



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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TIMOTHY W. BOYER
Interim Executive Director
No. 2003/095

December 17, 2003

TO COUNTY ASSESSORS AND INTERESTED PARTIES:

**LOW-INCOME HOUSING, MANAGING GENERAL PARTNER
REVISED ADMINISTRATION OF THE WELFARE EXEMPTION
EFFECTIVE JANUARY 1, 2004**

Letter To Assessors (LTA) No. 2003/070, dated November 14, 2003, discussed statutory amendments to streamline the administration of the welfare and veterans' organization exemptions. As discussed in the LTA, the State Board of Equalization (Board) will determine whether an organization is eligible for the welfare exemption, and the assessor will determine if the property use requirements are met. This letter provides specific information regarding the roles of the Board and assessor in the administration of the welfare exemption for low-income housing with a managing general partner, and includes supplemental claim forms that will be used for this purpose (Attachment A).

Subdivision (g) of Revenue and Taxation Code¹ section 214 provides that the welfare exemption is available to property owned and operated by qualifying organizations and used exclusively for rental housing occupied by lower-income households. Rental housing includes properties owned and operated by limited partnerships in which the managing general partner is an eligible nonprofit corporation meeting all of the requirements of section 214. This type of property is unique in that while it is owned and operated by a limited partnership that is not itself a nonprofit organization, the property may still be eligible for the welfare exemption if the managing general partner is an eligible nonprofit organization with sufficient management authority and duties.

As indicated in LTA 2003/070, nonprofit organizations currently eligible for the welfare exemption will automatically receive an *Organizational Clearance Certificate* prior to January 1, 2004 and the Board will notify assessors of qualifying organizations. In addition, Board staff will issue a *Supplemental Clearance Certificate for Managing General Partner* to qualified nonprofit organizations for each qualifying limited partnership property. These organizations do not need to file an initial claim form with the Board for properties that are currently receiving the welfare exemption.

Following is a discussion of the Board's and assessor's duties in the administration of the welfare exemption for properties owned and operated in such a manner.

REVISED BOARD DUTIES

Consistent with the Board's role under the new administration in determining whether an organization is eligible for the welfare or veterans' organization exemption, Board staff will determine whether the managing general partner is a qualifying nonprofit organization. Additionally, Board staff will determine if the organizational structure for a property is such that the property is

¹ All statutory references are to the Revenue and Taxation Code unless otherwise indicated.

eligible for the welfare exemption. That is, Board staff will also determine if the managing general partner has sufficient management authority and duties to qualify the property for exemption.

A nonprofit organization that has a valid *Organizational Clearance Certificate* and is a managing general partner of property owned and operated by a limited partnership and is seeking exemption on low-income housing property, that is not currently receiving the welfare exemption, must file a claim to request a *Supplemental Clearance Certificate for Managing General Partner* for the low-income housing property. Nonprofit organizations (managing general partners) currently not eligible for the welfare exemption in any county in the state, that are seeking exemption on low-income housing properties which have not previously qualified for exemption, must file claims for an *Organizational Clearance Certificate* and a *Supplemental Clearance Certificate for Managing General Partner*.

Request for Supplemental Clearance Certificate — Claims and Qualification

The nonprofit managing general partner is required to file with the Board a claim for a supplemental clearance certificate on form BOE-277-L1, *Claim for Supplemental Clearance Certificate for Managing General Partner*. The initial claim must be accompanied by the following documents:

- a copy of a recorded deed restriction or a copy of a regulatory agreement with a public agency that verifies that the property receives either government financing or federal tax credits, as required by section 214, subd. (g)(1)(A);(g)(1)(B), and
- a copy of Secretary of State form LP-1, *Certificate of Limited Partnership*, and if applicable, Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*.

The Board will issue *Supplemental Clearance Certificates* to nonprofit organizations, with a valid *Organizational Clearance Certificate*, upon a further determination that the property meets all the organizational requirements for exemption under section 214, subd. (g). Board staff will issue a finding, on form BOE-277-SF, *Welfare Exemption, Low-Income Housing (Managing General Partner)*, *Supplemental Clearance Certificate Finding Sheet*, to notify the claimant of the property's eligibility for exemption. Once granted, a *Supplemental Clearance Certificate* shall remain valid until the Board staff determines that the property no longer meets the organizational requirements of section 214, subd. (g).

Notification of Ineligibility and Revocation of Supplemental Clearance Certificate

The procedures for notification of ineligibility for and revocation of a *Supplemental Clearance Certificate* will follow the procedures for notification of ineligibility and revocation of an *Organizational Clearance Certificate* (see pages 3-4 of LTA 2003/070). However, the process is also discussed in this letter because new claim forms, finding sheets, and notices were designed specifically for these purposes.

If Board staff determines that the organization is not eligible for a *Supplemental Clearance Certificate for Managing General Partner* (BOE-277-SCC), Board staff will notify the claimant of the ineligibility. In addition, if Board staff determines that the organization no longer meets the organizational requirements of section 214, subd.(g), Board staff will notify the claimant of the revocation, and notify assessors on a periodic basis.

For example, if the Board staff's finding (form BOE-277-SF) indicates that qualification for exemption has "not been met," an initial notice of ineligibility will accompany the finding sheet sent to the claimant, form BOE-277-SF-1, *Welfare Exemption, Low-Income Housing (Managing General Partner)*, *Supplemental Clearance Certificate – Preliminary Notice*. The preliminary notice will state that the claimant has 30 days from the date of the notice to provide additional information supporting the claim, or to request a 30-day extension to submit the material.

