

WASHINGTON STATE HOUSING FINANCE COMMISSION TAX-EXEMPT BOND COMPLIANCE FREQUENTLY ASKED QUESTIONS

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These FAQs are based on staff interpretations or understanding of IRS rules and guidance for the Tax- Exempt Bond program. Ultimately, owners are responsible for making sure their properties are in compliance with all applicable rules and regulations. Owners and managers should consult their Bond legal counsel for further clarification or specific application to their properties.

NOTE: The following guidance applies to properties financed ONLY with the Commission's Tax-Exempt Bonds. If your property is financed with both Bonds and Tax Credits, consult the Commission's Tax Credit Compliance FAQs for guidance.

CERTIFICATIONS & LEASING

Annual Re-certification of Income

Q: Do I have to recertify my residents every year?

A: In general, yes. Most bond property Regulatory Agreements require full recertifications annually, with income and assets verified by a third party. If you are unsure what your specific recertification requirements are, please carefully review the Bond Regulatory Agreement for your property and consult with the WSHFC Portfolio Analyst who monitors your property.

140% Rule – Next Available Unit

Q: What is the 140% or "Next Available Unit" rule?

A: If a household's income exceeds 140% of the federal income limit (50 or 60% of Area Median Income) – either at recertification or upon addition of new household members, the Next Available Unit rule (NAU) must be applied. This means that the over-income unit can continue to count as qualified, but only as long as the next unit rented anywhere in the property is income-qualified – whether the unit was previously designated as "low-income" or "market".

NOTE: This is a "Building" rule for Tax Credits but a "Project" rule for Bonds. Projects with Bonds and Tax Credits can abide by the Tax Credit rule by building.

Counting Vacant Units in Bond Properties

Q: My property is required to set aside 20 units for low-income residents. At the end of my property's reporting period, I had 17 units rented to qualified families, and I had 3 units vacant; can I count the vacant units toward the property's low-income set-aside requirement?

A: It depends. If the vacant units were **immediately previously rented** to low-income qualified households and made rent-ready in a timely fashion, then you may count those vacant units toward your set-aside. If the vacant units were last occupied by *market rate* households, then you **cannot** count them toward your

low-income set-aside. Additionally, if any of your set-aside units are over 140% at the end of your reporting period they **do not** count toward your set-aside requirement.

Q: If an income-qualified household moves from one unit to another, can I count both units towards the low-income set aside requirement?

A: No. A household can never income qualify two units at the same time.

Proportionate Lease-up in Bond Properties

Q: My bond property has just reached 10% lease-up; how long do I have to reach my property's low-income set-aside?

A: For **new construction** bond properties, you must make sure that you are leasing market-rate and qualified units proportionately. For example, if you have a total of 100 units, a 20%@50% set-aside requirement, and 50 units that are occupied at the end of March, 10 of the 50 units must be rented to income-qualified households, and the remaining units can be rented to market-rate households. If your property is financed with **acquisition/rehab** bonds, the property has one year to meet its federal income set-aside(s).

Certification Effective Date

Q: What is the effective date of the initial certification and when would re-certifications be due?

A: The effective date of the initial certification is the same date as the commencement date of the lease. This is the date when a resident can move in to the unit. The income verifications must be dated within 120 days prior to the commencement of the lease. If documentation is older than 120 days at the time of move in, the income verification must be re-verified with the 3rd party source.

Recertifications need to be completed annually. The certification process can be started up to 120 days prior to the effective date of the recertification. All verifications should be obtained prior to the effective date.

While recertifications can be effective anytime during the calendar year, best practice is to make them effective on the anniversary of the initial certification. *For example, if a household initially qualified a unit on April 23, 2020, their annual recertification date could be anytime in 2021, but we recommend that it be 4/1/2021 or 4/23/2021.*

Q: What should the effective date be for an initial certification if an existing Market resident is qualified?

A: The effective date of the initial certification should be the date all income certifications were received, and the **Tenant Income Certification (TIC)** was completed. This date should be within 120 days of the date the **Household Eligibility Application (HEA)** was signed.

