

Michigan State Housing Development Authority

Request to Waive Third-Party Verification

Overview - One of the most significant changes brought about by H.R. 3221 (Sec. 3010) is the elimination of the requirement for annual recertification of household income for existing residents. Effective July 30, 2008, Section 142(d)(3)(A) of the Internal Revenue Code (the "Code") was modified to reflect this change for projects with 100% Low-Income Housing Tax Credits (i.e., projects with no market units). The amendment to the Code does not change the owner's obligation to certify household income at move-in or annual certification of student status or eliminate the need to recertify annually if required by other sources of funding.

To implement this provision, the Owner of a development must complete this Request to Waive Third-Party Verification form and submit it to MSHDA for approval. Please note that, even if the Owner's Request is approved, the Owner will still have certain continuing requirements as described on page 2.

Name and Address of Development:

Development Name: _____
MSHDA #: _____
Address: _____
City, State, Zip: _____

Indicate All of the Development's Sources of Funding:

- | | |
|--|--|
| <input type="checkbox"/> LIHTC | <input type="checkbox"/> MSHDA Direct Loan Program, name _____ |
| <input type="checkbox"/> HUD Program, name _____ | <input type="checkbox"/> Rural Housing Services |
| <input type="checkbox"/> HOME Funds, name _____ | <input type="checkbox"/> Other, name _____ |

PROJECT INFORMATION

- Does the project contain units (other than common area or manager units) that are unrestricted as to income and/or rent? Yes No
If yes, the project is not eligible to eliminate recertifications and this form should not be completed, unless property is in the extended use period. If a subsequent allocation is received, the waiver would be revoked.
- Is the development 100% HOME or 100% HTF funded and rent restricted?
 Yes No Not HOME or HTF financed.
If yes, the project is not eligible to eliminate recertifications and this form should not be completed.
- Is the development 100% Section 8?
 Yes No Not Section 8.
If yes, the project is not eligible to eliminate recertifications and this form should not be completed. However, see Part 1109 of the LIHTC Compliance Manual for using 50059 as third-party verifications.
- The restricted units at the development have (check the appropriate box below):
 One Income Targeting Level (For example: All 40 units are targeted to 60% AMI.)
 Multiple Income Targeting Levels
Describe: _____
(For example: A project with 55 units targets 10 of the units @ 30% AMI, 15 units @ 45% AMI, and 30 units at 60% AMI.)
- Is the project an **Elderly** development? Yes No
If yes, indicate the age restriction: _____
- Does the project have any special target populations (e.g. homeless, disabled, etc.) or other special restrictions? Yes No
If yes, describe: _____
- Does the development have any uncorrected noncompliance issues or findings resulting from a tenant file audit, annual compliance certifications (e.g., Owner Certification of Continuous Program Compliance, tenant data reporting, utility allowance documentation, etc.), or physical inspection?
 Yes No
If yes, describe _____

CONTINUING REQUIREMENTS

BE ADVISED THAT, even if the Owner's annual verification of household income is waived, the following tenant certification requirements will remain. The undersigned agrees to comply with the continuing requirements as stated below and any future changes which may be imposed by the IRS, HUD and/or MSHDA:

1. The owner/management agent must complete an initial Tenant Income Certification (TIC), including third party verification of all income and assets, for every new move-in.
2. The owner/management agent must complete a recertification (including third party verification of all income and assets) on the first anniversary of the tenant's move-in (or date of initial eligibility).
3. The owner/management agent must require each household to complete and submit an Annual Self-Certification utilizing MSHDA-approved certification forms once per year. The Annual Self-Certification process includes a self-certification of income, Student Eligibility certification, and collection of household composition and demographic information. (The data collected is subject to change by HUD, IRS and/or MSHDA requirements)
4. Households transferring to another building in a project must complete an initial certification (TIC), including third party verification of income and assets, to determine eligibility. If the household is eligible for the transfer, a first year anniversary recertification (TIC) must be conducted upon the first anniversary of tenancy in the new building and Annual Self-Certifications submitted for each year thereafter.
5. Developments with applicable fractions of 100% and more than one income targeting level for restricted units may be eligible for a partial elimination of the requirement to recertify tenants annually. However, because of the multiple targeting levels and the ability to move tenants between levels, MSHDA will require review of certain verification documents in addition to the Annual Self-Certification forms from the household. Required verifications will be via document review (such as pay statements and bank statements) which must be provided by the tenant. Third party verification is not required.
6. All rent restrictions and utility allowance regulations remain applicable. Owners must update the utility allowances at least annually and report this information to MSHDA.
7. Owners must continue to report tenant data for initial, first year anniversary recertifications and annual self-certifications via MSHDA's on-line system.

Upon receipt of the completed Request to Waive Third-Party Verification form, the Authority will notify the Owner whether or not the request is approved within 30 days after receipt of this request. Owners may NOT begin to eliminate third party recertifications until receipt of MSHDA's written approval.

OWNER SIGNATURE

IN WITNESS WHEREOF, the applicant has caused this document to be duly executed in its name on this _____ day of _____, _____.

Owner: _____, a Michigan _____ (indicate type of entity, e.g., limited partnership, corporation, limited liability company, etc.)

By: _____, a _____ (indicate type of entity)

Its _____ (indicate type of affiliation, e.g., general partner, manager or managing member)

By: _____
[sign and print signatory's name and title]