If Board staff determines that the organization remains ineligible after a review of the additional information, a final notice of ineligibility will be issued on form BOE-277-SF-2, *Welfare Exemption, Low-Income Housing (Managing General Partner), Supplemental Clearance Certificate – Final Notice*. The final notice will advise the claimant that it has 60 days from the date of the notice to petition the Board for a hearing on the claim.

Board Hearings on Denial of Supplemental Clearance Certificate

If the claimant disagrees with the Board staff's determination of ineligibility for a *Supplemental Clearance Certificate for Managing General Partner*, the claimant may file an appeal of the staff's finding with the Board Proceedings Division within 60 days of the mailing date of the final notice of ineligibility (BOE-277-SF-2). Appeals will be conducted in accordance with the Board's Rules of Practice.²

If the Board denies the organization's petition, the assessor may not grant the exemption claim on the low-income housing property. The organization's remedy is to pay the property taxes for the property, and file a claim for refund with the local county board of supervisors. If the refund claim is denied, the organization may file an action in superior court.

Audit and/or Verification of Organizations

As discussed in LTA 2003/070, the Board may conduct an audit or verification of an organization to determine if it meets the requirements of section 214. The Board staff will periodically mail a claim form to each organization, once every 3 years, to verify that the organization continues to meet the requirements for exemption.³ The claim form, BOE-277-P, *Periodic Filing for Organizational Clearance Certificate—Welfare or Veterans' Organization Exemption*, will request information for this purpose.

In addition to claim form BOE-277-P, the managing general partner must also file form BOE-277-L1, *Claim for Supplemental Clearance Certificate for Managing General Partner*, for each low-income housing property, to provide verification that the property satisfies the organizational requirements of section 214, subd. (g). (This is the same supplemental claim form that is filed with the initial request for the supplemental clearance certificate. However, it does not require the submission of documents requested in questions 8 and 10.A on the form.) The claim form requests information to ensure that the property continues to meet the organizational requirements of section 214, subd. (g), and that the managing general partner holding a *Supplemental Clearance Certificate for Managing General Partner* for the specific property continues to be qualified. Board staff may conduct an audit as part of the claim review process.

REVISED ASSESSOR DUTIES

As noted in LTA 2003/070, the assessor's duties under the revised exemption claim procedures include making the sole determination concerning whether the use of the property qualifies for the welfare exemption. The assessor's determination of whether the low-income housing property of a limited partnership with an eligible nonprofit managing general partner meets all of the property use requirements of section 214 will be made without review by the Board staff.

² Rules of Practice of the State Board of Equalization to be amended to reflect the legislative amendments enacted in Senate Bill 1062. Rules of Practice can be accessed on the Board's website at www.boe.ca.gov.

³ In the case of low-income housing property, owned and operated by a limited partnership, the claim form will be mailed to the nonprofit managing general partner. Refer to LTA 2003/070 for a discussion and copy of the claim form.

In regard to this low-income housing property, the assessor may not grant a claim unless the claimant holds both a valid *Organizational Clearance Certificate* and a valid *Supplemental Clearance Certificate for Managing General Partner* issued by the Board. The assessor may deny an exemption claim, based on non-qualifying use of the property, notwithstanding the claimant's *Organizational Clearance Certificate* and *Supplemental Clearance Certificate for Managing General Partner* granted by the Board. Exemption may be denied based on the property's non-qualifying use, as specified in section 214, subd. (a), or in section 214, subd. (g), for rent levels and/or tenant household incomes that are not within the prescribed limits of regulatory agreements or statutory requirements.

Filing Requirements

Nonprofit organizations (managing general partners) seeking the welfare exemption on low-income housing property must file claims for exemptions with the assessor in the county where the property is located. Claimants will follow filing procedures outlined in LTA 2003/070; filing either form BOE-267 (First Filing) or form BOE-267-A (Annual Filing). In addition to one of those claim forms, two supplemental affidavits must also be filed with the assessor:

- BOE-267-L, *Welfare Exemption Supplemental Affidavit, Housing – Lower-Income Households*
- BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Housing – Lower-Income Households (Limited Partnerships)*

Tenant household incomes and use of the low-income housing property are reported on an annual basis to the assessor on supplemental claim form BOE-267-L. Supplemental claim form BOE-267-L1 must also be filed with the assessor to provide an annual verification that the property satisfies the requirements of section 214, subd. (g). Additionally, supplemental claim form BOE-267-L1 directs the claimant to mail a copy of Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*, if applicable, to the Board of Equalization.

