

Reporting & Records Retention

Summary

At least annually, Owners must provide certain reports and forms to the Commission. All reports and forms — including samples and detailed instructions for filling out each document - can be found on our website.

By **January 31st** each year, Owners must submit an Annual Report for each property, comprised of the following documents:

1. *Owner Annual Certification* (filled out, signed and dated by Authorized Signer).
2. Table 1 (Tenant Activity Report) in WBARS.
3. Table 5 (Extended Vacancy/Rent-Ready Report) in WBARS (if triggered by extended vacancies in Table 1).
4. Utility allowance schedules that cover the entire reporting year (January through December).
5. Special Needs Commitments reports as noted in (a), (b), or (c) below, if applicable:
 - a) *Special Needs Vacancy Report* (if applicable)
 - b) *Farm Work Move-in Report* (if applicable)
 - c) *Homeless/Transitional Report* (if applicable)
6. Household Certification Packages (details of required documents for certification packages are outlined on our website).

By **June 30th** each year, Owners must submit the Table 4 (Operating Income & Expense Report) for each property in WBARS.

Owner Annual Certifications

As the allocating agency for tax credits in the state of Washington, the Commission is responsible for monitoring properties that are financed through the Low-Income Housing Tax Credit program. Compliance reports are designed to meet this requirement in the most effective manner possible, monitoring both federal and state commitments made by the Owner in the property's Regulatory Agreement. Each year, Owners certify information about their properties to the Commission for review. A brief explanation of each form follows.

Owner Annual Certifications (Continued)

Annual Report

1. **Owner Annual Certification:** A report where Owners certify concerning specific information about their property. This form is generated from our database and sent to Owners in December of each year. It is due by January 31st of each year. The form must be filled out, signed and dated by the Authorized Signer each year. Check with your property's Portfolio Analyst if you don't know who the Authorized Signer is for your property. Note that the ***Owner Annual Certification*** can be signed electronically as long as the electronic signature clearly displays unique information related to the signature.
2. **Table 1, Tenant Activity Report:** Generated in the Web-Based Annual Reporting System (WBARS) where Owners provide information on all Households in the property including move in and move out dates; recertification dates; annual incomes of each Household; and actual rents and utilities charged. Due January 31st of each year.
3. **Utility Allowance Schedule(s):** Utility allowance schedules must be provided for all Household-paid utilities and must cover the entire reporting year from January through December. Utility allowance amounts and sources set up in WBARS should match those on the utility schedule(s) submitted with your annual report. The specific types of utilities present in the property (type of heat, for instance) should be circled on the schedules if there are different utilities available at the property. Due January 31st of each year.
4. **Table 5, Extended Vacancy/Rent Ready Report:** Generated in WBARS, where Owners provide information about units that have been vacant or offline for extended periods of time. The report is required if one or more unit record exceeds a certain number of days vacant on Table 1. If no vacant units trigger the number of days vacant validation, then this report will not be required. **This WBARS report replaces the Commission's previous Excel-based extended vacancy report. Due January 31st of each year (if applicable).**
5. **Table 4, Operating Income and Expenses Report:** Generated in WBARS where Owners provide property income, expense, debt and reserve information. Due June 30th of each year.

Special Needs Vacancy Report

This report must be completed if the required number of Special-Needs units was NOT met by the end of the reporting year. The ***Vacancy Report*** can only be used after the units have been *initially* rented to Special-Needs Households and the units are now vacant. This Report confirms that units were held vacant in a rent-ready condition for a minimum of 30 days, and

that advertising targeted to Special-Needs groups was also carried out.

Requirements of the Report also include providing a copy of the rent roll for affected units to show they were indeed vacant for a full 30 days. This report is due January 31st of each year and should be submitted with the annual report.

Farm Work Move-in Report or Homeless/Transitional Report

These reports must be completed for properties with these Commitments so the Commission can determine if the set-aside is being applied properly.

