



December 5, 2017

VHDA Compliance & Asset Management

Fees as a Condition of Occupancy

Any required costs for services or nonrefundable fees charged as a condition of occupancy must be included in the gross rent calculation of the household monthly rent. Examples of required fees include fees for month to month tenancy and renter's insurance.

Renter's Insurance Example: It is important to confirm the tenant's payment schedule at the lease commencement. Any monthly, quarterly, or annual payments made towards the policy must be included in the calculation of monthly rent in the month the premium is paid, even if the household is responsible for setting up their own policy and pays the premiums directly to the insurance company.

Refundable fees are not included in the monthly rent determination. Examples include, security deposits, fees paid if a lease is prematurely terminated, application fees equal to the actual out of pocket cost.

Reference: Treas. Reg. §1.42-11(a)(3), 8823 Guide, rev. 2011, Ch.11, PLR 9330013, Issue 1

Second Tax Credit Allocation (Resyndication)

When a property receives a new allocation of Tax Credits, the rent and income limits must reflect the limits in effect either as of the allocation date or the placed in service date as elected by the owner. Existing residents which were originally income qualified under the first allocation continue to qualify the household under the second allocation provided (1) The household is not fully comprised of full-time students or all students meet one of the 5 students exceptions, (2) The household includes at least 1 original household member, (3) The owner has maintained documentation verifying the initial household eligibility, (4) The rent has been restricted throughout the tenancy.

This rule applies even if the current household income is over the applicable published limits in use at the property.

WTCMS Current Tenant Data Updates for New Tax Credit Allocations

An Initial Certification (IC) must be completed in the property record in WTCMS for all current in-place households reflecting the income from the initial qualifying income certification in the tenant file. The date of the IC would depend upon the place in service date requirements for the funding programs and the property construction type, (e.g., rehab only, acquisition/rehab, new construction). The original certification date is not required to be maintained in the new IC in WTCMS.

The original qualifying paperwork for in-place households should be placed in the new tenant file to support the new IC for the second allocation.

Reference: Rev. Proc. 2003-82, 2003-2 C.B. 1097, 8823 Guide, rev. 2011, Ch. 4

If you should have specific questions, please contact your assigned [VHDA Compliance Officer](#) for assistance.

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