

**The definitions in this Glossary may be amended by the Commission to comply with federal or state law. If there is a conflict between an Internal Revenue Code and a Tax Credit Program definition, restriction, or requirement, the more restrictive one will apply, as determined by the Commission.**

<b>Affiliate</b>	Any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls a PAE, is controlled by a PAE, or is under common control with a PAE.
<b>Additional Low-Income Housing Commitments</b>	The specified percentage of Housing Units that are both Rent-Restricted and occupied by Residents whose Income is at or below the selected percentage of the Area Median Gross Income, which is at or below the level of the Minimum Low-Income Housing Set-Aside. The percentages referred to are the applicable Commitments made in the Application to receive Allocation Criteria Points.
<b>Additional Low-Income Housing Use Period</b>	<p>The period of Years (commencing after the close of the Compliance Period) that you made a Commitment in the Application to maintain the Low-Income Housing Units and all of the applicable Commitments made to receive Allocation Criteria Points and to comply with all the terms and conditions of the Regulatory Agreement, as well as the requirements of Section 42 of the Code and the Tax Credit Program. The period of Years refers to the applicable Commitment made in the Application to receive Allocation Criteria Points.</p> <p><b>The Regulatory Agreement will remain in full force and effect as an encumbrance on the Project during the Additional Low-Income Housing Period. The Applicant waives any right to terminate the Regulatory Agreement during the Additional Low-Income Housing Use Period as otherwise available pursuant to Section 42(h)(6)(E)(i)(II) of the Code.</b></p>
<b>Affirmative Marketing Plan</b>	A plan for marketing available Housing Units in a Project to ensure compliance with the Tax Credit Program and federal, state, and local fair housing laws governing the prohibition of discriminatory housing practices.
<b>Allocation</b>	The maximum amount of Credit available to a Project as a result of an Allocation of Credit by the Commission, which shall be apportioned to each Qualified Building at the time such Building is Placed-In-Service. Allocation includes (a) Credit allocated (as that term is used in Section 42 of the Code) by the Commission and subject to Section 42(h)(1) of the

	<p>Code (i.e., Credit allocated pursuant to the competitive Allocation process), and (b) Credit attributable to that portion of Eligible Basis financed with tax-exempt bonds [i.e., Credit which, by virtue of Section 42(h)(4) of the Code, is not allocated pursuant to the competitive Allocation process].</p>
<p><b>Allocation Criteria</b></p>	<p>The allocation criteria and points system is that used by the Commission staff to assess the degree to which proposed Projects promote the Commission’s housing priorities.</p>
<p><b>Allocation Criteria Points</b></p>	<p>The points assigned to a Project based on the Tax Credit Director’s decision that you have demonstrated that a Project has met the qualifications for the Allocation Criteria you selected in the Application.</p>
<p><b>Annual Certification</b></p>	<p>A statement by the Owner of a Project (Certificate of Continuing Project Compliance) that, for the preceding Certification Period, the Project met the requirements of the Tax credit Program and Section 42 of the Code.</p>
<p><b>Annual Compliance Monitoring Fee</b></p>	<p>The annual fee imposed by the Commission on the Owner of a Project for Project Monitoring of its compliance with the Credit Reservation Contract and/or Regulatory Agreement, the Tax Credit Program and Section 42 of the Code.</p>
<p><b>Applicable Fraction</b></p>	<p>The <u>lesser</u> of the Unit Fraction or the Floor Space Fraction for a Building or the Project, as the context requires; provided that in the case of any Building described in Section 42(i)(3)(E) of the Code [this section of the Code relates to certain Owner-occupied Buildings], the Applicable Fraction shall not exceed 80% of the Unit Fraction for the Building.</p>
<p><b>Applicable Percentage</b></p>	<p>The percentage set by the Secretary for the earlier of:</p> <ol style="list-style-type: none"> <li>(1) The month in which a Building is Placed-In-Service; or</li> <li>(2) The month for which an Election of Applicable Percentage Month is made.</li> </ol>
	<p>The Applicable Percentage is used when determining how much Credit is available to a Qualified Building. The percentages are issued monthly by the Secretary and are used to determine the 30% Present Value Credit and the 70% Present Value Credit.</p>
<p><b>Area Median Gross Income</b></p>	<p>The median gross Income adjusted for actual household size, for the county of counties where each Building in a Project is located, as determined under Section 8. (Or if that program terminates, under the program in effect immediately before termination.)</p>

<b>Building Identification Number (BIN)</b>	The identifying number assigned to a Building by the Commission.
<b>Bond Project</b>	This has the meaning set forth in the definition of the Qualified Tax-Exempt Bond-Financed Project below.
<b>Building</b>	Residential Rental Property that contains Residential Housing Units located on the Land and included in the Application. For purposes of the Tax Credit Program, each Building is identified by its BIN and its street address assigned by the U.S. Postal Service. In case of any inconsistency, the BIN shall control. If more than one Building is located on the Land, each Building must be identified in the manner required by Section 42(g) of the Code to be treated as part of a Project. Failure to meet these requirements will result in each Building on the Land being treated as its own independent Project. This means you will have to submit a separate Application and Application Fee for each Building by the deadlines set by the Commission for any Application round.
<b>Certification Period</b>	The 12 month period preceding the date that the Owner is required to give the Annual Certification in accordance with the reporting requirements of the Regulatory Agreement and Section 42(m) of the Code.
<b>Code</b>	The Internal Revenue Code of 1986, as amended, together with corresponding and applicable temporary, proposed, and final Treasury Regulations, and Revenue Rulings and pronouncements issued or amended regarding it by the U.S. Department of the Treasury or IRS to the extent applicable to the Project. Whenever the Policies or any Tax Credit Program document refers to a section of the Code, you may have to refer to any provisions where Code amendments might change the reference.
<b>Commission</b>	The Washington State Housing Finance Commission and any successor or assignee.
<b>Commitment</b>	A representation or agreement by you in the Application that is binding upon the Owner of a Project throughout the Project Compliance Period unless otherwise noted in the Policies, the Application, or agreements in connection with the Tax Credit Program.
<b>Common Area</b>	Any “functionally related and subordinate facilities” of a tax credit project. Tax credits are only available for qualified low-income units and these “functionally related and subordinate facilities.” These are facilities