If you have any questions concerning the changes in the administration of the welfare and veterans' organization exemptions, please contact the Exemptions Section at (916) 445-3524. Information is also posted to the Board's website at www.boe.ca.gov, and can be accessed by selecting the following links: (1) Property Taxes, (2) Welfare and Veterans' Organization Exemptions.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

DJG:lf
Enclosures

WELFARE AND VETERANS' ORGANIZATION EXEMPTIONS
 LOW-INCOME HOUSING, LIMITED PARTNERSHIPS
 FORM LIST

Form No.	Title	Description/Purpose
<i>CLAIM FORMS FILED WITH THE BOARD OF EQUALIZATION:</i>		
BOE-277-L1	<i>Claim for Supplemental Clearance Certificate for Managing General Partner</i>	Supplemental claim form filed with the Board by nonprofit organization (managing general partner) to request supplemental clearance certificate for low-income housing.
<i>NOTIFICATION ISSUED TO CLAIMANTS BY THE BOARD AS TO AN ORGANIZATION'S ELIGIBILITY:</i>		
BOE-277-SF	<i>Welfare Exemption, Low-Income Housing (Managing General Partner) Supplemental Clearance Certificate Finding Sheet</i>	Board form to notify nonprofit organization (managing general partner) of findings after review of organizational information specific to low-income housing property.
BOE-277-SF-1	<i>Welfare Exemption, Low-Income Housing (Managing General Partner) Supplemental Clearance Certificate – Preliminary Notice</i>	Board form to notify nonprofit organization (managing general partner) of specific findings of ineligibility and what the organization may do in response to findings specific to low-income housing property.
BOE-277-SF-2	<i>Welfare Exemption, Low-Income Housing (Managing General Partner) Supplemental Clearance Certificate – Final Notice</i>	Board form to notify organization after review of additional information received by organization in response to Preliminary Notice (BOE-277-SF1), also provides information in regard to appeal rights.
BOE-277-SCC	<i>Supplemental Clearance Certificate for Managing General Partner</i>	Board issued Certificate to organizations if organizational requirements of section 214, subd. (g), are met. (Organization must have a valid Organizational Clearance Certificate (BOE-277-OC) in order to be issued a Supplemental Clearance Certificate.)
<i>CLAIM FORMS FILED WITH THE ASSESSOR</i>		
BOE-267-L	<i>Welfare Exemption Supplemental Affidavit, Housing – Lower-Income Households</i>	Supplemental claim form filed with Assessor by claimant to request exemption for property used for low-income housing.
BOE-267-L1	<i>Welfare Exemption Supplemental Affidavit, Housing – Lower-Income Households (Limited Partnerships)</i>	Supplemental claim form filed with Assessor by claimant (nonprofit organization/managing general partner) to request exemption for low-income housing property.

Note: All forms listed above are to be used for claims filed on or after January 1, 2004.

**WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT,
HOUSING — LOWER-INCOME HOUSEHOLDS
ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME (Yearly Filing)**

Read instructions carefully before preparing claim.

This affidavit is required under the provisions of sections 214(g), 214.15, 251, and 254.5 of the Revenue and Taxation Code for those organizations where the income of the occupants must not exceed certain limits.

This affidavit supplements the claim for welfare exemption and must be filed with the Assessor by February 15. If you do not complete and file this form, you may be denied the exemption.

The claimant should provide each household living on the property with a copy of the attached form titled "Lower-Income Households — Statement of Family Household Income." (The organization keeps the completed, signed statements in case of further audit.) The organization's property will not be allowed the exemption unless the proper information in a completed affidavit is provided to the Assessor.

_____ states:
(name of person making affidavit)

1. He/She is _____
(title, such as president, etc.)

2. of the _____
(corporate or organization name)

3. the mailing address of which is _____
(give complete address including zip code)

4. for the property located at _____
(give complete address including zip code)

5. That he or she makes this affidavit on behalf of this organization in support of a claim for exemption for the ____-____ fiscal year and certifies that:

A. There is an enforceable and verifiable agreement with a public agency or, a recorded deed restriction, or other legal document* that restricts the project's usage and that provides that the units designated for use by lower-income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance, and

B. The funds which would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households, and

C. At least one of the following criteria is applicable (*check one*):

(1) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance. [section 214(g)(1)(A)]

(2) The owner of the property is eligible for and receives low-income housing tax credits according to section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514. [section 214(g)(1)(B)]

(3) In the case of a claim, other than a claim with respect to property owned by a limited partnership in which the managing general partner is an eligible nonprofit corporation, that is filed for the 2000-01 fiscal year or any fiscal year thereafter, 90 percent or more of the occupants of the property are lower income households whose rent does not exceed the rent prescribed by section 50053 of the Health and Safety Code. The total exemption amount allowed under this subdivision to a taxpayer, with respect to a single property or multiple properties for any fiscal year on the sole basis of the application of this subparagraph, may not exceed twenty thousand dollars (\$20,000) of tax. [section 214(g)(1)(C)]

6. All nonprofit corporations that are managing general partners of limited partnerships filing an exemption claim for low-income housing under section 214(g) are required to file Form BOE-267-L1, *Welfare Exemption Supplemental Affidavit, Housing—Lower-Income Households (Limited Partnerships)*.

*Please provide a copy of a regulatory agreement with a public agency, a copy of a recorded deed restriction, or a copy of an "other legal document" if you are filing a claim on this property for the first time (BOE-267). "Other legal document" applies to properties owned by nonprofit organizations, not to properties owned by limited partnerships with a nonprofit corporation as managing general partner.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING AFFIDAVIT

DATE

A. ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME

Section 214(g) of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower-income households can qualify for the welfare exemption from property taxes to the extent that the incomes of households residing therein do not exceed amounts listed below:

NO. OF PERSONS IN HOUSEHOLD	MAXIMUM INCOME	NO. OF PERSONS IN HOUSEHOLD	MAXIMUM INCOME	NO. OF PERSONS IN HOUSEHOLD	MAXIMUM INCOME
1		4		7	
2		5		8	
3		6			

NOTE: If a dollar amount is not entered for each number of persons, contact the county Assessor for the figures. The amounts are different for each county and they change annually.