Certifying 17 Year Old Residents

Q: We have a family applying for housing and one of the household members is 17 now, but will turn 18 within the next 12 months. Do I need to have the 17-year-old declare any jobs on the **Household Eligibility Application (HEA)** and get verification of his/her wages? What about having a 17-year old sign the HEA?

A: The head of household must declare **all** the income (both earned and unearned) and assets of every household member on the HEA. Unearned income received by minors is always counted in its entirety. If a minor has a job and is turning 18 within the next 12 months, count the minor's wage income **from the point they turn 18**. Make sure all projected wage income is properly verified. Household members under the age of 18 should not sign the HEA.

Live in Aides and Their Family Members

Q: An applicant has indicated on their HEA that they want to include a live-in aide. The issue is that the live-in aide is married with two kids. Are the live-in aide's spouse and kids allowed to live in the unit with this applicant?

A: In order to treat the live-in aide as a Live-in Aide (LIA) as defined by HUD (meaning that the LIA's income is excluded from gross income and she has no rights to the unit), the LIA's family members cannot live in the qualified unit with her and the applicant. However, if the applicant is willing to consider the LIA a member of the household, then you can qualify the LIA and her family members.

In this case, the person would not be classified as a Live-in Aide according to HUD's definition - all their income would be counted and they would all have rights to the unit and be parties to the lease.

Changes in Household Composition

Q: A husband and wife qualified at the time of move in. They get divorced and the wife moves out. The husband has a new roommate and their combined income now exceeds the household income limit but is still under the 140% level. Does this household still qualify?

A: Yes, because the household was initially qualified and the change in household composition does not constitute a new household since the husband is still residing in the unit.

Q: A household qualified at the time of move in. Four months after moving in, the household wants to add their 22-year-old son. Does this household still qualify?

A: It depends. First, we recommend that all leases include a clause that no household changes can occur during the first six months, so that questions regarding the household's income-qualified status can be avoided (this applies to adults, not to the birth or adoption of a child). If you wish to allow the household addition, we recommend that you re-qualify the entire household at the time of the addition.

Leases — Co-signers

Q: Is it okay to have co-signers on a lease? Do we count their income for purposes of qualifying the household?

A: Co-signers are acceptable as long as they don't sign the lease; they are used solely for financial back-up. Co-signers are not part of the household and have no rights to the unit; their income is not counted toward the household's gross annual income.

Social Security Numbers

Q: Is there any way to income-qualify household members who do not have any verifiable Social Security numbers or alternate numbers?

A: Yes. Verifying income of household members without SSN's is difficult, but not impossible. An alternate method of verifying income is to provide picture identification to employers, allowing the employer to verify the individual who works for them and how much the individual earns. The Owner ultimately is responsible for proper documentation of income and must be able to demonstrate that all income has been verified. **NOTE:** Some management companies, funders, investors or syndicators may be more restrictive than the IRS in this matter. You must follow the *more restrictive* rules, if any, that apply to your property.

Q: What if I have a household where some or all of the household members do not have Social Security numbers, or other approved citizenship documentation?

A: This household could still be eligible. The Bond program does not require proof of citizenship or legal status. As long as the certification process confirms that a household is income-qualified, the household may reside in the property. The property may need to use alternative methods to confirm income sources for affected household members. Individuals with no social security number, no appropriate substitute number or, for privacy reasons do not wish to disclose their SSN, should fill out box #2 of the **Identification Certification** form.

Q: Can I ask applicants to provide proof of citizenship or immigration status?

A: Yes, but requests must be uniform (all applicants are asked the same questions) and nondiscriminatory.

Acquisition/Rehab Properties Financed with Both Bonds and Tax Credits

Scenario: A bond property certifies residents at bond closing to meet bond income set-aside requirements (20@50 or 40@60). During the rehabilitation, new residents move in who are also income-qualified. At completion of the rehabilitation, units are Placed-in-Service (PIS).