These reports are due January 31st of each year.

Please review each report's instructions for more information on how to properly complete them.

Resident Certification Packages

Packages should include all the forms management must complete to certify each Household to meet tax credit requirements. There are three basic forms to certify Households:

1. ***Eligibility Certification (HEC)***. A summary of household information, income and asset calculations. This form is completed and signed by property representatives.
2. ***Rental Eligibility Application (REA)***. A Household questionnaire and certification regarding each member's income and assets and Student Status to verify the Household's eligibility for a tax credit unit. This form is completed and signed by all adult members of the Household. The form may also be witnessed/signed by the property manager.

Self-Certification of Annual Income. Can be used in place of 1 & 2 for a Household to self-declare household composition, income and Student Status at all recertifications after initial move-in (at 100% affordable properties only).

Demographic Data Collection

In 2008, federal legislation was passed that allowed HUD to require that state housing finance agencies request certain Household demographic data from Owners on all Tax Credit-financed properties. This includes information on race, ethnicity, family composition, age, and income, use of rental assistance, disability status, and household rent payments, for all qualified units.

The Commission asks Owners to collect this information by having all Households complete the *Household Demographics* form at the time of new move-in. Owners are then asked to enter the data into WBARS for each

**Supporting
Documentation
Forms, including
Levels 3 and 2
Verification**

Household member. The form itself should **not** be submitted to the Commission.

The Commission provides forms that may be used to verify specific Resident information such as employment status, unemployment benefits, self-employment, SSI benefits, assets and Student status, among other things. If any of a Household's income or assets cannot be verified with Level 5 or Level 4 verification, then property managers should use the Commission's verification forms to confirm the declared income and/or assets.

There may be some situations where use of a Commission verification form is always required (such as when verifying Student Status). Please review Chapter 5 of this Manual as well as the compliance forms on our website to determine which forms are required and under what circumstances.

If a tax credit property is required to verify household information for a HUD or Rural Development housing program, that property may use corresponding HUD/RD forms to verify household member information, including income and assets, in place of using the Commission's forms.

Income Verification Forms

- ***Employment Verification.*** Used to verify a Resident's employment information (wages, tips, when started, etc.). To be completed by employer for any wage-earning household member 18 years of age or older, any emancipated minor, or any 17 year old turning 18 within 12 months of the certification date.
- ***Income Verification/Clarification by Telephone.*** Used to clarify another income verification form when that form is returned with incomplete or confusing information. The form can also be used in combination with a pay stub or other back-up documentation to verify income if Level 5 or Level 4 verification is inconclusive or contradictory.
- ***Self-Employment Verification.*** Form that summarizes basic information for those with a personal business. The most recent tax return or profit & loss statement must be attached. (*Required for all self-employed Residents*).
- ***Self-employment Income Worksheet.*** This is not a verification form. Management staff may use this form to calculate income received from a Resident's business.

- **Public Assistance Verification.** Used for Residents who are receiving any kind of public assistance from the government.
- **Unemployment Benefits Verification Request.** Used for Residents who receive unemployment benefits. Unemployment benefits must be annualized even if Employment Security notes that the claimant is not eligible for further benefits as of a specific date.
- **Seasonal Worker Statement.** Used to certify what income the Resident intends to earn during a primary job's off season.
- **Military Pay Verification Request.** Used to verify employment for Residents who receive military income. A copy of the Resident's most recent Leave and Earnings Statement may be substituted for this form; however, an additional verification of the clothing allowance must accompany the L.E.S.
- **Pension Verification Request.** Used to verify income for Residents who receive a pension or annuity.
- **Annuity or Stock Verification Request.** Used to verify income for Residents who receive income from an annuity or stocks.
- **Gift Affidavit.** Used to verify income from **ongoing** gifts. This form may be completed either by the gift donor or the Resident. This form is not to be used to verify a one-time gift.