	<p>that are reasonably required for the project and include common areas such as swimming pools, other recreational facilities, community buildings and parking areas. Common areas can only be counted for tax credits if they are available for all residents on a nondiscriminatory basis <u>at no additional charge.</u></p>
<p><b>Common Area Unit</b></p>	<p>A Unit in a Project that is occupied by Resident managers or maintenance personnel, or used for a Project’s business offices or security personnel, as far as this use is reasonably required for the Project. A Common Area Unit is not a Housing Unit and is not included in the Total Housing Units for the Project. A Common Area Unit is not included in the calculations for the Unit Fraction, Floor Space Fraction, or Applicable Fraction, and is not Rent-Restricted. If a Common Area Unit is no longer used for the above purposes during the Project Compliance Period, the Unit will be treated as a Housing Unit subject to the limitations on Low-Income Housing Units as far as this treatment is necessary to maintain the Applicable Fraction for the Project. In addition, such Unit will be treated as a Unit subject to the Additional Low-Income Housing Set-Aside and any Special-Needs Housing Set-Aside to the extent such treatment is necessary to maintain the designated percentage of Housing Units applicable to the Project.</p>
<p><b>Compliance Period</b></p>	<p>For a Building means a period of 15 Years, beginning with the first Year that the Building is Placed-In-Service or, if the Owner makes an election under Section 42(f)(1)(B) of the Code, the next Year. In the case of an existing Building receiving acquisition Credit, the Compliance Period for such Building shall not begin before the Compliance Period for the rehabilitation expenditures for such Building (which are treated as a separate Building), pursuant to Section 42(f)(5) of the Code.</p>
<p><b>Continual or Frequent Services</b></p>	<p>Services such as frequent nursing, medical or psychiatric services that are presumed to not be Optional Services. A Building where Continual or Frequent Services are provided is ineligible for Credit, such as a hospital, nursing home, sanitarium, life care facility or intermediate care facility for persons with Disabilities.</p>
<p><b>Correction Period</b></p>	<p>The period specified in the monitoring procedure during which an Owner must supply any missing certifications and bring the project into compliance with the provisions of Section 42 and Commission requirements.</p>
<p><b>Credit</b></p>	<p>The low-income housing tax credit available for federal income tax purposes under Section 42 of the Code for a Qualified Building.</p>

<b>Credit Period</b>	For a Building means the period of 10 Years, beginning with the Year when the Building is Placed-In-Service for Credit purposes or, if the Owner makes an election under Section 42(f)(1)(B) of the Code, the next Year; but only if the Building is a “qualified low-income Building”[ within the meaning of Section 42(c)(2) of the Code] by the end of the first Year of that period. For an Existing Building receiving acquisition Credit, the Credit Period shall not begin before the Credit Period for the rehabilitation expenses for such Building (which are treated as a separate Building), pursuant to Section 42(f)(5) of the Code.
<b>Credit Recapture</b>	The increase in federal income tax owed by a taxpayer because of the reduction (by the end of any Year in the Compliance Period) in the Qualified Basis of a Building from the amount of Qualified Basis by the end of the preceding Year. The Credit Recapture amount is calculated in accordance with Section 42(j) of the Code.
<b>Credit Reservation</b>	To the extent applicable, the reservation of a maximum amount of Credit out of the Annual Authority to a Project that will be available for Allocation and apportionment to each Qualified Building upon meeting the requirements of the Tax Credit Program and Section 42 of the Code.
<b>Credit Reservation and/or Carryover Allocation Contract</b>	To the extent applicable, an agreement between the Owner and the Commission and amendments thereto, if any, wherein subject to the terms, conditions, obligations and restrictions contained in it, the commission grants a Credit Reservation to a Project.
<b>Credit Reservation Requirements</b>	To the extent applicable, the terms, conditions, obligations and restrictions of the Tax Credit Program in the Credit Reservation Contract that the Owner must satisfy in order for a Project to receive an Allocation.
<b>Credit Set-Asides</b>	Specific percentages of the Annual Authority set aside for: <ol style="list-style-type: none"> <li>(1) Projects sponsored by Qualified Nonprofit Organizations;</li> <li>(2) Projects sponsored by Nonprofit Organizations;</li> <li>(3) Projects sponsored by for-profit entities or individuals;</li> <li>(4) Rural housing Projects;</li> <li>(5) RD Projects; and/or</li> <li>(6) Other set-asides established by the Commission.</li> </ol>