The owner determines when to take credits. S/he may decide to take acquisition credits from the bond closing date or s/he may not take any until PIS. The owner may take Acquisition and Rehabilitation credits at PIS or wait until the year after PIS to take credits. In the meantime, the owner continues to income-qualify households and re-certify at least annually during the rehab.

Q: Do households that initially income-qualify at bond closing or during rehab remain qualified as long as they are re-certified annually?

A: Yes, households qualified at acquisition continue to qualify as long as they are re-certified annually.

Q: If the above is true, does it matter when the owner takes credits? At closing (for acquisition), at PIS or the year after PIS?

A: The bond closing isn't important. The first year for both the acquisition and rehab credits is the year the rehab is placed in service or, if the owner elects, the following year.

Q: If the owner takes acquisition credits from bond closing, do the units need to be rent-restricted in addition to being income-restricted and non-transient?

A: Yes, if the owner takes credits from the date of bond closing, the units must be rent-restricted from that date.

Q: If the owner doesn't take acquisition credits until PIS, or the following year, can the units be income-restricted for qualification only and not rent-restricted until credits are taken?

A: There is no guidance about whether units should be rent-restricted prior to the beginning of the compliance period. However, as a matter of policy, if households are qualified at acquisition, it makes sense to limit the rents at that time as well.

Q: Does the owner initially have to sign six month leases with qualified households?

A: Since the owner is eventually taking tax credits, six month leases must be signed with all qualified households at initial move-in. Only bond-financed properties *with no tax credits* may initially sign month-to-month leases with their qualified households. Existing households who remain after bond closing do not need to sign new leases. However, they must be tax credit-qualified and sign the Commission's current *Tax Credit Lease Rider*.

Attracting Low-Income Households to Bond Properties

Q: I am having trouble filling my low-income units at my bond property. What can I do to lease to more low-income residents?

A: It is vital for you to have a comprehensive marketing strategy that includes, among other things, multi-media advertisements, open houses, and connection-making with local social service agencies, public housing authorities and other affordable housing providers. Remember that the property must meet its set-aside requirements to avoid potential taxation of the bonds or other serious financial penalties. As a result, it may take more than marketing to achieve your low-income occupancy requirements; you may need to lower the rents on qualified units in order to attract and keep low-income residents.

INCOME AND ASSETS

INCOME LIMITS:

Q: How are income limits calculated for Tax-Exempt Bond properties?

A: HUD annually calculates income limits for the Tax Credit program, which, per the IRS, are also applicable to Tax-Exempt Bond properties. Limits may go up or down from year to year based on the latest census data and other household income data HUD uses to calculate the limits. As a result of federal legislation passed in 2008, properties which placed in service prior to 2008 are safeguarded from seeing their applicable limits go down. If limits in a particular county go down, pre-2008 properties can use higher "HERA" limits for their properties, rather than the current, lower limits.

Q: What if my Bond-only property was funded with assistance from other public funders in Washington State?

A: If your property is monitored by additional public funders, your property will be required to apply the lowest income/rent limits to each household, depending on which funder is involved, and which set-asides are shared by which funders. At this time, all other public funder agencies use HUD's Section 8 income/rent limits for their properties. HOME units use HOME income/rent limits.

Example: Happy Valley Apartments is funded by WSHFC, the State Housing Trust Fund, and King County. The property has three income set-asides – 30%, 40%, and 50%. The 30% and 40% set-asides are shared by all three funders, while the 50% set-aside is required only by WSHFC. For 30 and 40% households, the owner must compare the Section 8 and Bond-only limit sets and apply whichever amounts are lower. Since only WSHFC requires the 50% set-aside, the owner can apply Bond-only limits to any 50% household.

Q: Are the Tax Credit income limits the same limits that are used for Tax-Exempt Bond projects?

A: Yes. Tax-Exempt Bond projects have no rent limits, but are subject to federal income limits at 50, 60 or 80% AMI. The applicable limits are posted on the Commission's website.

Q: If limits decline, what date do I use to set my income limit floor?

A: For Bond projects, use the Bond Closing Date.

