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chfa asset management

LIHTC, Loan and Section 8 Q&A Received as a Result of COVID-19 updated April 22, 2020

LIHTC and Loan

Move-in Certification

Q1: Since annual certifications are waived, do we still need to complete full third-party verified move-in certifications?

A: Yes, all requirements for a move-in remain the same, except for verification process as explained below.

Q2: I have a married applicant, PT student, non-section 8 household whose spouse is in another country and not able to return due to COVID. How do I proceed?

A: See Options for Electronic and Verbal Certifications explained in CHFA's Inspection and Monitoring Policy in Response to COVID-19. Applicants may complete all documentation electronically or by phone with management. Owners should be sure to follow all federal and state regulations regarding the transmission of personal identifying information.

Q3: For a move-in, can we use the 2019 SS award with COLA letter for applicants that cannot obtain their 2020 SS award letter?

A: Yes, you can use the 2019 SS award letter with the 2020 COLA adjustment.

Q4: For new move-ins, do we need to have a signed lease at move-in?

A: Yes, all requirements for a move-in remain the same. All documents must be signed/dated at move-in and can be signed electronically.

Electronic and Verbal Verifications

Q1: How do I obtain 3PV of income when an employee is temporarily laid off and the office is closed?

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A: If electronic or verbal verification is not available, the owner can obtain documentation provided by the resident (i.e., the three most recent consecutive paystubs).

Q2: How should unemployment benefits be counted if the applicant/resident has applied for the new benefits under the CARES Act?

A: Unemployment benefits should only be counted if the applicant/resident has received confirmation that they will be receiving benefits, including the specific time period and the amount. *The additional amounts received under the CARES Act is excluded from income.*

Q3: What if we cannot complete a Verification of Student Status for full-time student status with the University? They will not answer the phone and I have sent emails twice with no reply.

A: The applicant/resident can supply enrollment documentation

Q4: For self-employed persons that require a 2019 tax return, how should the certification be processed if the 2019 tax return is not available?

A: Refer to CHFA's compliance manual on how to verify income when taxes have not been filed. If this is due to COVID delays, please add a clarification record to the file.

Q5: Can we obtain self-certifications with clarification record to document residents losing their jobs and they are unable to produce pay stubs, (i.e. Uber, self-employment)?

A: Yes, self-certifications via verbal or electronic is acceptable with a clarification record.

Q6: We have a lease-up of a 176 unit, LIHTC property starting May 1st, any guidance on what forms/verifications are mandatory?

A: Eligibility and leasing processes have not changed. Please use CHFA's File Requirements Checklist found at https://www.chfainfo.com/arh/asset/LIHTCForms/File_Requirements_Checklist_LIHTC.pdf

Q7: On self-certifications do we need to obtain third-party verifications of assets?

A: No. Self-certifications do not require third-party verifications of income or assets.

Q8: For full certifications, do we need a separate certification of student status form if it is included in the certification questionnaire?

A: No. If the certification questionnaire includes the information on student status, a separate form is not required.

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Q9: Can management obtain all self-certification questions via telephone and use a file clarification with CHFA COVID notice for ARs?

A: Yes, this is explained under the verbal verification section.

Electronic Signatures

Q1: Does electronic signatures include Fax/emailed copies? Not all residents understand the DocuSign?

A: Yes, signatures may be provided via fax or email. Owners should be sure to follow all federal and state regulations regarding the transmission of personal identifying information.

Q2: How do we obtain a signature if electronic signature is not available?

A: See Options for Electronic and Verbal Certifications explained in CHFA's Inspection and Monitoring Policy in Response to COVID-19. Certifications may be conducted verbally and must include confirmation that management will have the resident sign all documents, true and correct, when it becomes feasible to do so.

Q3: If we get unauthenticated electronic signatures via email/fax are we able to do that with all forms including the TIC? And would we need to go back and get wet signatures?

A: Yes, all documents including the TIC can be signed electronically. If unauthenticated, the resident will need to go in and sign and date all documents once the federal/state orders have been lifted.

Q4: If we are obtaining electronic signatures that are date/time stamped, are those only accepted without the wet signature for the duration of COVID or can we use moving forward, after COVID?

A: Yes, electronic signatures that are date/time stamped will be allowed moving forward.

Q5: If our software does not date stamp and authenticate signature but provides a log of what the resident did, including date and time documents were signed, does that work? It is not indicated on each document.

A: No. CHFA requires each document to be date/time stamped if using electronic signature.

Q6: Are electronic signatures only for move-in certifications and leases and TICs, or can we do electronic signatures for recertifications, with clarification record?