Asset Verification Forms

- **Deposit Verification Request.** Used for Households with savings, checking, money market account, certificate of deposit or any other type of bank accounts where the combined net family assets exceed \$50,000 (as adjusted annually by HUD for inflation).
- **Real Estate Evaluation Worksheet.** This is not a verification form per se, but can be used to calculate income derived from cash value of real property.
- **Cash On Hand Affidavit.** Can be used to verify cash on hand if net family assets exceed \$50,000 (as adjusted annually by HUD for inflation) and a declared cash on hand amount needs to be certified.

Student Verification Forms

- ***Student Status and Student Financial Assistance Verification.*** Used to verify the Student status – fulltime or part-time – of a Resident (*Required for all adult [18+] Residents who indicate Student Status in a household comprised solely of fulltime students. Also required for any dependent student who is working and attending school fulltime to only count \$480 of earned income.*)

Is also used when a fulltime or part-time student has indicated they receive Student Financial Assistance.

- ***Student Exception Affidavit.*** To be completed by a single parent head of household to certify that s/he is not the dependent of another person – only use if head of household cannot provide a federal tax return to show independence (*Required for fulltime Student Household wishing to qualify for the single parent with dependents exception*)
- ***Foster Care Verification.*** Used to verify Resident was in a foster care program for purpose of qualifying a Fulltime Student.
- ***Fulltime Student Job Training Exception Verification.*** Used to verify that a Resident is enrolled in a qualified job-training program for the purpose of qualifying a Fulltime Student.

Other Forms

- ***Identification Certification.*** This form should be completed by all Household adults who *a)* do not have a Social Security number, *b)* do not have an acceptable document to verify their Social Security number, or *c)* provide identification documentation other than a Social Security number
- ***Authorization (optional).*** Management may use this form to have applicant/Resident authorize them to check information necessary to qualify the Household for the Tax Credit program.
- ***Pregnancy Self-Certification.*** If an applicant/Resident claims to be pregnant, Owners must allow the Resident to write a statement certifying such. Owners are not allowed to require the Resident to get medical verification of the pregnancy; they must accept the self-certification as sufficient documentation.

- ***Estrangement Certification.*** If an applicant/Resident confirms that s/he's separated from a spouse but not divorced, s/he should complete the Commission's ***Estrangement Form*** to certify that s/he understands the potential income-related consequences of moving a new adult into the qualified household (if s/he reconciles with the estranged spouse).

*Note that a spouse **not** living in the qualified household, and **not** estranged from the head of household, should be considered a "temporarily absent family member." This means that property management staff must count the absent spouse's income when determining if the household qualifies for housing.*

- ***Live-in Aide Agreement.*** If the necessity of a Live-in Aide has been confirmed by an appropriate third party, the head of household, property representative and the approved Aide must all sign/date this form.

Commission Special-Needs Commitments Verification Forms

- ***Disability Certification.*** Used to determine Disabled status of Households residing at properties which elected the Special-Needs Housing Commitment for persons with Disabilities. *(Required to be completed at move-in by all Households at Properties with the Special-Needs Commitment for persons with Disabilities, whether or not the Household meets the Disabled Commitment)*
- ***Disability Verification.*** Used to provide acceptable verification of Disabled status at properties which elected the Special-Needs Housing Commitment for persons with Disabilities. *(Required at move-in for those Households who claim the status of Disabled)*
- ***Farm Work Household Initial Certification.*** Used to determine whether a Household meets the requirement of the Farm Work Commitment at properties which elected a Farm Work Commitment. The principal occupation of all Households at these properties must be Farm Work. *(Required for all Households at properties with a Farm Work Commitment)*
- ***Farm Work W2 Certification.*** Used to determine income of Residents at properties with a Farmworker Commitment whose income cannot be verified adequately by contacting their present employer[s]. This form is completed by the Household and witnessed by site staff. *(Required for Residents at Farm Worker properties who, due to the nature of their employment, cannot verify their income adequately through their present employer[s].)*

IRS Forms 8609, Schedule A and 8586

Annual Recertifications for 100% Low- Income Tax

- ♦ **Homeless Certification.** Used to certify the status of Households claiming Homeless status in a property with a Homeless or Transitional Special-Needs Commitment. The top part of the form is completed by the head of the Household and the bottom part is completed by the appropriate service provider.

