

MEMORANDUM

TO: Owners and Managers of Tax Credit Properties

FROM: Kimberly A. Roy, Management Officer

DATE: September 9, 2009

RE: **3rd Party Verifications satisfied with receipt of Public Housing Authority (PHA) Certification Letter or Copy of HUD Form 50058**

It has been brought to my attention that there is some confusion about the required tax credit file documentation at the time of initial certification and at recertification when a property has Section 8 project-based or tenant-based vouchers and is receiving a Certification letter or HUD Form 50058 from the local PHA.

Treasury Regulation §1.42-5(b)(1)(vii) states that third-party verification is satisfied if the PHA provides a statement to the building owner declaring that the tenant's income does not exceed the applicable tax credit income limit.

To satisfy the 3rd party verification requirement, you may either obtain an executed Certification letter or a copy of HUD Form 50058 from the PHA.

The Certification letter needs to include the property name, move-in date, recertification effective date, unit number, bedroom size, name of resident, the number of household members, the gross household income, the tenant portion of rent and utility allowance.

HUD Form 50058 can be used to waive third-party verifications for LIHTC properties since it is completed by the PHA and it includes all of the required tenant income and rent information.

Since the Certification letter or a copy of the HUD Form 50058 only replaces the 3rd party verification process, VHFA is now requiring that owners and managers also fill out a Tenant Income Certification (TIC). You simply fill out the form as usual, attach the Certification Letter or copy of the HUD Form 50058 from the PHA to the TIC and have the appropriate household members and owner representative sign the TIC. Be sure to have the resident fill out

the full-time student section of the TIC for each household member. If the entire household is comprised of full-time students you must provide verification that they are an eligible full-time student household. Attached is a copy of the Full-time Student Eligibility form.

VHFA advises that you be very careful when leasing up a new tenant that has a Section 8 Voucher. Some potential applicants may have had their Section 8 Voucher for a long time and in turn their income may have increased (sometimes above the LIHTC income limit). To avoid any noncompliance findings, be sure to always verify income at initial lease up. After the initial lease up, you may rely on the PHA Certification letter or a copy of HUD Form 50058 provided by the PHA.

Please feel free to call me with any questions at 802-652-3433 or email me at kroy@vhfa.org.