BUILD A BETTER YOU

Sample HCCP Exam Questions

For complete information about the Exam, visit **nahb.org/hccpinfo**.

Section I. Tenant/Qualification Leasing

1. A couple is applying for an apartment at a Section 42 property. The husband earns $10.00 per hour and works between 35 and 39 hours per week. He receives no other income. The wife is a full-time student who works 20 hours per week. She earns $6.00 per hour and receives an annual bonus of $200. What is the total household income for tax credit purposes?
a. $20,760. **b.** $24,640. **c.** $26,520. **d.** $26,720.

2. Three months ago an applicant voluntarily set up an irrevocable trust for the benefit of a 3rd party. The applicant has no access to the trust or to any income earned from the investment of the trust. How should the trust be treated when determining annual income?
a. The trust should be treated as an asset only if the invested amount of the trust earns interest.
b. The amount contributed to the trust should be counted as an asset disposed of for less than fair market value and added to other household assets.
c. The trust should not be counted as an asset, but any income earned by the trust should be counted as income for the applicant.
d. Since the trust is irrevocable, neither value nor income of the trust should be counted for the household.

3. A household that has obtained a Section 8 voucher applies for a unit in a tax credit property. Which of the following should NOT be considered when evaluating the household's eligibility?
a. The household's family size. **b.** Full-time student status of the household.
c. Housing authority utility allowance. **d.** Total household gross income.

4. A housing credit agency can delegate all of the following responsibilities to a private contractor EXCEPT:
a. The review of 1st year tenant files. **b**. Reporting of non-compliance to the owner.
c. A review of the annual owner's certification. **d.** Notification of non-compliance to the IRS.

Section II. Tax Credit Accounting/Compliance

1. In the 3rd year of the compliance period, a kitchen fire makes a unit in a tax credit property uninhabitable. The fire occurred on Feb. 1 and the unit is restored and put back in service on Sept. 16 of the same year. The LIHTCs allowed to the owner for this unit in the year of the casualty are:
a. 5/12 of a full year of LIHTCs. **b.** 4/12's of a year of LIHTCs.
c. A full year of LIHTCs. **d**. No LIHTCs are allowed for the unit.

2. A property was placed in service on July 1, 1990 and claimed credits in 1990. On what date will the 15-year compliance period end?
a. June 30, 2004. **b.** Dec. 31, 2004. **c.** June 30, 2005. **d.** Dec. 31, 2005.

3. A building was placed in service on June 8, during the first year of the tax credit period. A qualified household moved into a unit on June 12. As of what date may the owner begin to claim credit on the unit?
a. June 1. **b.** June 8. **c.** June 12. **d.** July 1.

4. A rehabilitation property that received a 2004 tax credit allocation is acquired in November 2004. All occupants are qualified at the date of acquisition. Rehabilitation begins immediately, and the property is completed and placed in service on August 5, 2005. What is the earliest date the tax credit period can begin?
a. December 2004. **b.** January 2005. **c.** August 2005. **d.** September 2005.

Sample questions continued on back.

Sample questions continued.

5. The available unit rule is triggered at a mixed-income property when a:
a. Market-rate household moves out. **b.** Tax credit household moves out.
c. Tax credit household transfers within the same building. **d.** Household is above 140% of area median income at recertification.

6. According to Section 42, who can authorize changing the minimum set-aside election?
a. The state allocating agency. **b.** The owner. **c.** No one. **d.** HUD.

7. In year 4 of the credit period, a portion of the community room in a tax credit property is converted into a doctor's office. The doctor is not charged rent to use the space, and serves at no charge only the residents of the property. What tax credit consequences will result?
a. There will be a decrease in eligible basis and possible recapture. **b.**There will be a decrease in qualified basis and possible recapture.
c. There will be no tax credit consequences. **d.** There will be an increase in eligible basis and more available tax credit.

8. During the fifth year of a building's tax credit period an ineligible household moves into a unit. The household occupies the unit for two months before management discovers the error. The household is relocated within the same tax year. There are no over-income households in the building. What are the tax consequences, if any?
a. There will be no impact on the credits. **b.** The credits will be lost for the whole building.
c. The credits will be lost for the unit. **d.** The housing credit agency will determine how the credits are affected.

9. First-year initial resident files should be retained for at least how many years?
a. 6. **b.** 10. **c.** 15. **d.** 21.

10. A state housing credit agency may delegate to another entity all compliance monitoring functions EXCEPT
a. Filing Form 8823 with the IRS. **b.** Reviewing income documentation.
c. Performing physical unit inspections. **d.** Collecting annual owner's certifications of continuing compliance.

11. When must a state agency conduct its initial inspection of tenant files for the first year of the credit period?
a. No later than the end of the first calendar year following the year during which the last building in the project was placed in service.
b. No later than the end of the first calendar year following the year during which the first building was placed in service.
c. No later than the end of the second calendar year following the year during which the last building in the project was placed in service.
d. No later than the end of the second calendar year following the year during which the first building in the project was place in service.

12. What entity may impose the requirement to rent units to seniors for tax credit purposes?
a. The credit allocating agency. **b.** Local area council on aging.
c. Department of housing and urban development. **d.** The social security administration.

Section III. Federal/State Laws and Regulations.

1. Certain states require owners to certify that their properties meet the state's procedures quarterly rather than annually as noted in the code. Is this allowed?
a. Yes, because states are allowed to impose stricter rules than the federal requirements. **b.** Yes, if an owner promises to report quarterly
c. No, because annual certification is the only certification necessary. **d.** No, because the IRS doesn't care about anything other than annual certification.

2. Under what circumstances are state agencies allowed to set more stringent restrictions than required by Section 42?
a. If they obtain permission from the IRS first. **b.** Under no circumstances.
c. If they obtain permission from HUD. **d.** If the restrictions are first adopted in the state allocation plan.

Sample Exam Questions Answer Key

Section I. TENANT/QUAL LEASING
1. d. **2.** b. **3.** c. **4.** d.

Section II. TAX CREDIT ACCT/COMP
1. c. **2.** b. **3.** d. **4.** b. **5.** d. **6.** c. **7.** c. **8.** a. **9.** d. **10.** a. **11.** c. **12.** a.

Section III. FED/STATE LAWS/REGS
1. a. **2.** d.