	<p>Other than the amount of Annual Authority that is required to be set aside for Qualified Nonprofit Organizations under Section 42(h)(5) of the Code, Credit Set-Asides have an expiration date set by the Commission after which the set-asides shall lapse.</p>
<p><b>Current (“current”)</b></p>	<p>An item dated no earlier than 60 days prior to the date the item is submitted to the Commission, unless otherwise indicated.</p>
<p><b>Disabilities/ Disabled</b></p>	<p>A physical or mental impairment that substantially limits one or more of the major life activities of an individual, such as not being able to care for oneself, performing manual tasks, walking, seeing, hearing, speaking, breathing, or learning.</p>
<p><b>Elderly</b></p>	<p>Persons who are Residents of an Elderly Housing Project.</p>
<p><b>Elderly Housing Project</b></p>	<p>A Project that conforms to the Fair Housing Act, as amended, and:</p> <ol style="list-style-type: none"> <li>(1) A Project in which <u>all</u> Housing Units are intended for and solely occupied by Residents who are 62 or older;</li> <li>(2) A Project in which all Housing Units are each intended and operated for occupancy by at least one Resident who is 55 or older, and where at least 80% of the Total Housing Units are in fact occupied by at least one Resident who is 55 or older; or</li> <li>(3) A Project which is financed, constructed, and operated under the RD Section 515 program for the Elderly or HUD program (i.e., where each Resident is either 62 or older or is a person with handicaps or disabilities regardless of age, as such terms are defined in the RD program).</li> </ol>
<p><b>Eligible Basis</b></p>	<ol style="list-style-type: none"> <li>(1) If it is a New Building, the Eligible Basis is its Adjusted Basis at the end of the first Year of the Credit Period.</li> <li>(2) If it is an Existing Building, the Eligible Basis is its Adjusted Basis at the end of the first Year of the Credit Period <i>if</i> the following requirements are met:             <ol style="list-style-type: none"> <li>(i) It was acquired by purchase within the meaning of Section 179(d)(2) of the Code;</li> <li>(ii) There is a period of at least 10 years between the date of its acquisition by the Owner and:                 <ol style="list-style-type: none"> <li>(a) the date the Building was last Placed-In-Service; or</li> <li>(b) the date of the most recent Nonqualified Substantial Improvement of the Building; whichever is later.</li> </ol> </li> <li>(iii) the Building was not previously Placed-In-Service by the Owner or any person who was a Related Party of</li> </ol> </li> </ol>

	<p>the Owner when the Building was previously Placed-In-Service; and</p> <p>(iv) Credit is allowed for that Building as a result of:</p> <ul style="list-style-type: none"> <li>(a) a Substantial Improvement; or</li> <li>(b) it if is a Federally Assisted Building where the mortgage may be prepaid, the requirement of Section 42(f)(5)(B) of the Code are met.</li> </ul> <p>(3) In all other cases, the Eligible Basis of an Existing Building is zero. However, for certain Federally Assisted Building or Buildings acquired from insured depository institutions in default, the Owner may apply for a waiver of the restrictions on the Placed-In-Service date described above, in accordance with Section 42(d)(6) of the Code.</p>
<p><b>Existing Building</b></p>	<p>A Building that has previously been Placed-In-Service.</p>
<p><b>Extended Low-Income Housing Use Period</b></p>	<p>For a Building means the period beginning with the first day in the Compliance Period when that Building is part of a “qualified low-income housing Project, “[Within the meaning of Section 42 of the Code] and ending exactly 30 years after, unless ended earlier under the provisions of the Regulatory Agreement (Extended Use Agreement).</p>
<p><b>Extended Use Period</b></p>	<p>For purposes of this paragraph, the term “extended use period” means the period –</p> <ul style="list-style-type: none"> <li>i. Beginning on the 1<sup>st</sup> day in the compliance period on which such building is part of a qualified low-income housing project, and</li> <li>ii. Ending on the later of – <ul style="list-style-type: none"> <li>I The date specified by such agency in such agreement, or</li> <li>II The date which is 15 years after the close of the compliance period.</li> </ul> </li> </ul>
<p><b>Farmworker</b></p>	<p>A household whose Income is derived from farm work in an amount not less than \$3,000 per year and which, at the time of initial occupancy at the Project, has an Income at or below 50% of the Area Median Gross Income.</p>
<p><b>Farm Work</b></p>	<p>Services in connection with cultivating the soil, raising or harvesting, or in catching, netting, handling, planting, drying, packing, grading, storing, or in preserving in its unmanufactured state any agriculture or aquaculture commodity: or delivering to storage, market, or a carrier for transportation to market or to processing any agricultural or aquacultural</p>

	commodity; or working in a processing plant and directly handling agricultural or aquacultural product.
<b>Federal Assistance</b>	Any Federal Funding used directly or indirectly for a Project during the Compliance Period.
<b>Federally Assisted Building</b>	Any Building that is substantially assisted, financed, or operated under: <ol style="list-style-type: none"> <li>(1) Section 8;</li> <li>(2) Section 221(d)(3) or Section 236 of the National Housing Act; or</li> <li>(3) Section 515 of the Housing Act of 1949.</li> </ol>
<b>Federal Subsidized</b>	A Building or Project or the operation of it that is financed directly or indirectly with a below-market federal loan or with a Loan whose interest is exempt from federal income tax under Section 103 of the Code.
<b>Floor Space Fraction</b>	<p>The fraction of a Project devoted to low-income housing. The numerator of this fraction is the total square footage of floor space in all Low-Income Housing Units in the Project, and the denominator is the total square footage of floor space in all Housing Units in the Project, whether or not occupied. Where the context requires, the Floor Space Fraction is determined Building by Building.</p> <p>For Projects that provide Housing Units for a Special-Needs Housing Set-Aside, Floor Space Fraction also includes the fraction of a Project devoted to the Special-Needs Housing Set-Aside you selected. The numerator of this fraction is the total square footage of floor space in all Special-Needs Housing Set-Aside Housing Units in the Project, and the denominator is the total square footage of floor space in all Housing Units in the Project, whether or not occupied.</p>
<b>For Use by the General Public</b>	A Housing Unit that is rented in a manner consistent with housing policy governing nondiscrimination, as evidenced by the rules or regulations of HUD. Any Housing Unit that is not available For Use by the General Public (other than a Common Area Unit) is <b>ineligible</b> for Credit. Furthermore, the Owner or any person or organization involved in any discriminatory housing practices may be liable under federal, state, or local law.
<b>Functionally Related and Subordinate Facilities</b>	Facilities that are reasonable required for the Project. These include, for example, heating and cooling equipment, trash disposal equipment or common areas, which includes Resident-use facilities such as swimming pools, other recreational facilities and parking areas, provided however, that those facilities are available for all Residents on a nondiscriminatory basis and are not Commercial Facilities.