In order to qualify all or a portion of the total property for the exemption, you must have: (1) a signed statement for each household that qualifies (you keep the statement in case of further audit) and (2) you must complete the report below:

B. LIST OF QUALIFIED HOUSEHOLDS

Complete or attach list showing desired information for **only** those households that qualify; use additional sheets if necessary.

ADDRESS/UNIT NO. <i>(use two lines if there are two households in a unit)</i>	NO. OF PERSONS IN HOUSEHOLD <i>(may be more than one household in unit)</i>	MAXIMUM INCOME FOR HOUSEHOLD DOES NOT EXCEED
1.		\$
2.		
3.		

C. RECAP FOR ALL HOUSEHOLDS, ELIGIBLE AND INELIGIBLE

NOTE: The low-income exemption calculation under section 214(g) is the value of low-income households to the total area of the property.

	EXAMPLE	ACTUAL
1. Number of residential units designated for use by or serving lower-income households	40	
2. Total number of residential units	100	
3. Area of qualified low-income households (square feet)	75,000	
4. Total area of building(s) (square feet)	150,000	

D. EXEMPTION CALCULATION

	EXAMPLE	ACTUAL
Percentage of the area of lower-income households occupying the property to the total area of the property	75,000/150,000	/
Percentage of value of property eligible for exemption	50%	

E. APPLICATION OF LIMITATION ON EXEMPTION TO \$20,000 OF TAX pursuant to Revenue & Taxation Code section 214(g)(1)(C)

See page 1 of this form, no. 5, C (3). This limitation on the amount of the exemption applies solely to low-income housing properties owned by nonprofit organizations that **are not financed by government loans**, as specified in section 214(g)(1)(A) or **do not receive** low income housing tax credits, as provided in section 214(g)(1)(B). Claimants with properties qualifying for exemption under 214(g)(1)(C) must list all the counties in which such properties are located; use additional sheets if necessary.

CORPORATE IDENTIFICATION NUMBER

LIST ALL LOW-INCOME PROPERTIES SUBJECT TO \$20,000 TAX EXEMPTION

COUNTY	APN	PROPERTY STREET ADDRESS	CITY/ZIP CODE	AMOUNT OF \$20,000 TAX EXEMPTION TO BE APPLIED
				\$

**LOWER-INCOME HOUSEHOLDS
STATEMENT OF FAMILY HOUSEHOLD INCOME
(SUGGESTED FAMILY HOUSEHOLD INCOME REPORTING FORM)**

Section 214(g) of the California Revenue and Taxation Code provides that property owned by nonprofit organizations providing housing for lower-income households can qualify for the welfare exemption from property taxes for those units whose family household income does not exceed the limits stated herein.

Promptly complete, sign and return this statement to the manager of the organization that provides the housing so the organization will have time to complete the form that must be filed with the Assessor.

ADDRESS OR UNIT NUMBER
(no P.O. box numbers)

NAME(S) OF OCCUPANTS	NUMBER OF PERSONS IN FAMILY HOUSEHOLD	INCOME LIMIT
	1	\$
	2	
	3	
	4	
	5	
	6	
	7	
	8	\$

1. Number of persons in family household _____

2. I certify (or declare) under penalty of perjury under the laws of the State of California that the family household income for the prior calendar year did not exceed \$ _____. *(Enter the amount of the income limit shown for the number of persons in family household.)*

SIGNATURE	DATE
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INSTRUCTIONS

SUGGESTED FAMILY HOUSEHOLD INCOME REPORTING FORM

1. Enter the address or unit number and the names of the persons who comprise your household.
2. Enter on line 1 the **number** of persons who comprise your household.
3. Enter on line 2 the income limit figure for the number of persons shown on line 1.
4. Sign the statement if your combined household income is the same as or less than the income limit.
5. Promptly return the statement to an officer or the manager of the organization on whose property you reside.

Household Income:

Income includes but is not limited to:

- (1) Wages, salaries, fees, tips, bonuses, commissions and other employee compensation.
- (2) Net income from the operation of a business or profession or from rental of real or personal property.
- (3) Interest and dividends.
- (4) Periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or other similar types of periodic receipts.
- (5) Unemployment and disability compensation, workers' compensation and severance pay.
- (6) Public assistance exclusive of any amount specified for shelter and utilities.
- (7) Alimony, child support payments and regular contributions or gifts from persons not residing in the dwelling.
- (8) All regular pay, special pay and allowances of a member of the Armed Forces who is head of the household or spouse.

The following items shall not be considered as income:

- (1) Casual, sporadic or irregular gifts.
- (2) Amounts specifically for or in reimbursement of the cost of medical expenses.
- (3) Lump sum additions to family assets such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses.
- (4) Amounts of educational scholarships paid directly to the student or to the educational institution and veteran benefits for costs of tuition, fees, books, and equipment.
- (5) The value of food coupons.
- (6) Payments received from the ACTION Agency, VISTA, Service Learning Programs, Special Volunteer Programs, National Older American Volunteer Program, Retired Senior Volunteer Program, Foster Grandparent Program, Older American Community Services Program, SCORE and ACE.
- (7) Foster Child Care payments.

For a complete listing of income and deductions, see Department of Housing and Community Development Regulations, section 6914.

