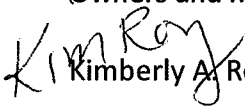


MEMORANDUM

TO: Owners and Managers of Tax Credit Properties
FROM:  Kimberly A. Roy, Assistant Director, MF Programs
DATE: January 18, 2011
RE: Required Annual Reports & Program Updates

As the owner of a Low Income Housing Tax Credit (LIHTC) property, you are required to submit an annual certification to VHFA detailing the specific areas of compliance related to use and occupancy, eligible basis, income targeting, rent levels, tenant eligibility and recertification. If you have claimed tax credits for the year ending December 31, 2010, you are required to complete and return the Owner's Certificate of Continuing Program Compliance form (version date 10/2008) to VHFA by February 28, 2011. Please note that the Owner's Certificate of Continuing Program Compliance requires the owner's signature.

You are also required to submit an annual LIHTC Status Report. The Status Report summarizes all the activity that occurred in the units throughout the year. We use this report as a tool to identify any areas of LIHTC non-compliance. Please be sure to list every unit in each building (including the move-in and move-out date), even if that unit is not designated as a LIHTC unit. Please include a copy of the utility allowance schedule with every status report you submit. This form must be returned to my attention by February 28, 2011.

NOTICE: Please note that we will still require a copy of the LIHTC status report until we have worked out all of the issues with our Web Compliance Management System (WCMS). As I have previously mentioned in the September 27, 2010 memorandum, the Housing and Economic Recovery Act of 2008 requires each state agency to annually submit to HUD specific tenant information. Since this time, VHFA has been testing the WCMS software and have discovered a few issues that need to be ironed out. Several errors have occurred when trying to upload tenant information. In order to ensure that we can successfully upload, we must be sure that VHFA's software system has information that is consistent with the management agent. Property number, unit numbers and BIN are the three areas that must be consistent. VHFA has assigned a property number for each development, the BIN number is assigned at the time the 8609 and the unit number is assigned by the management/owner entity. Please contact me at kroy@vhfa.org to confirm property numbers, unit numbers and Building Identification Numbers (BIN).

Another issue we discovered is that we cannot upload tenant information unless there is an initial move-in certification. This is needed to run compliance checks within our system. Some

management agents have the option to start entering tenant income certification at a point in time and this may not include a tenant's initial move-in certification. In this instance, we would not be able to upload to WCMS. Please be sure to input move-in certifications for all current tenants before you upload.

In addition to the Owner's Certification and the Status Report, you are required to submit an annual Fair Housing Questionnaire and an annual LIHTC Questionnaire. Please fill out the annual questionnaires for each project and include with the submission of the annual tax credit reports.

All forms can be found on the VHFA website at www.vhfa.org. Click on **Rental** then click **For Property Managers** and finally click **Forms, Documents and Memos**. The link to the Web Compliance Management System (WCMS) can be found here also.

Owner's Certificate of Continuing Program Compliance, Fair Housing Questionnaire, LIHTC Questionnaire and Status Reports that are received after February 28th will be reported to the IRS on the 8823 Form, unless you have made arrangements for an extension.

If you signed an 8609 in 2010, but you are not planning on claiming credits until next year, please fill out the Owner's Certificate of Continuing Program Compliance and make sure to check one of the two boxes in the top section of the form regarding building(s) placed in service.

For those properties that have entered into the extended use period (starting in year 16), please make sure that you are using the appropriate forms. Copies of the Owner's Certification, Fair Housing Questionnaire, LIHTC Questionnaire and Status Report for extended use properties can be found on the VHFA website at www.vhfa.org.

If you have not already done so, please submit IRS Form 8586, IRS Form 3800 and Schedule K-1 (Form 1065). These forms should be found with the 8609 Form that was submitted to the IRS the first year that you claimed credits. These forms are needed to establish the first year of compliance for your project and to determine when the initial 15-year of compliance is complete and the extended period begins.

For those properties that received funding from the Tax Credit Assistance Program (TCAP) or the 1602 Exchange Program, you will be receiving a memo under separate cover with specific details about these programs. These two programs follow the tax credit regulations but are also subject to other regulatory requirements.

Please be sure to contact me at kroy@vhfa.org or call me at 802-652-3433 if you have any questions.

Thank you for your patience as we work through the Web Compliance Management System (WCMS) issues.