Annual Income Limits for Nine or Ten Person Household

Q: Where can I go to find the income limits for a 9 or 10 person household?

A: Please refer to the Novogradac Rent & Income Limit Calculator found at <https://www.novoco.com/resource-centers/affordable-housing-tax-credits/rent-income-limit-calculator>. investor/syndicator has stricter requirements.

INCOME AND ASSETS CALCULATIONS AND VERIFICATION:

Please review WSHFC's *Tax Credit Frequently Asked Questions* document (on our website) for the most recent and in-depth coverage of commonly asked questions concerning how to count, calculate and verify different types of income and assets.

SPECIAL-NEEDS HOUSING COMMITMENTS

Persons with Disabilities Commitment

Q: What is the definition of a Disabled person for purposes of meeting my projects' commitment to serve persons with disabilities?

A: WSHFC follows HUD's definition of Disability which is described as a physical or mental impairment that substantially limits one or more major life activities. Disabilities are typically long-term or permanent in nature.

Disability Verification

Q: Can Social Security and Supplemental Security Income benefits statements be used as third- party verification of disability?

A: Yes, Social Security disability payments are adequate verification of an individual's disability status. Receipt of veteran's disability payments may also qualify a person as disabled, depending on the amount of information included on the third-party document. The resident must also acknowledge that they have a disability by checking "yes" on the ***Disability Certification*** form.

Elderly Commitment and Households with Children

Q: We have a property that has an Elderly Commitment for 55 and older residents. Must we allow children in our property?

A: It depends. Fair Housing laws allow Elderly properties to exclude children as long as all rental eligibility and marketing information clearly identifies the property as an "adult" elderly facility. Also, if you allow a child in one unit, you must allow children in all other units. For more information, please contact the appropriate Fair Housing agency.

Q: Do all household members in an Elderly property (where the owner elected "55 and older") have to be 55 or older?

A: No. However, you must actively market and rent each unit to Elderly households, and every unit must have at least one individual who is 55 or older.

Q: What happens if a 55 year old and a 30 year old live together at a 55+ property and the older person leave or dies?

A: The 30 year old may remain in the unit. HUD allows up to 20% of the units to be under 55 for purposes of attrition (the 80% Elderly rule). If, at any time, the percentage of units with elderly residents falls below 80%, the property is no longer considered Elderly, and must be open to all age groups.

Q: How often must I check to ensure the 80% requirement is met?

A: HUD says you must check annually to ensure that 80% of all units in the property are still occupied by at least one resident age 55 or older. You may not count vacant units to meet the percentage.

Q: Does the 80% Elderly rule apply to 62 or older properties?

A: No, **all** residents in a 62+ property must be age 62 or older at move-in.

Q: What about Elderly properties with HUD or Rural Development financing?

A: If a property was specifically financed as a HUD or RD Elderly property, the occupancy rules of those programs apply. For instance, many of these agreements allow Elderly properties to house elderly *or* disabled persons.

Large Household

Q: What is the definition of a Large Household?

A: To qualify as a Large Household, the household must live in a three-bedroom or larger unit and have four or more occupants.

Double Counting

Q: A property has elected the Large Households and Disabled Special-Needs Commitments. If a household of four, one of whom is disabled, moves in, can this household be used to meet the Special-Needs Commitment in **both** categories?

A: In this case, the answer is no. The same household cannot be used for more than one of these Special-Needs Commitments, regardless of whether the household is eligible for both. These Commitments are based on a minimum of 10% or 20% of the Total Housing Units for each category.

The exception would be if the property has two Commitments, one for 100% Elderly or one for 75% or greater Farmworker or Homeless/Transitional housing. Under these scenarios, a household could qualify for more than one set-aside. Contact your Portfolio Analyst if you are unsure whether or not a household can qualify under two Special-Needs Commitments.

Initial Occupancy

Q: If I elected the Large Household or Disabled Special-Needs Commitment and my property cannot fill the units with the required population at initial occupancy, can management rent the units to the general population?