**WELFARE EXEMPTION SUPPLEMENTAL AFFIDAVIT,
HOUSING — LOWER-INCOME HOUSEHOLDS (LIMITED PARTNERSHIP)
ELIGIBILITY BASED ON FAMILY HOUSEHOLD INCOME**

LIMITED PARTNERSHIPS

This affidavit is required under the provisions of sections 214(g), 214.15, 251, and 254.5 of the Revenue and Taxation Code for those organizations where the income of the occupants must not exceed certain limits.

This affidavit supplements the claim for welfare exemption and must be filed with the Assessor by February 15. If you do not complete and file this form, you may be denied the exemption.

_____ states:
(name of person making affidavit)

1. He/She is _____
(title, such as president, etc.)

2. of the _____
(corporate or organization name)

3. which was admitted into the partnership as the managing general partner on _____
(give complete date)

4. the name of the Limited Partnership that owns and operates the property _____

5. the mailing address of which is _____
(give complete address including zip code)

6. for the property located at _____
(give complete address including zip code)

7. acquired by the partnership on _____
(give complete date)

8. the limited partnership has a *Supplemental Clearance Certificate for Managing General Partner* issued by the State Board of Equalization for this property location.

Yes No If **yes**, provide Certificate No. _____ and attach copy if you are filing on this property for the first time (BOE-267). If **no**, please check applicable box below:

An application for the Supplemental Clearance Certificate for Managing General Partner has been filed, but a certificate has not yet been issued, or

An application for the Supplemental Clearance Certificate for Managing General Partner has not yet been filed. *(Contact the Board at 916-445-3524 to request an application form, BOE-277-L1.)*

If you are filing this affidavit with an annual claim (form BOE-267-A), you are not required to provide the certificate number or a copy of the Supplemental Clearance Certificate.

9. That he or she makes this affidavit on behalf of this organization in support of a claim for exemption for the _____ - _____ fiscal year and certifies that on the lien date, or as of the date the property was acquired if after the lien date, or as of the date that the nonprofit corporation was admitted into partnership as the managing general partner, of the fiscal year for which exemption is claimed (check either A or B below):

A. (1) the limited partnership agreement provides for, and the organization as the managing general partner subject to the rights of the partners, has control over the business, assets and affairs of the partnership, and manages the day-to-day operations of the partnership, and participates in major management decisions of the partnership;

(2) the limited partnership agreement provides for and the organization as the managing general partner has two or

more of the following specific partnership management duties: (i) execute and deliver all partnership documents on behalf of the partnership; (ii) acquire, hold, assign or dispose of property or any interest in property; (iii) borrow money on behalf of the partnership, encumber partnership assets, place title in the name of nominee to obtain financing; (iv) prepay in whole or in part, refinance, increase, modify or extend any obligation; (v) pay organizational expenses incurred in the creation of the partnership and all operational expenses; (vi) determine the amount and timing of distributions; (vii) function as the federal and state tax matters partner; (viii) monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental entities; (ix) prepare and/or supervise preparation of all reports required by the lender; (x) prepare or cause to be prepared all reports to be provided to the partners; (xi) coordinate all present and future development, construction or rehabilitation of projects; (xii) maintain the partnership books and records; (xiii) maintain the partnership bank account; (xiv) prepare the annual partnership budget; (xv) obtain and maintain all required insurance coverage; (xvi) establish and maintain all required reserves; (xvii) enforce all contracts, including any agreements with property management firms; (xviii) employ at partnership expense all persons necessary for operation of the partnership business, including the property management agent, auditors, attorneys and other professionals rendering service to the partnership; and (xix) manage the property, rental of units, maintenance and repair; and

(3) the limited partnership agreement, if it contains a delegation of authority clause, provides either that the managing general partner may not delegate any of its partnership management duties, or that the managing general partner may delegate certain of its powers, rights, and obligations to persons who, under its supervision, may perform such acts or services for the partnership as the managing general partner may approve, provided that such delegation does not excuse the managing general partner from overseeing and supervising on an ongoing basis the activities being delegated.

OR

B. the limited partnership agreement does not provide for authority and management duties for the managing general partner and/or the managing general partner has no authority or management duties, as indicated in (1) and (2) above; and/or, on the lien date, or as of the date the property was acquired if after the lien date, or as of the date that the nonprofit corporation was admitted into partnership as the managing general partner, of the fiscal year for which exemption is claimed, the limited partnership agreement, if it contains a delegation of authority clause, does not provide limitations on the managing general partner's authority to delegate, as indicated in (3), above.

List any changes in the General Partners since the last filing, or if no changes, state "none."* _____

*Claimants filing an annual claim for a property already receiving the exemption (form BOE-267-A) should mail a copy of the Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*, if the certificate of limited partnership has been amended since the filing of the prior year's claim, to the State Board of Equalization, Property and Special Taxes Department, Assessment Policy and Standards Division, PO Box 942879, MIC:64, Sacramento, CA 94279-0064.

Check here if copy sent.

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

SIGNATURE OF PERSON MAKING AFFIDAVIT

DATE

THIS AFFIDAVIT IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION

Welfare Exemption claims and supporting documents are subject to audit by the Board of Equalization and by the Assessor.

