Existing policy language is black, updated language is noted in Blue. The locations of existing policy sections are noted for each component. Once policy updates are approved a single stand-alone policy document will be posted for implementation across programs.

Project Sponsor – Good Standing *(Sections 4.17.2 in 9% Tax Credit Program Policies, 3.2 in Bond Tax Credit Program Policies)*

The project sponsor must be in good standing with all Commission programs and policies.

The purpose of a Good Standing policy is to ensure good stewardship of housing resources, and to maintain accountability and program sustainability for the public's benefit. It is expected that all partners working with the Commission will act with integrity and transparency and maintain open communication to resolve financial and operational issues. By establishing clear expectations, we aim to ensure that public resources are allocated fairly and effectively.

The Commission will use the following conditions to collectively determine whether a project sponsor is in good standing, taking into consideration the context and severity of each condition and is subject to the Commission discretion.

Litigation and Adverse Events (applies to all principals of a project sponsor):

- Has no outstanding litigation or is subject to any formal investigation involving the Commission, the State, or the federal government
- Has not had any Significant Adverse Events, defined as: an occurrence of non-compliance which cannot be cured, or an event which significantly impacts the ability of the Project Sponsor to receive an allocation from WSHFC, such as:
    - Program fraud or misrepresentation
    - Criminal convictions or adverse legal judgments related to the development, ownership, or management of affordable housing
    - Debarment or suspension by HUD or any other federal, state, or local agency

Uncorrected Non-Compliance:

- No unresolved life-threatening and emergency health and safety violations that have not been corrected within the timeframe specified by the Commission. Such violations may be the result of a LIHTC-required inspection, or the result of inspections conducted by other government entities (e.g., local city or fire department).
- Sponsor is communicating with the Commission and working in good faith to address any Federal or State Non-Compliance issues, example – making progress to correct 8823s.

Fulfilling Obligations:

- Does not have any outstanding financial obligations to the Commission, including compliance monitoring fees or bond debt service payments
- If the sponsor has engaged in credit swapping or other large milestone delays, they have submitted sufficient evidence to prove just cause, and received approval by the Commission
- Voluntary or involuntary return of tax credits without Commission approval
- Has honored all project commitments for which points were awarded during an allocation process, or has explained just cause and receive approval by the Commission for revisions

A Project Sponsor deemed not in good standing with the Commission as determined by the MHCF Division Director is subject to the following:

- Is ineligible to submit applications for or receive new allocations of resources while the not-in-good-standing status is in effect
- May be subject to increased monitoring standards of existing projects in the applicant's portfolio or other corrective action as determined by AMC Division.

<u>Please note:</u> Project Sponsors that remain not in good standing for an extended period without resolution could be considered for further action including but not limited to debarment.

Development Team Capacity – WAC 262-01-130(2)(g) *(Sections 4.10 in 9% Tax Credit Policies; 3.20 in Bond Tax Credit Policies)*

The Project Sponsor must demonstrate to the satisfaction of the MHCF Director that the Project Sponsor, the developer, and/or the development consultant under contract:

- Has successfully completed a multifamily housing project of a comparable number of housing units, of a similar complexity, and for a similar target population as the proposed project;
- Has the necessary level of staffing and financial capacity to successfully manage development and operations of the current project portfolio, including but not limited to, all current and pending tax credit projects and applications; and
- Has successfully completed previous Credit projects for which a Credit allocation was received in Washington or other states

If the Applicant is using a development consultant to show this capacity, the Applicant must also submit a copy of the executed contract detailing terms, conditions, and responsibilities between the Applicant and the development consultant.

In addition to information provided by the Applicant, the MHCF Division will consult with the AMC Division and take into consideration AMC's annual compliance monitoring and portfolio reviews, including but not limited to any risk assessment of the sponsor's portfolio completed for the prior year as well as progress on any risk mitigation plans. *(see Tax Credit Compliance Manual Chapter 8: Asset Management Procedures).*

Property Management Capacity- WAC 262-01-130(2)(h) *(Sections 4.11 in 9% Tax Credit Policies; 3.21 in Bond Tax Credit Policies)*

Documentation must demonstrate the successful management of:

1. Multifamily housing projects of a comparable number of housing units and/or of a similar complexity as the proposed project, and

2. Multifamily assisted or subsidized housing projects with local, state, and/or federal operating requirements comparable to those of the Bond/Tax Credit Program.

If employing a property management firm, a letter of intent or an executed property management agreement must be submitted at the time of application (see Property Management Agreement in Section 6.3). If self-managing, the Commission must be notified of any property management staff changes.

During the regulatory period of the Agreements, the Commission may request that the property management agent be replaced if the sponsor or their agent fails to meet any federal or Commission Regulatory Agreement-related requirements.