<b>Gross Income</b>	The gross amount (before taxes or deductions) or wages, salaries, overtime pay, commissions, fees, tips, bonuses, and other compensation of all of the adults of the household.
<b>Gross Rent</b>	<p>The rent for a Low-Income Housing Unit, including Utility Allowances but excluding:</p> <ol style="list-style-type: none"> <li>(1) Any payments under Section 8 or any comparable rental assistance program;</li> <li>(2) Any fees for supportive services [within the meaning of Section 42(g)(2)(B)(iii) of the Code] paid to the Owner, on the basis of the low-income status of the Resident of the Housing Unit, by a governmental assistance program or a tax-exempt organization, if that program or organization gives assistance for rent and the amount given for rent is not separate from the amount given for supportive services; and</li> <li>(3) Rental payments to the Owner as far as an equivalent amount is paid to the RD under Section 515 of the Housing Act of 1949.</li> </ol> <p>Gross Rent includes minimal amounts paid toward purchase of a Housing Unit as described in Section 42(g)(6) of the Code. Gross Rent also includes amounts imposed on Residents for Required Services even if federal or state law requires that the services must be offered to Residents by an Owner. The amount of maximum Gross Rent is figured annually based on the Area Median Gross Income determined by HUD. The maximum Gross Rent for any year must be decreased if the Area Median Gross Income for the locality of the Project decreases, but that amount will not be reduced below the amount of Gross Rent established pursuant to Revenue Procedure 94-57.</p>
<b>Household</b>	The combined total of one or more Residents who occupy a Low-Income Housing Unit.
<b>Housing for the Homeless</b>	<p>In the Commission's Tax Credit Program, there are two categories of Housing for the Homeless. The first category is defined in Section 42 of the Code and is called "Transitional Housing for the Homeless." The second category was defined by the Commission and is referred to here as "Homeless Housing."</p> <p><b><i>Transitional Housing for the Homeless:</i></b></p> <p>A minimum of 10% or 20% of the Total Housing Units in the Project must be reserved for Transitional Housing for the Homeless. Each Housing Unit in a Building used for Transitional</p>

Housing for the Homeless must contain sleeping accommodations as well as kitchen and bathroom facilities. The Building must be used exclusively to ease the transition of homeless persons to independent living within 24 months. A Building must be 100% Transitional Housing if any Housing Unit in the Building is used for Transitional Housing.

A governmental body or Qualified Nonprofit Organization must manage and operate the building(s) that provide homeless individuals with temporary housing and Supportive Services designed to assist them in locating and retaining permanent housing.

***Homeless Housing:***

A minimum of 10%, 20,% or 75% of the Total Housing Units in the Project must be reserved for Housing for the Homeless. Unlike the first category, these units are not required to be located in a Building used exclusively for Homeless.

Each unit set-aside must serve Homeless Households as defined under the Stewart B. McKinney Homeless Assistance Act and must provide Supportive Services designed to promote self-sufficiency, meeting the needs of the target population. Support services must be provided throughout the regulatory term and are subject to annual compliance review.

**Units in this category of Housing for the Homeless must meet the IRS requirement that tax credit units cannot be used/rented on a Transient basis.**

**Housing Unit**

A Low-Income Housing Unit and/or Market Rate Housing Unit in a Building that is available for rent or rented by Residents. A Common Area Unit is not a Housing Unit. "Housing Unit" refers to all the Housing Units in a Project, unless the context clearly means all the Housing Units in a Building.

**HUD**

The U.S. Department of Housing and Urban Development.

**Imputed Household Size**

The number of people deemed living in a Housing unit determined by the number of bedrooms in the Housing Units, as follows:

	<u>Type of Housing Unit</u>	<u>Imputed Household Size</u>
	efficiency/studio (no separate bedroom)	1 person
	one bedroom	1.5 persons
	two bedrooms	3 persons
	three bedrooms	4.5 persons
	four bedrooms	6 persons
	five bedrooms	7.5 persons
	each additional bedroom	add 1.5 persons
<b>Income</b>	The income of one or more Residents as determined under Section 8 for lower income families.	
<b>ISR Form 8609</b>	The Internal Revenue Service form entitled “ <i>Low-Income Housing Credit Certification</i> ” issued by the Commission with respect to a Qualified Building. The Form 8609 establishes the maximum Credit for the Building available for use by the Owner of the Project.	
<b>IRS Form 8586</b>	The Internal Revenue Service form entitled “ <i>Low-Income Housing Credit</i> ” which is used by an Owner of a Building in a Project to claim Credit.	
<b>IRS Form 8823</b>	The Internal Revenue Service form entitled “ <i>Low-Income Housing Credit Agencies Report of Noncompliance</i> .” This form is completed by the Commission and given to the IRS when a Building is found to be in Noncompliance.	
<b>Job Training Partnership Act</b>	The federal job training and assistance program act for disadvantaged youth adopted as Public Law 97-300, 29 U.S.C. Section 1501 et. seq., as amended.	
<b>Large Household</b>	A group of four or more income qualified Residents who are not necessarily related and who live together in a Low-Income Housing Unit containing three or more bedrooms.	
<b>Large Household Unit</b>	A Low-Income Housing Unit containing three or more bedrooms which is occupied by four or more income qualified Residents who are not necessarily related.	
<b>Lease Rider</b>	The disclosure statement required by the Commission which is to be attached by the Owner to each Resident lease and rental agreement for all Low-Income Housing Units and all Market Rate Housing Units in a Project. The Lease Rider describes in general the rights of the Residents of a Project.	

