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December 5, 2018

To: All Massachusetts Low Income Housing Tax Credit Property Owners
From: Mr. Andrew Bowden, CFO and Partner, SPECTRUM Enterprises
RE: Compliance Monitoring – 2018 Year End Reporting

As we begin 2019, we will be collecting the annual submission of year-end documentation for 2018. This submission is required by the Internal Revenue Service, as noted in Section 42 (26 CFR Part I-1.42-5 (c)) of the Internal Revenue Code, and by the Massachusetts Housing and Development Fund (DHCD).

Every Property is required to submit an Owner's Certificate of Continuing Compliance (Owner's certification) and a Unit History Report (Status Report Database) and proof of the utility allowances in use for the year in question (2018). **The 2018 submission is due by March 15, 2019.**

REGARDING THE OWNER CERTIFICATION:

The Owner's Certificate of Continuing LIHTC Compliance for each tax credit property entitled "ANNUAL REPORT AND OWNER'S CERTIFICATE OF LIHTC PROGRAM COMPLIANCE" may be downloaded from our website www.spectrumlihtc.com. Please be sure you are sending the most recent certificate. PLEASE SUBMIT THIS REPORT TO US ELECTRONICALLY to spectrumendofyear@gmail.com. **Paper copies do NOT need to be mailed.**

REGARDING THE UNIT HISTORY REPORT:

- Paper copies are **NOT ACCEPTABLE** and will not be considered a timely submission.
- The electronic report should contain all unit events from the first year of credit through 2018. Databases containing just 2018 data will not be accepted. Add the unit events for 2018 to the database submitted last year.
- Review and update all owner and management contact information as needed.

REGARDING UTILITY ALLOWANCE DOCUMENTATION:

Documentation from the source must be submitted to support the year **2018** utility allowances used at your property, if applicable. This information should be scanned and submitted electronically as well. Please take note that as an Owner, you are required to maintain all the information we are requesting, as per the Recordkeeping Requirements of Section 42 (26 CFR Part 1.42-5(b)). Untimely submissions may result in Form 8823 being issued. If you need electronic technical support, please contact Paul Perpich at 517-277-0120. For all other year end questions call Cathy Turner at 207-805-0036.

Sincerely,

Andrew Bowden
SPECTRUM Enterprises

cc: Management contact

End of Year 2018 Software Instructions

GENERAL COMMENTS

HUD has not added any additional data elements that need to be collected for the 2018 *Tenant Demographic Data Collection* cycle. They have, however, added the following additional race sub-category designations which will be incorporated in EOY software January 1, 2017 for the start of the upcoming 2017 collection cycle:

- 1 – White;
- 2 – Black/African American;
- 3 – American Indian/Alaska Native;
- 4 – Asian
 - 4a – Asian India 4e – Korean
 - 4b – Chinese 4f – Vietnamese
 - 4c – Filipino 4g – Other Asian
 - 4d – Japanese
- 5 – Native Hawaiian/Other Pacific Islander
 - 5a – Native Hawaiian 5c – Samoan
 - 5b – Guamanian or Chamorro 5d – Other Pacific Islander
- 6 – Other;
- 8 – tenant did not respond

IMPORTANT NOTE: Keep in mind that these new race categories were finalized by HUD in May of 2016 with the expectation that collection would begin with the 2017 collection cycle. Consequently, it is not required that you go back through your 2017 data and update tenant certifications with the new designations.

However, HUD is now more stringently adhering to the requirement to submit more complete and accurate data which includes having the correct BIN format (see below).

User Notification of Missing HUD Data

The main screen will have additional columns in the *Property, Building and Unit* grids that will indicate where missing or incorrectly formatted HUD data can be located. The columns will have an X in them and be highlighted in blue to inform you. For example, if HUD data is missing from Unit 101 in Building MA-02-55555 then both the *Unit and Building* grid will display a blue highlighted X in corresponding rows in the both grids. The *Property* grid will also display a blue highlighted X. When all of the missing data is entered the blue highlighted Xs will be automatically removed.

There will be an additional **[Red Help]** button next to the existing Help button in the upper right hand corner of the main screen that will display extensive information about the new Blue highlights feature. There is also a new set of reports that use the blue highlighting for missing HUD data. These reports are in addition to the existing reports.

Building Identification Numbers (BINs)

HUD is more stringently adhering to the requirement to submit correct BINs as reported on the IRS 8609 form.

In the *Building* form, version 4.0.0 introduced the **[Format Help]** button that provided information about the correct format building numbers should have. The updated software will now include ways to verify the BIN format and inform the user if it's not correct. While you will be able to save the building information with an incorrectly formatted BIN and submit the incorrect data to Spectrum for 2018 you will be notified of the problem. Consequently, the Building form now includes a button labeled **[Check BIN Format]** that will allow users to manually check the format. The software will also automatically check the BIN format when the building form is closed as well as when the report file is transferred to Spectrum.

DATA IMPORT

The Spectrum EOY software is designed to comply with the .XML file standards that were created by the *National Affordable Housing Managers Association (NAHMA)*. The standards are intended to make the mandatory reporting requirements as easy to comply with as possible by *eliminating the need to double enter the data in both the management system as well as Spectrum's EOY database.*

Most management software (Vendors such as Boston Post (now MRI)/Yardi/RealPage etc.) design their software to comply with the .XML standard. If you are using a software management system in the daily operation of your property but have not been using the XML import process you should check with your software provider to see if the XML import feature is available on your system.

The most current version of NAHMA XML data standard is 3.1 **or higher** which provides for the transfer of all the data elements HUD is requiring for 2018. If your management software is not utilizing version 3.1 **or higher** we recommend that you contact your management software provider to see if it's available. The Spectrum EOY software will import data using the version 3.1 **or higher** as well as all previous versions of the standard.