**CLAIM FOR SUPPLEMENTAL CLEARANCE CERTIFICATE
FOR MANAGING GENERAL PARTNER**

LOW INCOME HOUSING—MANAGING GENERAL PARTNER

This form must be completed and filed with the Assessment Policy and Standards Division, Board of Equalization, P.O. Box 942879, Sacramento, California 94279-0064.

This affidavit is required under the provisions of sections 214(g), 214.15, 251, and 254.6 of the Revenue and Taxation Code for those organizations where the nonprofit organization is the managing general partner of low income housing property.

This affidavit supplements the claim for an Organizational Clearance Certificate for Welfare Exemption (BOE-277 or BOE-277-P) and must be filed with the Board.

As a prerequisite to the allowance of the welfare exemption, the nonprofit organization that is the managing general partner of the limited partnership must qualify for an *Organizational Clearance Certificate* (BOE-277-OC) from the Board of Equalization. In addition, nonprofit organizations seeking exemption on low-income housing owned and operated by a limited partnership in which the organization is the managing general partner must qualify for a *Supplemental Clearance Certificate for Managing General Partner* (BOE-277-SCC) for each property location.

_____ states:
(name of person making affidavit)

1. He/She is _____
(title, such as president, etc.)

2. of the _____
(corporate or organization name – nonprofit managing general partner)

3. which was admitted into the partnership as the managing general partner on _____
(give complete date)

4. the mailing address of which is _____
(give complete address including zip code)

5. the name of the limited partnership that owns and operates the property of which is _____

6. for the property located at _____
(give complete address including zip code)

7. acquired by the partnership on _____
(give complete date)

8. That he or she makes this affidavit on behalf of this organization in support of a claim for a *Supplemental Clearance Certificate for Managing General Partner* for the _____ - _____ fiscal year and certifies under penalty of perjury that the following conditions apply:

A. There is an enforceable and verifiable agreement with a public agency or a recorded deed restriction that restricts the project's usage and that provides that the units designated for use by lower-income households are continuously available to or occupied by lower-income households at rents that do not exceed those prescribed by section 50053 of the Health and Safety Code, or, to the extent that the terms of federal, state, or local financing or financial assistance conflicts with section 50053, rents do not exceed those prescribed by the terms of the financing or financial assistance. Please check the document that applies to this property:

- Enforceable and verifiable agreement with a public agency
- Recorded deed restriction

B. The funds which would have been necessary to pay property taxes are used to maintain the affordability of, or reduce rents otherwise necessary for, the units occupied by lower-income households, and

C. At least one of the following criteria is applicable (*check one*):

- (1) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants and the rents of the occupants who are lower-income households do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance. [section 214(g)(1)(A)]
- (2) The owner of the property is eligible for and receives low-income housing tax credits according to section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514. [section 214(g)(1)(B)]

If you have not previously filed a claim for a Supplemental Clearance Certificate for Managing General Partner on this property, please provide a copy of a regulatory agreement with a public agency, or a copy of a recorded deed restriction which verifies the receipt of federal tax credits or government financing, as specified, for the property location indicated above, with this claim.

9. That he or she makes this affidavit on behalf of this organization in support of a claim for exemption for the _____ - _____ fiscal year and certifies that on the lien date, or as of the date the property was acquired if after the lien date, or as of the date that the nonprofit corporation was admitted into partnership as the managing general partner, of the fiscal year for which exemption is claimed (check either A or B below):

- A. (1) the limited partnership agreement provides for, and the organization as the managing general partner subject to the rights of the partners, has control over the business, assets, and affairs of the partnership, and manages the day-to-day operations of the partnership, and participates in major management decisions of the partnership;
- (2) the limited partnership agreement provides for and the organization as the managing general partner has two or more of the following specific partnership management duties: (i) execute and deliver all partnership documents on behalf of the partnership; (ii) acquire, hold, assign or dispose of property or any interest in property; (iii) borrow money on behalf of the partnership, encumber partnership assets, place title in the name of nominee to obtain financing; (iv) prepay in whole or in part, refinance, increase, modify or extend any obligation; (v) pay organizational expenses incurred in the creation of the partnership and all operational expenses; (vi) determine the amount and timing of distributions; (vii) function as the federal and state tax matters partner; (viii) monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental entities; (ix) prepare and/or supervise preparation of all reports required by the lender; (x) prepare or cause to be prepared all reports to be provided to the partners; (xi) coordinate all present and future development, construction or rehabilitation of projects; (xii) maintain the partnership books and records; (xiii) maintain the partnership bank account; (xiv) prepare the annual partnership budget; (xv) obtain and maintain all required insurance coverage; (xvi) establish and maintain all required reserves; (xvii) enforce all contracts, including any agreements with property management firms; (xviii) employ at partnership expense all persons necessary for operation of the partnership business, including the property management agent, auditors, attorneys and other professionals rendering service to the partnership; and (xix) manage the property, rental of units, maintenance and repair; and
- (3) the limited partnership agreement, if it contains a delegation of authority clause, provides either that the managing general partner may not delegate any of its partnership management duties, or that the managing general partner may delegate certain of its powers, rights, and obligations to persons who, under its supervision, may perform such acts or services for the partnership as the managing general partner may approve, provided that such delegation does not excuse the managing general partner from overseeing and supervising on an ongoing basis the activities being delegated.