<b>Legal Opinion</b>	An opinion of Counsel that expresses the Counsel’s conclusions regarding issues related to the Project.
<b>Limited Liability Company</b>	A limited liability company validly formed under any state.
<b>Limited Partner</b>	A member or associate of a Limited Partnership who is not liable for the obligation of the Limited Partnership <b>unless</b> that Limited Partner is also a General Partner or, in addition to the exercise of rights and powers as a Limited Partner, the Limited Partner participates in the control of the Limited Partnership.
<b>(a) Limited Partnership</b>	A Partnership formed by two or more persons under state law and having one or more General Partners and one or more Limited Partners.
<b>Low-Income Housing Set-Aside</b>	The selected percentage of Housing Units that are both Rent-Restricted and occupied by Residents whose Income is <u>at or below</u> the Minimum Low-Income Housing Set-Aside (subject to exception for initially qualifying Residents whose Income increases, as set forth in Sections 42(g)(2)(D), 142(d)(3), and 142(d)(4) of the Code).
<b>Low-Income Housing Tax Credit Program</b>	The Commission’s program for allocating credit and taking other action related to projects for which an Owner claims or plans to claim credit.
<b>Low-Income (“affordable”) Housing Unit</b>	A Housing Unit that meets the definition of a Qualified Low-Income Housing Unit. In addition, all Housing Units in the Additional Low-Income Housing Set-Aside are Low-Income Housing Units. Common Area Units are not included.
<b>Management Team</b>	All persons and organizations involved in the operation and management of the Project, including the Owner, property manager, and on-site resident manager.
<b>Market Rate Housing Unit</b>	A Housing Unit that does not meet the definition of a Low-Income Housing Unit.
<b>Material Participation/ Materially Participating</b>	<ol style="list-style-type: none"> <li>(1) Participation in the development of the Project on a regular, continuous, and substantial basis as defined in Section 469(h) of the Code; <u>and</u></li> <li>(2) Participation in the operation of the Project throughout the Compliance Period on a regular, continuous, and substantial basis as defined in Section 469(h) of the Code.</li> </ol>

**Minimum Low-Income Housing Set-Aside**

The minimum percent required under Section 42(g) of the Code of Housing Units in the Project to be both Rent-Restricted and occupied by Residents whose Income is at or below a certain percentage of Area Median Gross Income (subject to exception for initially qualifying Residents whose Income increases, as set forth in Sections 42(g)(2)(D), 142(d)(4) of the Code). For purposes of Section 42(g) of the Code, the Owner must select a Minimum Low-Income Housing Set-Aside of either:

- (1) 20% or more of the Total Housing Units must be both Rent-Restricted and occupied by Residents whose Income is at or below 50% percent of the Area Median Gross Income; or
- (2) 40% or more of the Total Housing Units must be both Rent-Restricted and occupied by Residents whose Income is at or below 60% of the Area Median Gross Income.
- (3) The Income limits for the selected Minimum Low-Income Housing Set-Aside will apply to any Low-Income Housing Unit in the Project. You may, however, commit to making greater percentages of Housing Units both Rent-Restricted and occupied by Residents meeting the above Income limits or making Housing Units available to Residents with Income below the above limits.

**Noncompliance**

A failure to observe or perform any covenant, condition or term of any agreement between you or the Owner and the Commission, or failure to meet the requirements of Section 42 of the Code, the *Policies*, or the Tax Credit Program.

**Nonprofit Organization**

An organization organized and operated exclusively for Charitable Purposes which is tax-exempt under Section 501(a) of the Code. Examples of these are organizations described in Sections 501(c)(3) and 501 (c)(4) of the Code. A Nonprofit Organization also includes public housing and public development corporations, authorities and agencies that are tax-exempt. An organization that believes it is exempt under Section 501(a) should recognize that the presence of a single nonexempt purpose, if substantial, may destroy the organization's tax-exempt status, regardless of the number or importance of truly exempt purposes.

**Furthermore, a Nonprofit Organization should be aware that participation in the Tax Credit Program may jeopardize its tax-exempt status. Nonprofit Organizations should consult with legal counsel regarding the risks and issues involved with its participations.**

**Official Intent Declaration (OID)**

The preliminary inducement action, or the first official step in order for a developer to participate in the Commission's bond financing programs. It does not legally bind the Commission to issue bonds. The developer of

the Project cited in the OID can then apply any future bond proceeds against Project costs incurred in accordance with IRS rules referencing the date the OID was adopted. Once the OID is adopted, further agreements could be negotiated prior to the issuance of bonds. The OID does not bind the Commission to fund the Project. This is also referred to as an OAR (Official Action Resolution) number. The OID and OAR number is also used as a project-specific identifier for tracking/servicing purposes.

**Optional Services**

The furnishing of Services to Residents where payment for the Service is not required as a condition of occupancy. The costs paid by Residents who choose to receive Optional Services is not included in the Gross Rent. An example of an Optional Service is the cost of meals in a Building with a common dining facility if payment for the meals in the facility is not required as a condition of occupancy and a practical alternative exists for Residents to get meals other than from the dining facility.

