

OHIO HOUSING FINANCE AGENCY

57 East Main Street Columbus OH 43215

Douglas A. Garver, Executive Director
Ted Strickland, Governor, State of Ohio

To: Owners and Managers of Low Income Housing Tax Credit Projects
From: Brian Carnahan, Director, Office of Program Compliance
Re: Compliance Policy Update
Date: 4-22-2010

Introduction

The following memo highlights changes to OHFA policies and procedures based on internal review or guidance from program administrators such as the IRS. All changes noted are effective as of the date of this memo.

Student Status Certification

In its October 2009 revision of the 8823 Guide, the IRS required residents living in 100% low income projects using the recertification waiver exemption to certify their student status. Effective January 1, 2010, the Student Status Certification must be completed by each household on or up to 120 days before the household's move-in or recertification date. Projects continuing to recertify residents using the OHFA Sworn Income and Asset Statement (revised 9/3/08) are not required to use the Student Status Verification as student status is already addressed on the Sworn Income and Asset Statement.

Projects may elect to use a version of the Student Status Certification provided all of the questions on the Student Status Certification are included on the owner's certification form. The Student Status Certification is available for download at <http://www.ohiohome.org/compliance/forms.aspx>.

Recertification Exemption for 100% Low Income Project – Single Family Units

100% low income projects composed of single family homes may use the recertification exemption authorized under H.R. 3221. Questions have arisen regarding mixed income projects composed of single family units. The recertification exemption may now be applied to low income units in projects composed of single family homes. This is a change from

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OHFA's previous policy that prohibited the use of the recertification exemption at mixed income projects with single family buildings.

Owners and managers must exercise caution when conducting building transfers. Low income residents should only be transferred to units designated low income that also were assigned a Building Identification Number (BIN), and only after testing the household's income to ensure the household is not above 140% of the applicable income limit.

Multifamily Bond Projects – Under \$5,000 Asset Certification and PHA Letter

OHFA has revised its policy prohibiting the use of the Under \$5,000 Asset Certification and PHA Letter by projects financed using multifamily bonds. Projects financed with multifamily bonds issued by OHFA may use the Under \$5,000 Asset Certification and PHA Letter when certifying resident incomes. Owners and managers of multifamily bond projects financed with bonds not issued by OHFA should verify with the local issuer, or by reviewing the bond regulatory agreements, concerning the use and acceptability of the Under \$5,000 Asset Certification and PHA Letter. The Compliance Handbook and OHFA forms will be revised at a later date to reflect this change in policy. Note: this guidance does not apply to projects financed with HOME or those projects assisted by HUD or Rural Development programs.

Utility Allowances

During recent compliance reviews, Program Compliance Analysts have identified projects, which are master-metered for water service, billing residents for water usage. Such an approach to any utility is not permitted under IRS Regulation 1.42-10 and OHFA's Utility Allowance Policy. Residents may be billed for the actual cost of a utility only when the utility is sub metered, and the actual consumption for individual units can be determined. Projects billing residents for utility usage obtained through a master meter will be considered in violation of IRS Regulation 1.42-10. Owners will be reported to the IRS as appropriate.

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