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A: If you obtain electronic signatures that are authenticated by software, not just typed, you do not need to go back and obtain a wet signature later. Electronic signatures can be used for any type of certification, not just move-ins.

Q7: If we have the tenant fill out documents via telephone, can we mail the tenant the paperwork to have them sign?

A: Yes, you can mail or else wait until the time is feasible to have them come in and sign.

Q8: Do we need to do a self-cert saying how we got the documents signed and when we are going to have the tenant back in?

A: Yes, please use a clarification record to document the file.

Calculation of Income

Q1: Does CHFA have guidance on temporary pay increases? Example, Amazon is giving an employee \$2 raise through the end of April. This may continue if the threat lasts longer. How should we calculate income?

A: See Calculating Annual Employment Income in CHFA's Inspection and Monitoring Policy in Response to COVID-19. If an employed household member receives an increase in hours or wages related to COVID-19, the additional income should be calculated for the time period specifically stated by their employer. Management should not base calculations on potential or unverified extensions.

Q2: When calculating year-to-date income, would we take a loss of income into consideration if it is verified by the employer.

A: Yes, if verification of the loss is provided (i.e. the employer states the employee will have a loss of hours, layoff, etc.).

Q3: With calculating unemployment, per the handbook, the annualization of unemployment specifically requires you to multiply by 52 weeks even if 3rd party states it is for a shorter timeframe. This is par. 5-5A1 on p. 5-3.

A: If the property is Section 8 use 52 weeks. For the LIHTC/Loan program CHFA uses 26 weeks.

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Annual Recertifications

Q1: Since annual certifications are waived for 2020, does this include past due recertifications?

A: NO. The effective date for the annual recertification waiver is March 27, 2020, the date it was announced via eNews. Any overdue recertifications as of March 27, 2020 must be documented and clarified accordingly based on management's policy prior to the release of the eNews.

Q2: Do we need to complete a tenant income certification (TIC) with the student status?

A: No. See Annual Recertifications in CHFA's Inspection and Monitoring Policy in Response to COVID-19. For waived recertifications, the only documentation required will be:

- A clarification record regarding the waiver (e.g., a copy of this notice), and
- A Student Status Certification, if applicable.

Q3: Is it an option to continue recertifications via phone or electronic?

A: Yes, you can absolutely continue to conduct annual recertifications if you prefer.

Student Status

Q1: Certification of student status for the household must be completed by 12.31.20. Can management complete these over the phone?

A: Yes. See Options for Electronic and Verbal Certifications in CHFA's Inspection and Monitoring Policy in Response to COVID-19. For Student Status Certifications, the resident must sign and date the form as soon as it's feasible and no later than 12.31.20.

Q2: Since CHFA does not monitor or require student status for PY15 properties, what documentation needs to be in the file for the 2020 annual certification?

A: A clarification record regarding the waiver (e.g., a copy of CHFA's Annual Recertification waiver eNews).

Q3: What if the PY15 property is funded with Private Activity Bonds? What must be in the file?

A: If the PY15 property is financed with PABs, the file must include a clarification record regarding the waiver, and a student status certification completed by 12.31.2020.

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Web Compliance Management System (WCMS)

Q1: How do we fill in WCMS if only student status must be verified?

A: For annual recertifications due March 27, 2020 – December 31, 2020, no data entry is required in WCMS. Any annual recertifications effective and/or completed prior to March 27, 2020 must be entered in WCMS.

Q2: Do all move-in/initial, move-outs, interim certifications, and unit transfers need to be entered in WCMS?

A: Yes. All move-ins, move-outs, interim certifications, and unit transfers must still be entered in WCMS as they occur.

Q3: How do we enter new rent and utility allowance rates in WCMS if we are not completing an annual TIC for the remainder of 2020?

A: As always, WCMS entry is not required to reflect changes in rent or utility allowances. The owner will complete a lease or lease addendum to document the file to show the rent or utility allowance change.

Q4: With the recertification waivers- to confirm all we are updating in WCMS is the date of recertification, resident rent portion, housing portion, and utility allowance. Will all other information stay the same until the next recertification is complete?

A: Same answer as Question 3. No entry is required.

Q5: Do we need to add ARs previously completed for January thru March?

A: Yes. Any annual recertifications completed and signed prior to March 27, 2020 must be entered in WCMS.

Utility Allowance Updates

Q1: Due to COVID-19 our offices are having a hard time getting residents to complete Xcel energy forms, and Xcel to provide utility estimates. Is there an extension on this deadline?

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A: For all utility allowance types, including the actual usage and rate estimate, the IRS and CHFA require that the utility allowance schedule is updated at least once during each calendar year. Therefore, an extension is not required. Please refer to CHFA's Utility Allowance Policy.