**Owner/Ownership**

The legal Owner of record of the Project and its successor(s) in interest in the Project. It also includes:

- (1) You and any purchaser, grantee, Transferee, Owner, or lessee of any portion of the Project,
- (2) The heirs, executors, administrators, devisees, successors, and assigns of any purchaser, grantee, Transferee, Owner, or lessee of any portion of the Project, and
- (3) Any other person or entity having any right, title, or interest in the Project.

Owner does not include an individual who is merely a Resident of the Project. "Owner" also includes any predecessor in interest in the Project which submitted the Application to the Commission or entered into the Credit Reservation Contract, the Carryover Allocation Contract, and/or the Regulatory Agreement (Extended Use Agreement), if applicable, in regards to the Project.

**Placed-In-Service (PIS)**

- (1) For a New Building or Existing Building used as Residential Rental Property, the date on which such Building is ready and available for its specifically assigned function as evidenced by a certificate of occupancy, OR
- (2) For Rehabilitation Expenditures that are treated as a separate New Building, the twenty four (24) month period over which such Rehabilitation Expenditures are aggregated.

<b>Policies (formerly the Commission’s “Program Guidelines”)</b>	The written interpretive and policy statements issued by the Commission pursuant to RCW 34.05.230(1) and relating to the <i>Qualified Allocation Plan</i> , WAC 262-01-130, and the Tax Credit Program. The <i>Policies</i> include requirements that are more stringent than those under Section 42 of the Code.
<b>Program Conditions</b>	Requirements adopted by the Commission that must be followed in order to participate in the Tax Credit Program.
<b>Project (or “property”)</b>	The Land and one or more Buildings, structures, or other improvements constructed or located upon the Land. If more than one Building is part of the Project, each Building must be financed under a common plan and identified as required under Section 42(g) of the Code.
<b>Project Compliance Period</b>	<p>The period beginning with the Year a Building in a Project is Placed-In-Service and continuing until the <b>latest</b> of the following periods for each Building in the Project:</p> <ol style="list-style-type: none"> <li>(1) The Compliance Period;</li> <li>(2) The Extended Low-Income Housing Use Period;</li> <li>(3) The Additional Low-Income Housing Use Period; or</li> <li>(4) The Three-Year Period</li> </ol>
<b>Project Monitoring</b>	The activities, investigations and undertakings of the Commissions, its designees, agents or assigns to make sure a Project conforms to the terms, conditions, obligations and restrictions of the Tax Credit Program, the Credit Reservation Contract, the Carryover Allocation Contract, the Regulatory Agreement (Extended Use Agreement) and Section 42 of the Code.
<b>Project Transfer or Assignment</b>	<p>Any direct or indirect sale, contribution, assignment, lease, exchange, or transfer of, or other change in:</p> <ol style="list-style-type: none"> <li>(1) An interest in the Land, the Project, or any Building;</li> <li>(2) An Ownership interest in the entity that is the Applicant or the Owner (or a successor thereof); or</li> <li>(3) The right, title, or interest of the Applicant or Owner (or any successor thereof) in the Application, the Credit Reservation Contract, the Carryover Allocation Contract, the Regulatory Agreement, or any other agreement in which the Commission and the Applicant or Owner (or any successor thereof) are parties.</li> </ol>

	All Project Transfers or Assignments require the prior written consent of the Commission and the payment of a Transfer Fee. The requirements and procedure for obtaining the Commission's prior written consent are set forth in the Commission's Tax Credit Policies.
<b>Qualified Allocation Plan</b>	A plan for allocating Credit adopted by the Commission in accordance with Section 42(m) of the Code.
<b>Qualified Basis</b>	An amount equal to the Applicable Fraction, determined as of the end of a Year, of the Eligible Basis of a Building that is determined in accordance with Section 42(c)(1) of the Code.
<b>Qualified Building</b>	A Building that meets the terms, conditions, obligations, and restrictions of the Tax Credit Program, the Credit Reservation Contract, Carryover Allocation Contract, and Section 42 of the Code for an Allocation.
<b>Qualified Low-Income Housing Project</b>	A Project of Residential Rental Property where an applicable percentage or more of the Total Housing Units, based on the lesser of the Unit Fraction or Floor Space Fraction, are both Rent-Restricted and occupied by Residents whose income is at or below the level selected as the Minimum Low-Income Housing Set-Aside. This is subject to the exception for initially qualifying Residents whose Income increases, as set forth in Sections 42(g)(2)(D) and 142(d)(3) and (4) of the Code.
<b>Qualified Low-Income Housing Unit</b>	<p>Qualified Low-Income Housing Unit means a Housing Unit that is both Rent-Restricted and occupied by Residents whose Income is at or below the applicable percent of the level selected as the Minimum Low-Income Housing Set-Aside. However:</p> <ol style="list-style-type: none"> <li>(1) A Housing Unit shall constitute a Qualified Low-Income Housing Unit only if it is suitable for occupancy, taking into account local health, safety, and Building codes, and is used other than on a Transient Basis (except in the case of Transitional Housing), all as determined under Section 42(i)(3) of the Code;</li> <li>(2) A Housing Unit in any Building that has four or fewer Units shall not constitute a Qualified Low-Income Housing Unit if any Unit is occupied by an Owner or a related person (within the meaning of Section 42(i)(3)(C) of the Code), unless that Building is described in Section 42(i)(3)(E) of the Code; and</li> <li>(3) A Housing Unit shall not be considered to be a Qualified Low-Income Housing Unit if all Residents in the Housing Unit are students (as defined in Section 151(c)(4) of the Code), none of whom file a joint income tax return unless such students are recipients of aid for dependent children benefits, enrolled in a job training program under the Job Training Partnership Act or</li> </ol>