A: No, for new construction, the **initial occupant(s)** of a unit **must** meet the specified Special- Needs Commitment or the unit must be held vacant until it can be rented to a Special-Needs household. For acquisition/rehab properties, Special Needs Commitments may be met through attrition.

Marketing: 30-Day Requirement

Q: Our property made the Persons with Disabilities Commitment. We met the requirement at initial rent up but now we are having a hard time filling these units. We hate leaving them vacant. Is there anything we can do?

A: Yes, since you met your requirement at initial occupancy, if you market your unit in a rent-ready condition for a period of 30 days and you cannot find a qualified household, you may rent the unit to a household that is not considered a large household but *is* income-qualified. You must document your marketing efforts to the desired population. The next 3-bedroom unit that becomes available must go through the same process. The 30-day recruitment procedure applies to all Special Needs Commitments **except** Elderly, Homeless or Transitional. Elderly, Homeless or Transitional units must always be rented to qualified applicants from those populations.

Marketing Vacant Units

Q: Do I need to advertise our vacant units in newspapers, or can I advertise them through other media?

A: There are many ways to advertise units that will meet your marketing requirement. At least annually, the Owner must notify (1) the relevant public housing authority, (2) at least two agencies in the area of the Project, and (3) the general public. To satisfy requirement number three, Owners may advertise on the internet and via social media. You should be able to demonstrate that the media method chosen is an effective method of marketing to your property's targeted population in the general area of your property and is in compliance with the Fair Housing Act and state and local law.

Once Qualified, Always Qualified

Q: A property elected the Large Household (defined as a unit with three or more bedrooms occupied by a household of four or more) Commitment. A household is initially qualified and during the re- certification process it is found that one of the household members has moved out, would this unit still be in compliance with the three household members left?

A: Yes, as long as the next available, three-bedroom unit is rented to a qualified large household. For all Special-Needs Commitments, once the household qualifies at move in, the household remains qualified (as long as at least one member of the initially qualified household remains in the unit).

Q: Do I have to re-confirm that my Disabled residents are still disabled at recertification?

A: No.

Q: Do I need to provide proof of age each year for properties with an Elderly set-aside?

A: Yes. We suggest making multiple copies of the documentation used to prove age at initial move-in and placing them in the resident's folder, then include a copy of the same documentation each year thereafter.

STUDENTS

Qualified Resident Goes Back to School

Q: An eligible resident moves in and two months later he goes back to school fulltime. Is he still qualified?

A: It is permissible for a unit to be occupied by a fulltime student where there are other residents in the household that qualify. However, when a unit becomes occupied **entirely** by fulltime students (defined as individuals enrolled **fulltime** at an educational organization for at least **five calendar months** during the year), the unit becomes disqualified unless one of the following exceptions applies: The unit is occupied by at least **one** individual who is:

1. Enrolled in a job-training program receiving assistance under the Workforce Investment and Opportunity Act (formerly WIA and JTPA) or other similar program funded by a state or local government agency.
2. Receiving benefits under Title IV of the Social Security Act (e.g. TANF).
3. A single parent and the single parent is not a dependent of another individual, nor are their children dependents of another individual except another parent of such children.
4. Married and eligible to file a joint return.
5. A student who was previously under the care of a state foster care program.

International Students

Q: We have an international student who attends school fulltime but receives zero credits. Schools generally confirm student status by the number of credit hours taken, so it is possible that the college may verify their status as part-time. Should we consider these students fulltime or part-time?

A: International Students are almost **always considered** fulltime Students. This is because their Student Visa specifically requires these students to attend school fulltime to remain in the United States. Households with International Students would need to have at least one other household member who is **not** a fulltime student to remain a qualified household.

Married Students

Q: Do married students need to actually file a joint return to qualify as an exception?

A: No. It is only necessary to verify that married students are eligible to file jointly, not that they actually did.

Q: Can legally married same-sex couples qualify for the “married, filing jointly” student exception?

A: Yes.

Student Status and Foster Care

Q: Is there now another exception to the fulltime student household for those persons who previously received foster care assistance?

