MONTANA
Department of Commerce

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MEMORANDUM

TO: LIHTC PROPERTY OWNERS

LIHTC PROPERTY MANAGERS

FROM: MULTIFAMILY PROGRAM/LIHTC COMPLIANCE

SUBJECT: UPDATE TO THE SELF TENANT INCOME CERTIFICATION (STIC)

DATE: 10/7/2010

CC: LIHTC SITE MANAGERS

Purpose

This memo provides notice to property owners and managers of update to our compliance procedures for 100% tax credit properties. **These changes are effective as of the date of this Memo and will appear in the Tax Credit Procedures Manual updated as of October 1, 2010.**

Background

On January 14, 2010 MBOH notified Low Income Tax Credit owners of 100% properties that they were no longer required to complete the first annual recertification or request recertification waivers for 100% tax credit properties. The tenants would be allowed to Self certify annual income on the Self Tenant Income Certification (STIC) form. Initial move-in certifications continue to be required with appropriate verifications. *Revision to recertification policy was appropriated by Congress passing the Housing and Economic Recovery Act (HERA) July 2008.

Revision

Effective October 1, 2010 MBOH will discontinue the use of the Self Tenant Income Certification (STIC). MBOH staff recently, attended IRS training where the IRS emphatically advised that first year recertification and self certifications would not be reviewed by IRS. IRS advised that LIHTC property owners should demonstrate due diligence during the initial move-in certification.

Initial Move- In Certifications

- Initial move-in certifications continue to be required with appropriate verifications.

IRS Guidance

If misrepresentation is suspected, additional steps should be taken to verify the accuracy of information provided by the tenant. Regulation 1.42-5 gives examples of how an income certification may be documented, including the submission of federal tax returns. If necessary, tenant can be asked to complete Form 8821, Tax Information Authorization, which will allow the owner to confirm the accuracy of the tenant's tax returns with the IRS.

If owners discovers that a tenant has deliberately misrepresent their income level, student status, household size, or any other item used to determine eligibility, the owner should report any suspected or known deliberate misrepresentation to the Internal Revenue Service's Whistleblower Office. Complete Form 211, Application for Award for Original Information, and submit the form to the address identified on the form. The Low Income Housing Program will not consider there to have been reportable noncompliance if tenant fraud is discovered and addressed by the owner prior to a state agency review or IRS audit. 8823 Guide, Revised 10/09, page 25-2

Annual Verifications Required

- The Student Certification is required annually, no later than the anniversary date of the initial move-in certification.
  - Disability status must be updated as changes occur
  - Change in existing household after initial tenant income certification must be addressed. *See MBOH manual , New Household Member, page 21

Annual Reporting Requirement

Low Income Tax Credit owners of 100% properties will continue to be required to report annual Rent Change, Disability status updates and New Household member updates for each low income unit in the 100% project on the Certification on Line (COL) system. *see MBOH manual, Certification on Line, page 32