<b>Qualified Low-Income Resident</b>	<p>similar federal, state, or local program, or unless such students are single parents and their children and such parents and children are not dependents (as defined in Section 152 of the Code) of another individual.</p> <p>Individuals who are members of lower-income households as determined under Section 8 of the U.S. Housing Act of 1937, as amended, except that the percentage of the Area Median Gross Income that qualifies as low-income shall not exceed the applicable Minimum Low-Income Housing Set-Aside election (i.e., 50% or 60%). This calculation shall be adjusted based upon an Imputed Household Size. Residents of a Housing Unit are considered low-income only if their adjusted gross Income, [computed in the manner prescribed by Treasury Regulation Section 1.167(k)-3(b)(3)] does not exceed the applicable Minimum Low-Income Housing Set-Aside election (i.e., 50% or 60%) of the Area Median Gross Income. However, a Resident of a Housing Unit cannot be considered a Qualified Low-Income Resident if all are students, as defined in Section 151(c)(4) of the Code, none of whom file a joint income tax return under Section 6013 of the Code unless those students receive aid for dependent children benefits or are enrolled in a job training program under the Job Training Partnership Act or a similar federal, state, or local program.</p>
<b>Qualified Project/Property</b>	<p>A Project that meets the terms, conditions, obligations and restrictions of the Tax Credit Program, the Credit Reservation Contract, Carryover Allocation Contract and Section 42 of the Code for an Allocation.</p>
<b>Qualified Tax-Exempt Bond-Financed Project (or Bond Project)</b>	<p>A Project in which a portion of the Eligible Basis of a Building is financed with certain tax-exempt bonds, as described in Section 42(h)(4)(A) and (B) of the Code.</p>
<b>RD/Rural Development</b>	<p>The U.S. Department of Agriculture Rural Development [formerly Farmers Home Administration (FmHA)] or Rural Housing Services.</p>
<b>Referral and Marketing Agreement</b>	<p>An agreement between an Owner and an organization that provides services to Large Households, persons with Disabilities, the Elderly or other targeted Special-Needs Groups.</p>
<b>Regulatory Agreement [or Regulatory Agreement (Extended Use</b>	<p>The extended use agreement and amendments thereto, if any, that is required to be executed by the Owner and recorded in first lien position, which imposes terms, conditions, obligations, restrictions, covenants, representations, and warranties that run with the Land and are binding and a burden upon the Land and Project and all portions of it, and upon:</p>

**Agreement)]**

- (1) Any purchase, grantee, transferee, Developer, Owner, or lessee (other than a Resident) of any portion of the Project;
- (2) Any other person or entity having any right, title, or interest in any portion of the Project;  
and
- (3) The heirs, executors, administrators, legal representatives, devisees, successors, and assigns of any of the foregoing persons or entities.

The extended use agreement is intended as a “long-term commitment to low-income housing” as required by Section 42(h)(6) of the Code and the requirements of the Tax Credit Program.

**Rent-Restricted**

This means that the Gross Rent of a Low-Income Housing Unit does not exceed 30% of the applicable income limitation adjusted for the Imputed Household Size. The income limitation is determined by either:

- (1) The Minimum Low-Income Housing Set-Aside, or
- (2) The Additional Low-Income Housing Set-Aside,

As the case may be, for that Low-Income Housing Unit. This is Subject to the exception in Section 42(g)(2)(E) of the Code. This relates to certain Housing Units where federal rental assistance decreases as Resident Income increases.

**Required Services**

Services that are required as a condition of occupancy. The costs to Residents for those Services must be included in Gross Rent even if federal or state law requires that the Services must be offered to Residents by an Owner.

**Resident**

A person or Household (other than an Owner) residing in a Low-Income Housing Unit or Market Rate Housing Unit.

**Residential Rental Property**

Means a Building or Project, together with any Functionally Related and Subordinate Facilities, containing one or more similarly constructed Housing Units, that are rented for use on other than a Transient Basis and made available For Use By the General Public. Substantially all of each Project must contain those Housing Units and Functionally Related and Subordinate Facilities. Hotels, motels, dormitories, fraternity and sorority houses, nursing houses, sanitariums, rest homes, and mobile home parks and courts for use on a transient basis are not Residential Rental Property. Property may still be considered Residential Rental Property if part of the Building is used for purposes other than Residential rental purposes or if Residents make minimal payments

	toward buying Units in a building (as described in Section 42(g)(6) of the Code).
<b>Revenue Ruling</b>	An official interpretation of the tax laws by the IRS published in the Internal Revenue Bulletin.
<b>Rules</b>	The rules adopted by the Commission governing the Tax Credit Program as codified at Washington Administrative Code 262-01-130.
<b>Scattered Site Project</b>	A group of Buildings that would but for their not being near one another be treated as a Project provided, however, that all the Housing Units in all the Buildings are Rent-Restricted and that those Buildings are owned by the same Owner for federal income tax purposes and the Buildings are financed in accordance with a common plan.
<b>Section 8</b>	Section 8(c)(2)(A) of the U.S. Housing Act of 1937, as amended. Or, if that program ends, under the program in effect immediately before that program ends.
<b>Services</b>	Activities and programs provided to a Resident that are in addition to the furnishing of a Housing Unit.
<b>Special-Needs Group</b>	A group identified by the Commission that requires special targeting under the Tax Credit Program because of a lack of rental housing, including Large Households, the Elderly, persons with Disabilities, Transitional Housing, and Farm Workers.
<b>Special-Needs Housing Commitments</b>	The specified percentage of Housing Units that are set aside for occupancy by Residents who are in a Special-Needs Group.
<b>Supportive Services</b>	Any service under a planned program of services to enable Residents of a Project to remain independent and avoid being placed in a hospital, nursing home, or intermediate care facility. For a Building that provides Transitional Housing, this includes any services to assist Residents in locating and obtaining permanent housing.
<b>Student</b>	An individual who is a full-time student at an educational organization which normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, for 5 calendar months during a calendar year. "Full-time" is determined by the normal rules of the educational organization. It is permissible for one or more full-time students to be part of an otherwise qualified household or for part-time students to be part of a qualified household, but <b>if all the</b>