A: Yes. If you have a household composed entirely of income-qualified fulltime students and one of those students was previously under the care of a state foster care program, the household remains qualified.

The Owner must obtain written verification from a state foster care administrative entity (DSHS in Washington State) that the student was previously in a foster care program. Washington State DSHS has informed us that residents could obtain this information with a Social Security number. It’s not clear whether the Owner agent, acting as a third party, could obtain documentation. If the Owner agent is unable to obtain written verification directly from DSHS, the Commission will allow copies of documentation directly from the resident as proof of this exception to the fulltime student rule.

Students with Unborn Children

Q: If an applicant completes a Pregnancy Self-Certification form indicating she is pregnant, and she is a fulltime student, may I rely on the *Pregnancy Self-Certification* that one other person in the household is not a fulltime student, therefore it will be a two-person household: Mom is fulltime, baby is not?

A: Since an unborn child can be counted toward household size when determining the income limit, we believe the unborn child could also qualify a fulltime student household (and counted as a household member to qualify as a Large Household if applicable). However, please keep in mind that the ‘once qualified, always qualified’ rule does not apply to student status. Therefore, if the baby does not become a member of the household for any reason, and all other members of the household remain fulltime students, the household would no longer qualify unless a student exception was met.

Verifying Student Status

Q: Regarding a current resident that is intending to start college - how often do we need to verify the fulltime or part-time status? If she goes fulltime one quarter and then part-time the next, does that allow her to continue to live here?

A: Students that are “fulltime” for more than five calendar months during the calendar year are generally prohibited from housing unless they meet one of the exceptions described above. Whether a student is attending school “fulltime” is determined by the school that the student is attending.

Property management would need to make an initial determination of whether a household was likely to exceed the five-month rule during the calendar year, and if so, the resident should not be allowed to move in (unless the student is part of an otherwise qualified household). It is important to inform prospective residents about the student issue in their lease and ask that they inform management immediately of any student status changes. Many management agencies are checking quarterly to prevent a recapture problem, but there is no requirement to check any more often than annually at recertification.

Bond Student Rules

Q: Do the Student rules for the tax credit program also apply to Tax-Exempt Bond projects?

A: Yes. The 2008 HERA federal legislative changes allow Owners to apply the more lenient Tax Credit Student rules and exceptions to Bond-only properties.

REPORTING

Bond Annual Reports

Q: When are bond annual reports due and what must be included?

A: Bond annual reports are due on or before January 7th of each year for the prior calendar year. Your submitted package must include the **Certificate of Continuing Property Compliance** (CCPC) Part A (this is sent to the property managers in December), CCPC Part B/Table 1 (Excel spreadsheet), **Affirmative Marketing Report** if applicable, and household certification documentation on the units selected by the Commission for the paper review (only if your property is required to annually re- certify its qualified households). Depending on the terms of your regulatory agreement, you may be required to submit additional paperwork, check with your property’s assigned Portfolio Analyst for further information.

Q: If more than one household occupies a unit during the reporting period, do we submit resident packages on all households?

A: No, you will only submit the most recent certification package for the most recent occupant of the unit during the reporting period.

Bond Quarterly Reports

Q: When do I have to submit quarterly reports?

A: New Construction Bond-only properties are required to report quarterly during their initial lease-up period. The first report is due when the property achieves 10% occupancy. Ensuing reports are due on the 7th of the month following every subsequent 90-day period until the property reaches 90% occupancy. For example, a property is 10%-occupied as of June 10th, and the property must make its first report immediately. The first 90 day period after the 10% mark will end September 10th, so the next report is due to the Commission as of October 7th. The reporting pattern will continue until the property reaches 90% occupancy. After this, the property will report on an annual basis. If you are unsure when your quarterly reports are due, contact your property's assigned Portfolio Analyst to work out the appropriate schedule.

Q: When I'm listing property units on the CCPC Part B/Table 1 report, do I only list the units occupied by qualified households?