OR

- B. the limited partnership agreement does not provide for authority and management duties for the managing general partner and/or the managing general partner has no authority or management duties, as indicated in (1) and (2) above; and/or, on the lien date, or as of the date the property was acquired if after the lien date, or as of the date that the nonprofit corporation was admitted into partnership as the managing general partner, of the fiscal year for which exemption is claimed, the limited partnership agreement, if it contains a delegation of authority clause, does not provide limitations on the managing general partner's authority to delegate, as indicated in (3), above.

10. Provide the following information regarding the limited partnership:

- A. Nonprofit organizations filing a claim for the *Supplemental Clearance Certificate for Managing General Partner* for the first time shall submit a copy of Secretary of State form LP-1, *Certificate of Limited Partnership*, and, if applicable, Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*, with this claim.
- B. Limited partnerships that have already been issued a *Supplemental Clearance Certificate for Managing General Partner*, for the property location indicted on the front page of this form, and are filing this affidavit with a periodic claim form (BOE-277-P, *Periodic Filing for Organizational Clearance Certificate, Welfare or Veterans' Organization Exemption*), shall submit Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*, if the certificate of limited partnership has been amended since the last filing of this claim, with this claim.
- C. List any substitutions in the General Partners since the last filing, or if no changes, state "none."

CERTIFICATION

I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing and all information hereon, including any accompanying statements or documents, is true, correct, and complete to the best of my knowledge and belief.

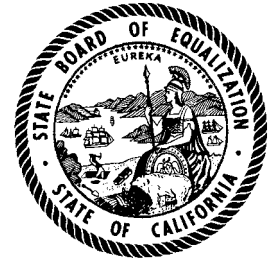
SIGNATURE OF PERSON MAKING AFFIDAVIT	DATE
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THIS AFFIDAVIT IS A PUBLIC RECORD AND IS SUBJECT TO PUBLIC INSPECTION

Welfare Exemption claims and supporting documents are subject to audit by the Board of Equalization and by the Assessor.

CALIFORNIA STATE BOARD OF EQUALIZATION

**SUPPLEMENTAL CLEARANCE CERTIFICATE
FOR MANAGING GENERAL PARTNER**



Organization Information:

BOE Ex. No.

Corp. ID:

Name of Limited Partnership and Property Location:

Date of Certificate

Fiscal Year First Qualified:

BOE-277-SCC (12-03)

THIS CERTIFICATE NUMBER MUST BE
SUBMITTED TO A COUNTY WHEN FILING A
CLAIM FOR WELFARE EXEMPTION ON LOW-
INCOME HOUSING.

In accordance with section 254.6
of the Revenue and Taxation
Code, the Board has determined
that this property meets all the
organizational requirements of
section 214(g).

**NOTICE TO ORGANIZATIONS
GENERAL INFORMATION REGARDING WELFARE EXEMPTIONS
LOW-INCOME HOUSING (MANAGING GENERAL PARTNER)**

This Supplemental Clearance Certificate is issued to the above listed nonprofit organization, which has qualified for a valid Organizational Clearance Certificate (BOE-277-OCC) issued by the Board of Equalization. This Supplemental Clearance Certificate verifies that the Board staff's review has determined that all the organizational requirements have been met for the property, including the requirement that the nonprofit corporation has certified that it has sufficient authority to qualify as the managing general partner of the limited partnership, per the limited partnership agreement.

A supplemental claim for the Supplemental Clearance Certificate will be mailed to the nonprofit organization with the *Periodic Filing for Organizational Clearance Certificate, Welfare or Veterans' Organization Exemption* (BOE-277-A) to verify and update information. The claim form must be completed, signed, and filed with the Board, along with supporting documents, if any, in order to maintain eligibility for the certificate. The Board may institute an audit or verification of the organization to ascertain whether the organization meets the organizational requirements of Revenue and Taxation Code section 214(g), as required by section 15618 of the Government Code. If you have any questions concerning the organizational requirements, you may contact the State Board of Equalization, Property and Special Taxes Department, Assessment Policy and Standards Division, Exemptions Section, at 916-445-3524.

Annual claims for the welfare exemption and supplemental affidavits must be filed with the Assessor on or before February 15 of each year to avoid a late filing penalty under section 270. The Assessor shall review all claims to determine that the organization continues to use its property for qualifying purposes and activities, as specified in section 214(g).

The Assessor may not approve a property tax exemption claim for low-income housing until the claimant (nonprofit managing general partner) has been issued a valid Organizational Clearance Certificate (BOE-277-OC) according to section 254.6 and a valid *Supplemental Clearance Certificate For Managing General Partner* (BOE-277-SCC). The Assessor may deny a claim for the exemption, notwithstanding that the claimant has been granted the clearance certificates. Exemption claim forms for property newly acquired by an organization may be obtained from the Assessor in the county where the property is located.