	<p><b>residents of a unit are full-time students, the unit will not be eligible for tax credits unless the students fall within specified exceptions. See Code Section 151(c)(4) for full explanation.</b></p>
<p><b>Tax Credit Compliance Workshop</b></p>	<p>The training seminar conducted by the Commission and/or its agents or representative that is held for Applicants and their representatives and that provides information on the requirements for owning, operating, and managing the Project in compliance with the Code and the Tax Credit Program.</p>
<p><b>Tax-Exempt Bond-Financed Project</b></p>	<p>A Project financed by obligations that generate federally tax-exempt interest under Section 103 of the Code if that obligation is taken into account under Section 146 of the Code. Principal payments on that financing must be applied within a reasonable period to redeem those obligations.</p>
<p><b>Three-Year Period</b></p>	<p>For a Building, this means:</p> <ol style="list-style-type: none"> <li>(1) The three years following the date of acquisition of that Building by foreclosure of forfeiture under a deed of trust, mortgage, or real estate contract or by deed in lieu of foreclosure; or</li> <li>(2) In those circumstances where the Owner has properly and timely submitted to the Commission a Purchase Request, the Three-Year Period commencing upon expiration of the one-year period following the Commission’s receipt of the Purchase Request. Generally, the Commission has one year after receipt of a Purchase Request to present to the Owner a Qualified Contract for the purchase of the Owner’s interest in a Building. If the Commission fails to do so, the Regulatory Agreement (and all of its restrictions and limitations on the use of the Building) will terminate at the end of the Three-Year Period following the one-year period.</li> </ol>
<p><b>Total Housing Units</b></p>	<p>All Housing Units in the Project including both Market Rate and Low-Income Housing Units. Common Area Units are not included. All percentages of Total Housing Units in the Project are based on the <u>lesser</u> of the Project’s Floor Space Fraction (square footage of the Total Housing Units) or Unit Fraction (number of Total Housing Units) unless otherwise specifically noted.</p>
<p><b>Transfer Packet</b></p>	<p>The set of forms, documents and other information compiled by the Commission and sent to a party who is requesting the Commission’s written consent to a proposed Project Transfer or Assignment. A Transfer packet includes, (1) instructions, (2) forms and a list of documents and information that must be completed and returned to the Commission,</p>

	<p>including a form entitled “Agreement Regarding Transfer of Project Interest,” and (3) a description of other requirements that must be satisfied in order to obtain the Commission’s consent to a Project Transfer or Assignment. The Commission may establish other requirements for, or conditions to, a Project Transfer or Assignment that are not described in the Transfer Packet.</p>
<p><b>Transient/ Transient Basis</b></p>	<p>A Housing Unit that does not have a minimum initial lease term of six months or that does not meet the definition of Transitional Housing. A single-room occupancy unit shall not be treated as used on a Transient Basis merely because it is rented on a month-by-month basis.</p>
<p><b>Transitional Housing</b></p>	<p>A Housing Unit that contains sleeping accommodations and kitchen and bathroom facilities and is located in a Building:</p> <ol style="list-style-type: none"> <li data-bbox="438 787 1395 997">(1) That is used <u>exclusively</u> to facilitate the transition of homeless individuals [within the meaning of Section 103 of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11302), as in effect on November 5, 1990] to independent living within 24 months, and</li> <li data-bbox="438 1008 1395 1155">(2) Where a governmental body or Qualified Nonprofit Organization provides those individuals with temporary housing and Supportive Services to assist them in finding and keeping permanent housing.</li> </ol>
<p><b>Treasury Regulations (or Regulations)</b></p>	<p>The temporary, proposed or final regulations, as amended, published by the U.S. Department of the Treasury under the Code.</p>
<p><b>Unit</b></p>	<p>See Qualified Low-Income Housing Unit.</p>
<p><b>Unit Fraction</b></p>	<p>The fraction of a Project devoted to low-income housing. The numerator of this fraction is the number of Low-Income Housing Units in the Project, and the denominator is the number of Housing Units in the Project, whether or not occupied. Where the context requires, the Unit Fraction is determined Building by Building.</p> <p>For Projects that provide Housing Units for a Special-Needs Housing Set-Aside, Unit Fraction also includes the fraction of a Project devoted to the Special-Needs Housing Set-Aside you selected. The numerator of this fraction is the number of Special-Needs Housing Set-Aside Housing Units in the Project, and the denominator is the number of Housing Units in the Project.</p>

**Utility Allowance**

As described more fully in Treasury Regulation 1.42-10, this means a dollar amount, representative of utility expense (other than telephone), that is Credited against the maximum Gross Rent that may be lawfully charged for a Low-Income Housing Unit under Section 42 of the Code. The amount of the Utility Allowance is determined by the Secretary and is applicable to those Low-Income Housing Units in which the Resident pays his or her own utilities unless otherwise described below. The Utility Allowance has the effect of reducing, by the dollar amount of the Utility Allowance, the amount of rent that is actually paid by the Resident of the Low-Income Housing Unit (i.e., the actual rent cannot be greater than the maximum Gross Rent less the Utility Allowance).

**WAC**

The Washington Administrative Code.

**You (“you”)**

The Owner. This applies to any forms of the word in the Manual, such as “you”, “your” or “yours.”