance with the Regulatory Agreement.

Owners must submit compliance reports to the Commission by the 7<sup>th</sup> of the month following the end of the previous reporting period.

*The reporting periods and due dates are:*

**Reporting Period**

**Due Dates**

*For All Bond-financed Properties*

January 1 through Dec 31

January 7

*For New Construction Properties Only*

Quarterly beginning with the date property reaches 10% overall occupancy, converting to annual once property achieves 90% occupancy

7<sup>th</sup> of the month following the previous 90-day period

*For Acquisition-Rehab Properties Only*

Initial occupancy report covers first six to eight months of lease-up activities after the bond closing date; annual reporting commences twelve months after bond closing

Initial occupancy report due 8 months after bond closing date

**Income Recertification**

In most cases, Owners are required to make a determination at least annually as to the current income of income-qualified Residents. Recertification of income is completed in the same manner as when the Resident was originally qualified.

**If a Resident Moves Within a Project**

If an income-qualified Resident moves to another unit within your project, they **must** qualify as if they were new Residents, and complete a new certification package. All income must be re-verified at this time.

***Note: the above requirement is more restrictive than the Tax Credit Program rule, which allows Residents to move to another unit within the same building without re-qualifying. For bond-financed properties, you must re-qualify Residents who move to any other unit in the building or project.***

**Available Unit Rule (140%)**

Upon recertification, if it is determined that a Resident exceeds the prescribed income limits, there is no federal or state requirement that requires the Resident to move out of their unit or the project. After initial occupancy and at the time of recertification, a Resident is still considered eligible as long as the most recent income determination does not exceed 140% of the applicable income limit. If a Resident (upon recertification) exceeds 140%

**Required Forms  
and  
Documentation**

of the applicable median gross income, the next available unit of comparable or smaller size must be rented to (or held vacant for) another income-qualified Resident. The next unit rented to a qualified Household must be rented **in the same building** containing the Household which is now over 140% of the income limit.

The following forms are to be included in the annual compliance report:

1. *Table 1 Report*
2. *Certificate of Continuing Project Compliance*
3. *Eligibility Certification*
4. *Rental Eligibility Application*
5. Income verification documentation
6. Other supporting documentation as applicable (e.g. proof of age, verification of student status).

**NOTE:** The Commission *Bond Lease Rider* should be kept in Resident's file.

**Authorized  
Signatories**

Compliance reporting forms require the Owner's original signature. The Owner submits the following:

- ◆ *Bond Certificate of Continuing Project Compliance* – quarterly during lease-up on new construction and annually for all properties. This form must always be signed by the Owner (with an original signature) without exception.

**Submitting  
Reports**

The owner should keep copies of the completed CCPC and Table 1 (along with the original applicant/resident income documentation) for his/her records. Send the original CCPC and Table 1, and copies of the resident packets, to your Portfolio Analyst.

If the report is not acceptable (for instance, if forms are not completed correctly or income verifications are unsatisfactory), your Portfolio Analyst will send a letter stating the problem(s) and a deadline for re-submitting a corrected report.