



**WASHINGTON STATE HOUSING FINANCE COMMISSION
COVID-19 COMPLIANCE GUIDANCE - FREQUENTLY ASKED QUESTIONS**

Effective April 1, 2020

Updated: February 23, 2021

The IRS waiver of recertifications and inspections due to the COVID-19 pandemic has been extended to 9/30/2021. It is unclear how the Commission will manage monitoring between 10/1 and 12/31/2021, given that the waiver does not extend through the end of this reporting year. We will alert our stakeholders as additional guidance is provided by the IRS.

The Commission continues to expect owners and property managers to do their best to complete annual recertifications in 2021 in order to minimize any potential noncompliance.

These FAQs are based on WSHFC staff interpretations of IRS Notice 2020-53 and 2021-12 and include a temporary relaxation of some WSHFC compliance policies and procedures to help Owners and Managers navigate these unprecedented times. Ultimately, Owners are responsible for making sure their properties are in compliance with all applicable rules and regulations. Owners and managers should consult their tax credit legal counsel for further clarification or specific application to their properties.

RELAXED COMPLIANCE POLICIES AND PROCEDURES DURING PANDEMIC

Implement alternate ways for applicants/residents (A/R) to fill out and sign paperwork and submit the forms to you.

- You can collect forms electronically, by postal mail or by having folks drop off paperwork at your office or another location.
- It is fine for A/Rs to sign forms electronically.
- If you encounter a **problem** with getting an A/R to **sign** a required compliance form, please email your property's Portfolio Analyst and discuss the situation with them to try to come up with a solution.
- On compliance forms that require a manager witness signature, have your managers sign the form after you've received it back from the A/R. When they sign, they should sign their name, put the actual date of signature, and the comment "Did not sign in the presence of applicant/resident due to COVID-19 risk."
- Managers can also sign forms electronically. Again, if they are signing a form that requires a manager witness, they should add a comment about not being able to sign in presence of A/R due to COVID-19 risk.

Keep track of any recertifications that are delayed due to A/R not sending in their recertification documentation on time and complete them when you are able to. We understand there will be a lot of delays and there will be situations where you are unable to get verification of something because a third-party is unable to respond.

- Do NOT evict residents based solely on their inability/refusal to complete the recertification process.
- Be sure you are making notes in your resident files **and in WBARS** to document which households' recertifications are being delayed as a result of COVID-19.
- If you import your data to WBARS, remember that you'll need to add notes about recert delays due to COVID-19 *AFTER* you complete your imports so you don't wipe out your notes in WBARS if you do a new import after entering comments in resident records. So, you may need to keep track of those notes elsewhere for now and then enter them in WBARS at the end of the year after your final Table 1 data import.
- Do not back-date recertification information or signatures. Sign off on documents and use effective dates that represent the actual dates you received information, signed a document and/or made a recert effective.

Implement inspection and unit turn policies that make the most sense for you operationally and in light of the populations you serve. We understand there are going to be significant vacancies and offline units in 2020/2021 as a result of COVID-19.

- Again, please keep track of all your extended vacancies and units that are offline throughout the year. When you submit your **Extended Vacancy/Rent-Ready Report** next year, make sure you've completed the form with comprehensive notes about which units were vacant/offline as a result of COVID-19 and when/if they were leased or finally made rent-ready. Also make notes in WBARS as warranted.
- At this time, WSHFC continues to suspend property inspections around the state. We do not know if these inspections will be rescheduled later in the year. When we have more information, we will alert all our stakeholders.
- If you had an inspection in early 2020, please do your best to repair any outstanding deficiencies. If you are unable to repair some or all deficiencies due to COVID-19 risk, please keep track of all items that will need fixing at a later date and keep your WSHFC Portfolio Analyst informed. The IRS has extended the correction period until no later than 12/31/21.

General Operations

Q: Effective with the 2020 annual reports we were asked to report all units vacant over 30 days on the *Extended Vacancy Rent-Ready Report*. Are we required to do that with the slower processes due to COVID-19?

