

SPECTRUM SEMINARS, INC.
Web Page: www.spectrumseminars.com
email: info@spectrumseminars.com
Fax: 207-767-2200



SPECTRUM ENTERPRISES, INC.
Web Page: www.spectrumlihtc.com
email: info@spectrumlihtc.com
Fax: 207-767-1620

545 Shore Road
Cape Elizabeth, ME 04107
(207) 767-8000

April 28, 2009

To: All Owners and Managers of LIHTC Properties in Hawaii
From: Spectrum Enterprises, Inc. as Authorized Delegate for the HHFDC
Re: Low Income Housing Tax Credit Program
Changes in Annual Certification Procedures

The following is primarily from the 2009 revision of the Hawaii Low Income Housing Tax Credit (LIHTC) Compliance Manual.

Recent changes in IRS regulations no longer require annual certifications for properties that are 100% tax credit. Allocating agencies can still require annual certifications and the HHFDC is no exception.

FOR 100% TAX CREDIT PROPERTIES:

HHFDC requires that recertification of residents be completed at least on an annual basis (although failure to recertify tenants on an annual basis is no longer cause for the issuance of IRS Form 8823). What is required has changed significantly. Every LIHTC household is expected to undergo a complete annual recertification *the year following move-in*. Subsequent years require a self-certification. The self certification forms for both income and student status may be found online at www.spectrumlihtc.com.

The HHFDC can require properties that have rented to ineligible households or demonstrated inadequate certification/documentation procedures to revert to full annual recertification procedures as with properties containing market units.

FOR PROPERTIES WITH MARKET UNITS:

Section 42 states: "The determination of whether the income of a resident exceeds the applicable income limit shall be made at least annually on the basis of the current income of the resident." While the recertification does not determine continued eligibility, it does identify the 140% rule situation, student status, and possible household composition changes. Properties with market units must complete a full annual recertification every year. **Self certifications cannot be used.**

FOR ALL PROPERTIES SUBJECT TO OTHER PROGRAM(S) REQUIREMENTS:

The timing of the recertification is critical. Recertification must be completed within 12 months from the initial certification date, or 12 months from the most recent certification.

Please note that self-certification is also not allowed to satisfy annual recertification requirements if a property has other Hawaii affordable housing program funding (RAP, RHTF, RARF, HMMF). Also, annual certifications continue to be required by the HOME program. Please check with your HOME administrator for verification requirements.

Properties with Rural Development (RD) or HUD financing (Section 8, Section 202, etc.) also must continue to complete annual certifications with third party verifications.

When annual certification requirements are not met for these properties noncompliance with Section 42 will depend on whether the project is 100% tax credit. If so, then while noncompliance with the applicable State Program and/or the HOME Program will be reported to the HHFDC, there is no noncompliance with Section 42 requirements. If there are market units, then failure to comply with annual certification requirements is noncompliance with Section 42 as well as the applicable State Program and/or the HOME Program.