



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

The following FAQs are based on WSHFC staff interpretations of IRS Notices 2020-53, 2021-12 and 2022-05. 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.

UPDATED AS OF JANUARY 2022:

The Commission is back to pre-pandemic recertification policies. The latest IRS Notice 2022-05 does NOT waive recertifications for tax credit residents nor does it waive the obligation of HFAs to review resident files. However, if any 2022 recertifications are delayed due to the pandemic, the Commission will allow exceptions to rules on a case-by-case basis. If you deviate from Commission rules, clear documentation must be included in each certification. The documentation must include, but is not limited to, the reason for the deviation, and which documents are affected. Please reach out to your property's Portfolio Analyst for assistance in these situations.

You should continue to provide alternate ways for applicants/residents (A/R) to fill out and sign paperwork and submit their 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 first lease anniversary recertifications that are delayed due to problems obtaining third-party documentation on time (due to pandemic-related delays) and complete them when you are able.

- 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 ongoing pandemic issues.

- If you import your data to WBARS, remember that you'll need to add notes about pandemic-related recert delays *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 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.

General Operations

Q: In **2022**, do we need to track units that are **vacant** more than 30 days on the *Extended Vacancy Rent-Ready Report*?

A: We will continue to waive this requirement to report all units vacant over 30 days during the 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: Are there expectations that we should perform maintenance on anything other than emergency work orders?

A: The level of maintenance performed at your property(ies) is a decision for the property owner to make. Having said that, if WSHFC conducts an inspection at your property in 2022 and finds deficiencies, we expect the deficiencies to be corrected within the timeframe provided by WSHFC. If corrections will be delayed due to the pandemic, discuss the situation with the property's monitoring Portfolio Analyst to determine next steps.

Physical Inspections

Q: Will property inspections resume in 2022?

A: In 2022, WSHFC plans on conducting property inspections. Check the **Tax Credit Report Forms and Procedures** page on our website and download the "Report Types by Property Name List" (PDF or Excel format) to see if your property(ies) is scheduled for a 2022 inspection.

Processing Certifications

Q: Is the Commission allowing managers to use alternate verifications to income-qualify households?

A: For applicants, managers must follow the verification steps outlined in Chapter 5 of the **Tax Credit Compliance Manual** and wait the usual amount of time to get third party verification back. If third-party verifications cannot be obtained, then move on to paystubs, taxreturns, 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- third party documents is if the family is in a crisis directly related to the pandemic, which must be documented in the file.

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

A: For the **first lease anniversary recertifications**, managers must follow the verification steps outlined in Chapter 5 of the **Tax Credit Compliance Manual** and wait the usual amount of time to get third-party verification back. If third-party 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**.

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

A: We will continue to allow use of the following alternate forms of SS/SSI verification for first year recertifications 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 2021 SS/SSI verification/statement and add the 2022 COLA amount of 5.9%. 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 2022 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 initial 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 ongoing pandemic concerns, we would like to know if notarized forms should be obtained per usual or if the Commission will continue to waive this requirement?

A: If notarization is needed and there is someone on staff who 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 pandemic. The Commission will accept electronic notarization, you may wish to look into providing this service to your residents. Please check with your Portfolio Analyst if you have additional concerns.

Notwithstanding the above, 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.

Temporary Changes in Income

Q: What are your thoughts on qualifying households who have experienced a pandemic-related layoff or reductions 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 the pandemic, 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 the pandemic, then qualify at the reduced hours.

Stimulus Payments

Q: Will the Commission consider Federal Stimulus payments as 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 or sporadic income.

Eviction Moratoria

We are not attorneys and cannot advise you concerning whether or not an eviction is lawful. Please refer to City/County/State guidelines regarding evictions.

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

A: The Commission cannot advise you whether or not to evict a resident. Be sure you are providing residents with flexibility in how they complete their tax credit recertification; do not require residents to meet with you in person to complete this process. If residents are completing the process but the recertification is delayed, make every effort to work with the resident to close out the recertification.

Q: Is the Commission now reporting Fulltime Student household violations to the IRS?

A: Although the IRS waived recertifications in 2020 and 2021, the IRS did not waive the Fulltime Student Rule. The Commission is obligated to report Fulltime Student Rule violations to the IRS as noncompliance. If you were delayed in resolving student noncompliance in 2020 or 2021 because of eviction moratoria, please send us an explanatory letter that we can include with the IRS Form 8823 submittal.