A: We will continue to waive this requirement to report all units vacant over 30 days during this pandemic. Please follow the previous rule of reporting on the *Extended Vacancy/Rent-Ready Report* any unit that took longer than 30 days to be made rent-ready and/or any unit vacant for 90+ days. If COVID-19 played a role in delaying the rent-ready or re-occupancy date, then please note that in the explanation column(s).

Q: Would WSHFC consider the REA/leasing process "essential work" related to day-to-day operations?

A: We cannot comment on what constitutes "essential work" under the Governor's mandate. If you choose, you can delay recertification and move-in processing until you feel it is safe for site staff and applicants/residents. Other management companies have reported to us that they have closed their site offices to walk-in traffic and are asking all residents to call/email in questions and requests to site staff working in the office. They have posted signs on the office doors giving this direction.

Q: Are there expectations that we should perform maintenance on anything other than emergency work orders?

A: The Commission is not expecting any work orders beyond those for emergencies be done at this time. You may want to check with your legal counsel regarding the state legally mandated timeframe for correcting specific items if you cannot get to them within the prescribed timeframes. Hopefully, you have protective gear for your maintenance crew.

Onsites

Q: Will Onsite Visits/inspections resume in 2021?

A: While some states are resuming their inspections, the Commission has not determined a date to resume our inspections. We will continue to follow our governor's Healthy Washington – Roadmap to Recovery plan and other federal, regional and local guidance to determine when it is safe for residents, property staff, and our contracted inspectors to re-start inspections.

Processing Certifications During the Pandemic

Q: We have a household that moved in at a 100% low-income property during 2019 that only completed a Student Certification in 2020 due to the pandemic. They did not complete a full third-party verified recertification. Do they need to complete a full recertification for 2021, or will a self-certification be acceptable?

A: Under these circumstances the Commission will accept a self-certification for 2021, unless the self-certification documents income over 140% of the applicable income limit. If income is over 140%, the Commission will require third-party verification regarding the household's income to determine the cause of the increase and whether or not the household truly qualified upon initial move-in.

Q: Was the annual Student Certification waived as part of the IRS' waiver of recertifications in 2021?

A: No. The IRS has explicitly clarified that only the income and asset verification portion of the recertification process was waived. The IRS still expects Student Certifications to be completed in 2021. WSHFC encourages owners/managers to, at minimum, get residents to sign a Student Certification even if the household does not complete the rest of the recertification. If you cannot obtain a certification from the household to confirm student status, please make sure you document all your attempts in the resident file. Failure to review student status annually could delay your ability to find and correct fulltime student rule violations, which could result in reportable noncompliance.

Q: How do you want us to report residents that refused to complete a 2021 recertification on Table 1 in WBARS?

A: If the resident would not or could not complete a 2021 recertification, please leave the 2020 recertification date in the Current Cert Date (2021 recert date) field in WBARS (don't leave the cert date field blank, the resident record cannot be saved with a blank Current Cert Date field). Then enter notes in the Comment field on tab 4 of the resident record that the resident did not complete a 2021 recertification because of the pandemic.

If you were able to get a 2021 Student Certification from the resident (or they answered the Student question on the *Resident Eligibility Application* or *Self-Certification of Annual Income*), then note that in the Comment field in tab 4 of the resident record as well.

Only enter a 2021 recertification date in WBARS if the household did complete a normal recert (whether the first-year third-party recertification or a self-certification).

Q: Is the Commission allowing for alternate verifications to income-qualifying households?

A: For applicants, managers should go through the usual channels and wait the usual amount of time to get third party verification back. If best verifications cannot be obtained, then move on to paystubs, tax returns, documents provided by applicant, etc., as is outlined in Chapter 5 of the Tax Credit Compliance Manual. The only reason to accelerate the process and go immediately to non-3rd party documents is if the family is in a crisis directly related to the pandemic.

Q: I'm completing recertifications for residents at my property. Do I have to get third-party verification of everyone's income?