Lease Rider form for Tax Credit Properties

Used to inform prospective Residents of Tax Credit program requirements and to notify Residents that annual recertification is required. It **must be attached** to all Resident leases. **Always use the most current** Lease Rider posted on the Compliance website.

The Owner must provide the Commission copies of all Form 8609 and Schedule A's for each building **for the first year in which credit is claimed.** The forms must be filled out completely and executed (signed by the Owner and the Commission) at both the top and the bottom of the form. 8609s must be filed with the IRS and the Commission within 6 months after the end of the first credit year. After the first year submission, Owners may file electronically and do not need to send copies to the Commission in subsequent years.

Owners must also provide copies of any and all notices, correspondence or other documentation received by the IRS concerning the property. This documentation must be received within 15 days of the Owner's receipt of the notice or correspondence.

For 100% income- and rent-restricted tax credit properties, Section 42 no longer requires that third-party recertifications of Residents be completed on an annual basis for the duration of their tenancies.

The Commission requires that all qualified Households be annually recertified to confirm household composition, income, and Student Status. At 100% affordable properties, this annual recertification requirement can be satisfied by having each qualified Household self-declare this information by completing the Commission's *Self-Certification* form.

Credit Properties

The effective date of a Resident's recertification is always the anniversary date of their lease commencement date. Recertifications should be started 120 days prior to the effective date of the recertification.

Example: Sam Smith signed a six-month lease and moved into the Golden Arms Apartments effective February 1, 2018. Sam is still in the same unit one year later. The property management agent completed the recertification effective March 1, 2019. The unit is not in compliance because the recertification date should have been February 1, 2019.

Use of Self-Certification of Annual Income Form

Note that the self-certification process is allowed at all 100% affordable projects, whether they are prior to or beyond Year 15 in the life of the project.

Use of the *Self-Certification* form does not imply that the Student Rule is relaxed at tax credit properties after the first recertification. The Commission continues to monitor **every** tax credit project for compliance with the Fulltime Student rule **for the duration** of the Regulatory Agreement. Owners must continue to use the *Student Certification* and *Verification* forms as needed for **every** qualified Household for **every** year of the tenancy.

Owner's Annual Certification

Owners will be expected to certify on the *Owner's Annual Certification* that all previous calendar year initial move-in certifications, as well as recertifications, were completed properly and that all Households were income-qualified at initial move-in. Further, Owners will be expected to certify that no adult members were added to any Household in the first six months of its tenancy. For any adult Household additions during the first six months of occupancy, the Owner will certify that the entire Household was re-income qualified as a new move-in.

HUD/RD

Note: Properties receiving funding from HUD or Rural Development are required to be in compliance with any more restrictive recertification rules as required by HUD/RD.

**Annual
Recertifications
for Mixed
Income
Properties**

For tax credit properties with market rate units, Section 42 requires that third-party recertifications of Residents be completed on an annual basis for the duration of their tenancies.

Failure of these properties to annually third-party recertify their Residents will be cause for reporting to the IRS.

**Record
Retention**

The Owner must retain original records for all Households that occupied units in a building during the first credit year. Records must be kept for at least six years beyond the *last year of the Compliance Period* of the building; this means the records must be kept for at least 21 years.

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 the 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 (i.e., following any additional low-income use period and the applicable three-year period thereafter).

The Commission recommends that Owners keep a copy of all records in a secure off-site location. Records may be retained electronically, but they must be reproducible per IRS regulations.

Authority:

IRS Revenue Procedure 97-22