STATE BOARD OF EQUALIZATION, PROPERTY AND SPECIAL TAXES DEPARTMENT
ASSESSMENT POLICY AND STANDARDS DIVISION
PO BOX 942879, MIC:64, Sacramento, CA 94279-0064
Exemptions Section: 916-445-3524; Division: 916-445-4982

**WELFARE EXEMPTION
LOW-INCOME HOUSING (MANAGING GENERAL PARTNER)
SUPPLEMENTAL CLEARANCE CERTIFICATE FINDING SHEET**

DATE:

Organization Information:

Name of Limited Partnership and Property Location:

BOE EX. No. Corp. ID:	Status: Type:
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Fiscal Year:

Under the provisions of section 254.6 of the Revenue and Taxation Code, we have reviewed the *Claim for a Supplemental Clearance Certificate for Managing General Partner* and supporting documents to determine if the organizational requirements for exemption are met for this property under section 214(g). Our finding is that the requirements of section 214(g) have "Been Met," "Not Been Met," or your claim was determined to be "Incomplete" as indicated below:

- | | | |
|-----------------------------------|-------------------------------------|---------------------------------------|
| <input type="checkbox"/> BEEN MET | <input type="checkbox"/> INCOMPLETE | <input type="checkbox"/> NOT BEEN MET |
| <input type="checkbox"/> N.O.C.C. | <input type="checkbox"/> N.R.A. | <input type="checkbox"/> M.G.P. |
| <input type="checkbox"/> N.L.P1. | | <input type="checkbox"/> P.N.F. |

If this finding sheet indicates an Incomplete or Not Been Met finding, you may submit additional information and/or documents in support of your claim. Please submit such documents, along with this finding sheet, to the address listed on the top of this form.

SEE REVERSE FOR DESCRIPTION OF CODES AND BELOW FOR ADDITIONAL COMMENTS REGARDING THE ORGANIZATION'S FINDING:

(Please note that the Assessor may not grant a Welfare tax exemption on a claim filed by a nonprofit managing general partner for low-income housing until the claimant has been issued a valid Organizational Clearance Certificate pursuant to section 254.6 of the Revenue and Taxation Code and a valid Supplemental Clearance Certificate for Managing General Partner.)

The claimant may appeal the Board of Equalization staff's finding of ineligibility with the Board of Equalization (Board) within 60 days of the date of mailing of the final notice of ineligibility (form BOE-277-FS2). The appeal shall be in writing and shall state specific grounds upon which the appeal is founded. The appeals are conducted according to the Board's *Rules of Practice*, available on the Board's website at boe.ca.gov.

DESCRIPTION OF CODES

CODE INCOMPLETE CLAIM

- N.O.C.C. No Organizational Clearance Certificate. Organization does not hold a valid Organizational Clearance Certificate (BOE-277-OC), which is a prerequisite to the Supplemental Clearance Certificate for Managing General Partner.
- N.R.A. No regulatory agreement or deed restriction. Please provide a copy of an enforceable and verifiable agreement with a public agency or a recorded deed restriction that restricts the project's usage.
- N.L.P1. No LP-1. Please provide a copy of Secretary of State form LP-1, *Certificate of Limited Partnership*, and, if applicable, Secretary of State form LP-2, *Amendment to Certificate of Limited Partnership*.

REQUIREMENTS NOT BEEN MET

M.P.G. The nonprofit organization has not certified that it has sufficient management authority and duties, as provided in the limited partnership agreement, to qualify as the managing general partner of the limited partnership. As of the date the property was acquired if after the lien date, or as of the date that the nonprofit corporation was admitted into the partnership as the managing general partner, the following criteria must apply:

- (1) the limited partnership agreement provides for, and the organization as the managing general partner, subject to the rights of the partners, has control over the business, assets, and affairs of the partnership, and manages the day-to-day operations of the partnership, and participates in major management decisions of the partnership.
- (2) the limited partnership agreement provides for and the organization as the managing general partner has two or more of the following specific partnership management duties: (i) execute and deliver all partnership documents on behalf of the partnership; (ii) acquire, hold, assign, or dispose of property or any interest in property; (iii) borrow money on behalf of the partnership, encumber partnership assets, place title in the name of nominee to obtain financing; (iv) prepay in whole or in part, refinance, increase, modify or extend any obligation; (v) pay organizational expenses incurred in the creation of the partnership and all operational expenses; (vi) determine the amount and timing of distributions; (vii) function as the federal and state tax matters partner; (viii) monitor compliance with all government regulations and file or supervise the filing of all required documents with governmental entities; (ix) prepare and/or supervise preparation of all reports required by the lender; (x) prepare or cause to be prepared all reports to be provided to the partners; (xi) coordinate all present and future development, construction or rehabilitation of projects; (xii) maintain the partnership books and records; (xiii) maintain the partnership bank account; (xiv) prepare the annual partnership budget; (xv) obtain and maintain all required insurance coverage; (xvi) establish and maintain all required reserves; (xvii) enforce all contracts, including any agreements with property management firms; (xviii) employ at partnership expense all persons necessary for operation of the partnership business, including the property management agent, auditors, attorneys and other professionals rendering service to the partnership; and (xix) manage the property, rental of units, maintenance and repair; and
- (3) the limited partnership agreement, if it contains a delegation of authority clause, provides either that the managing general partner may not delegate any of its partnership management duties, or that the managing general partner may delegate certain of its powers, rights, and obligations to persons who, under its supervision, may perform such acts or services for the partnership as the managing general partner may approve, provided that such delegation does not excuse the managing general partner from overseeing and supervising on an ongoing basis the activities being delegated.

P.N.F. No tax-exempt mortgage revenue bonds or low-income housing tax credits. Either of the following criteria must apply:

- (1) The acquisition, rehabilitation, development, or operation of the property, or any combination of these factors, is financed with tax-exempt mortgage revenue bonds or general obligation bonds, or is financed by local, state, or federal loans or grants.
- (2) The owner of the property is eligible for and receives low-income housing tax credits according to section 42 of the Internal Revenue Code of 1986, as added by Public Law 99-514.