A: For recertifications on 100% properties it is acceptable to use pay stubs in lieu of an *Employment Verification* and statements in lieu of other income verifications. We will waive the 3 attempts rule.

Note: If you have any properties eligible for self-certifications (3rd year and beyond) and have not taken advantage of this option due to other Funder or Owner requirements, now might be the time to re-evaluate this practice.

On mixed-income properties with Market Rate units, pay stubs and statements can also be used in lieu of third-party verifications. However, if a household's income is within \$500 of 140% of the federal 50% or 60% limit applicable at the property, we ask that management follow up and get third-party verifications when they are available.

Q: If a resident does not have a Social Security benefit statement can we use alternative forms to verify SS/SSI benefits on recertifications so the resident does not have to come to the office for assistance with the *My Social Security* web site?

A: We will allow use of the following alternate forms of SS/SSI verification for recertifications during the pandemic if the file is documented as to why the alternate verification format was used:

- If a property has access to EIV, a statement may be added to the file that says 'EIV was used to verify the current SS/SSI benefit amount' and list the amount verified in EIV. Do Not submit the actual statement from EIV in the certification as neither the IRS nor the Commission are a party to the EIV agreement.
- Include the 2020 SS/SSI verification/statement and add the 2021 COLA amount of 1.3%. Add a note in the file that this was done due to COVID-19 and make this calculation clear in the file. Note: this method cannot be used for residents with variable SS/SSI payments or for those households that experienced a change that may have affected their 2021 benefit amount, such as the death of a spouse.
- If a property has access to the state Benefit Verification System (BVS) to verify DSHS benefits, and it shows the amount of SS/SSI benefits received, this printout can be used to verify SS/SSI benefits as long as the SS/SSI amount is clearly circled and a note is added on the printout that this alternate verification format was utilized due to COVID-19

Q: Can the Benefit Verification System (BVS) used to verify DSHS benefits be used to verify SS/SSI benefits for move-in certifications?

A: Accepting this statement to verify SS/SSI benefits for initial certifications is a little risky, as we do not know when the SS/SSI benefit amount was last updated in the BVS. For this reason, we recommend that management obtain additional backup such as a current bank statement showing a correlating direct deposit and that it only be relied on if the household income is verified at \$500 or more under the income limit.

Q: With the COVID-19 precautions currently being taken and reduced services being offered, we would like to know if we should advise our properties that notarized forms should continue to be obtained per usual or if there has been an adjustment to that process at this time.

A: The Commission will waive notarization requirements on our forms during this pandemic. If an Owner/Manager is not comfortable with this, or if another Funder or Tax Credit Partner does not allow for this, please only require a notarization when necessary. For example, the Commission does not require a Notarized Child Support Affidavit when an applicant/resident answers the child support question on the REA stating that they do not receive support and they have no court cases for support. If a company has a requirement for the affidavit when no support is collected, we ask that they waive it.

If notarization is needed and there is someone on staff that is a notary, they can perhaps arrange to notarize with as little contact as possible. Management could also choose to accept the form signed by the applicant without the notary and note on the form that it was accepted without a notary due to the COVID-19 pandemic. They could give the resident a copy of the form without their signature to get notarized and brought to the office later this year. Finally, there are now services which provide electronic notarization – doing some internet research should lead you to more information.

Bond-Only Property Recertifications

Q: Do we have to do recertifications at our Bond property?

A: The IRS has extended the recertification waiver to September 30, 2021. Based on the IRS rule that Bond residents be recertified sometime in the calendar year and the extension only going through the end of September, we recommend you continue attempts to recertify all qualified households on Bond only properties. There is also the concern that student noncompliance in 2020/2021 could cause issue with future compliance.

Temporary Changes in Income

Q: What are your thoughts on qualifying households who have experienced a COVID-19 related layoff or reduction in hours but are expected to return to the job when things go back to "normal"? If new move-ins would have been over income at their normal job/hours how cautious should we be?