A: If your bond property is still reporting quarterly, you must list **all** the units in the property so we can determine if you are renting units proportionately between income-qualified and market-rate households. On the CCPC Part B, denote market-rate units by typing an "M" in the Percentage column. If you are reporting via our Web-based Annual Reporting System (WBARS), make sure that you are indicating which units are restricted and which ones are market rate by choosing either "Restricted" or "Market Rate" in the Unit Designation field of each household record.

Q: Are resident certification packets required for quarterly reporting?

A: Yes. You must submit resident certification packets for all new move-ins that were income-qualified, plus any annual recertifications completed, during the previous 90-day period.

Q: My property is not New Construction but is financed with the Commission's Acquisition/Rehab (A/R) bonds. Do I have to report quarterly?

A: No. According to the IRS, A/R bond properties have twelve months from the date of closing to meet their occupancy requirements. A/R properties must submit their first compliance report eight months after closing, and annually thereafter.

Q: My property is financed with bonds, but the bonds did not come from the Commission, do we have to report on the status of our bond units to the Commission?

A: No. Reporting requirements only apply to those projects with bonds issued by the Commission.

Q: My new property is financed with bonds and also tax credits. Do we have to report quarterly until we reach 90% occupancy?

A: Probably not, unless Commission staff believe it is necessary. For example, if your company has never managed Bonds and/or Tax Credits in Washington State, you may be required to submit an initial lease-up report with certification packets for review. It's important to note that if the property does not meet its bond minimum set-aside during the initial leasing period, any bond-related noncompliance could jeopardize the status of the bonds, even after the owner starts claiming credits for this property.

UNIT OCCUPANCY

Turning a Unit

Q: What's a reasonable amount of time to turn a unit?

A: The IRS expects that vacant units are always rent-ready and available to the public. That said, the Commission considers no more than 30 days to be a reasonable amount of time to prepare a vacated unit for occupancy by the next household; depending on the level of repairs needed. Your management company or owner may have stricter expectations for this timeframe.

Q: Can I count a unit previously occupied by a qualified household as a qualified vacant if it is not rent-ready?

A: If a unit takes longer than 30 days to be made rent-ready, then a timeline of the work done in the unit showing continual progress must be provided to count the unit as a qualified vacant. If the unit is not rent-ready within 90 days, then it can no longer be counted as a qualified vacant.

Move-out After Lease Signing

Q: We have an applicant who qualified for a unit at our property. They signed a six month lease, took the unit keys and gave us a rent check on Monday. On Tuesday the applicant came in, turned in the keys and told us her check would bounce and that she was not going to rent the unit. Can we count this unit as initially qualified by this applicant?

A: As long as you have thoroughly documented the circumstances leading to this vacancy, emphasizing that all signs indicated this applicant intended to rent long-term, you may count this unit as qualified.

MISCELLANEOUS

When Applicant/Resident signs with an "X"

Q: Is something special required when an applicant or resident signs his or her name on a WSHFC form with an "X" or is physically unable to sign?

A: We recommend that managers add a simple attestation (by the person witnessing the signature) or a notary acknowledgement below the resident signature block. The attestation should state something like "On (insert date) I witnessed (insert full name) make an "X". Or, "On (insert date), (insert name) reviewed this form with me and acknowledged it to be accurate and complete. He/she is physically unable to sign the form and asked that I sign on his/her behalf."

Regulatory Period

Q: How is the expiration date for the regulatory period calculated?

A: For bond properties, the regulatory period is the **longer** of the following:

- The date the bonds are fully paid off.
- The date the Bond Regulatory Agreement expires.
- The date any HUD Section 8 subsidy contract expires. .

The minimum regulatory period for bond properties is 15 years.

Selling a Bond-Financed Property

Q: What kinds of restrictions apply to the sale or transfer of a Commission-financed Tax-Exempt Bond property?

A: Selling or transferring a property that has an existing Regulatory Agreement requires written approval by the Commission and will require a Regulatory Agreement amendment. Transfer requirements for Tax-Exempt Bond properties can be found in the **Bond Compliance Procedures Manual**, Chapter 5.