A: For people experiencing a reduction in income or a complete loss of income, we are advising that managers conduct the initial qualification based on the income or lack of income that can be verified at the time of application. If management confirms someone lost their job as a result of COVID-19, then qualify the applicant using unemployment if they are eligible or zero income if they are not. If management confirms hours have been reduced due to COVID-19, then qualify at the reduced hours.

We don't know what will happen in the future, so current circumstances should be used to determine income for the next 12 months. If it is impossible for the manager to verify any of the household's income because of COVID-19 circumstances, i.e., they can't get third party verification and the household cannot provide any paperwork like pay stubs or agency statements, then the manager could use the Displaced Household Certification and house the family under the waiver, with the understanding that the family must be income qualified by 3/31/2021, or the household will have to vacate the unit.

Q: The CARES Act provided an additional \$600 weekly supplement to nearly everyone on unemployment from March 29th through week ending July 25, 2020. Under HUD 4350.3 instructions, unemployment is annualized. Should the \$600 weekly supplement and any further unemployment supplements be annualized?

A: No. HUD specified that household stimulus payments and the temporary \$600 per week federal enhancement to unemployment insurance provided by the CARES Act are not to be included in calculations of income. The same is true for additional stimulus payments and federal unemployment enhancements, except for unemployment benefits under the (PUA) program for individuals who are self-employed, seeking part-time employment, or whom otherwise would not qualify for regular unemployment insurance. However, HUD notes that regular unemployment payments (issued by the state) should be treated per the rules in the 4350.3 Handbook. (Count unemployment for a full 52 weeks, unless verified return to work date.) HUD's COVID-19 FAQs can be reviewed [here](#).

Q: How do we count the Hazard pay, such as an extra \$2 per hour, that some companies were paying their employees in 2020 or the new Hazard pay required by the City of Seattle in 2021?

A: Hazard pay paid periodically must be counted as additional income for the full 12-month certification period **unless** there is a clear future stopping point according to the employer. If a **one-time** hazard bonus is paid, that would not be counted.

Temporary Income that is Included/Excluded from Annual Income Calculation	
Type of Income	Included or Excluded?
CARES ACT Stimulus Payments (\$1,200 per adult, plus \$500 per child)	Excluded
CARES ACT Unemployment Supplement (\$600 per week through July 25th)	Excluded
State Unemployment Benefits	Included
Employer paid hourly COVID Hazard Pay (\$4 per hour for example)	Included until verified end date
Employer paid one-time COVID Hazard Bonus (one \$400 bonus for example)	Excluded

Stimulus Payments

Q: Will the Commission consider Federal Stimulus payments as this income?

A: No. One-time payments are not considered income. Congressional action would be required for more stimulus payments to be made. If an additional one-time payment is made, we would treat those payments as one-time from that bill as well.

Eviction Moratorium

Q: What does the federal eviction moratorium do?

A: The eviction moratorium operates by restricting lessors of covered properties (including LIHTC) from filing new eviction actions for non-payment of rent, and also prohibits charging fees, penalties, or other charges to the tenant related to such nonpayment of rent.

The federal eviction moratorium does not affect cases:

- that were filed before the moratorium took effect or that are filed after it sunsets
- that involve non-covered tenancies (see below), or
- where the eviction is based on another reason besides nonpayment of rent or nonpayment of other fees or charges.

Q: Should residents that refuse to process their annual recertification be evicted?

A: No. Eviction for failure to recertify or meet other LIHTC program guidelines is not allowed under the current moratorium.

Q: What should Owners/Managers do about residents that fall out of compliance due to the LIHTC student prohibition?

A: Eviction for noncompliance with the student prohibition is not allowed under the current moratorium. We recommend that Owners/Management make residents aware of how their student status may affect their qualification for the LIHTC program and try to resolve the issue with their residents. For example, Owners/Managers might want to check with their legal counsel about suggesting a Fulltime Student change to Part-time. If the issue cannot be resolved by 12/31/2021, this may result in noncompliance.