Eviction and Late Fee Moratorium

Q1: The Cares Act was signed into Law on March 27, 2020. To protect residents for non-payment of rent and late fees being assessed. What about other lease violations?

A: The CARES Act only provides protection for non-payment of rent and late fees, it does not cover lease violations for good cause. Contact your attorney for further guidance.

LIHTC Allocation

Q1: If you have a new tax credit building and all units must be leased prior to 12.31.20 or sooner, is there any guidance for his situation due to lack of being able to complete the lease-up process because of COVID.

A: Consult with TC accountant/owner and check recent IRS publication regarding COVID.

Physical Inspection and REAC

Q1: For REAC, if the property is undergoing construction, are we still going to receive a score of 0?

A: Only if you decline the 14-day REAC Inspection notification and again decline the reschedule within 7 days of the original Inspection. At the time of the Inspection, any construction work occurring that leaves any component unfinished such as the roof of a building, that will be scored as a deficiency (with a loss of points). If you have an upcoming REAC Inspection, you can notify HUD REAC on your scheduled Construction/Property Rehab and get guidance on their appeals process.

Q2: How do we prepare for REAC inspections if we are limiting movement around the property and limiting access to resident units?

A:

1. Be clear regarding HUD, CDC and Local guidance.
2. Confirm you are scheduled for a REAC Inspection in 2020.

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3. Review your last REAC Inspection Report.
4. Are your inspection certifications current (within last 12 months) for your Elevators, Boilers, Fire Sprinklers, Backflow and Extinguishers?
5. Pre 1978- Do you have a copy of your Lead Inspection Report on Site?
6. Do your tenant files have a signed Lead Based Paint Acknowledgement?
7. Does your Organization allow for site inspections and repairs such as fencing, erosion, trip hazards, over grown vegetation, graffiti removal?
8. Does your Organization allow Inspections and repairs on Building Exteriors? Such as roof, gutters, siding, lighting, graffiti removal, etc.
9. Does your Organization allow Building System inspections and repairs? Such as electrical, plumbing, HVAC, etc.

Q3: When will REAC inspections resume?

A: Per HUD, the Inspections are postponed until further notice.

Section 8 Properties and HUD Q & A

For additional guidance on any Section 8 related COVID questions, please refer to HUDs Q & A at:
https://www.hud.gov/sites/dfiles/Housing/documents/HUD_Multifamily_Corona_QA_FINAL.pdf

Q1: For recertifications due April – July, is there a delay in processing them?

A: You should process your recertifications in the normal time frame. You have until the 15th month to submit the annuals to TRACS before HQ will terminate the tenants.

Q2: When calculating unemployment, per the handbook, the annualization of unemployment specifically requires you to multiply by 52 weeks even if 3rd party states it is for a shorter timeframe. This is par. 5-5A1 on p. 5-3.

A: Yes, regular state unemployment is calculated using 52 weeks for Section 8.

Q3: If we have a deceased resident where the parents are unable to come from Texas to get his personal belongings. Do we still need to move resident out within 14 days? And any guidelines on what to do with his belongings?

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A: For Project Based Section 8-The move out submitted for a deceased tenant is effective the day you take possession of the unit. However, you can only collect HAP for 14 days past the date of death. As far as the tenants' belongings, you should consult your attorney.

Q4: Can we obtain self-certifications with a clarification record to document residents losing their jobs and they are unable to produce paystubs, i.e. Uber, self-employment.

A: HUD will allow assisted tenants that may have lost income due to COVID-19 to self-certify for annual or interim recertifications. Acceptable methods of verification of income for all recertifications, in order of acceptability, are provided in HUD Handbook 4350.3, paragraph 5-13, B and Appendix 3.

Q5: If we are obtaining electronic signatures that are time/date stamped, are those only accepted without the wet signature for the duration of COVID or can we use electronic signatures moving forward even after COVID?

A: For Section 8 owners or tenants impacted by the COVID-19 virus, HUD will allow alternate signatures (e.g. copies or images of signatures sent by email, fax, or other electronic means) if original, "wet" signatures are obtained at a later date. Forms that will require original, "wet" signatures to be obtained at a later date include, but are not limited to, form HUD-9887/9887-A ("Applicant's/Tenant's Consent to the Release of Information"), form HUD-50059 ("Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures"), lease agreements/addendums, family certifications of income (unemployment, zero income, etc.), and state lifetime sex offender forms.

Q6: Medical verifications are difficult to obtain right now as many physician's offices are staffed on limited basis, what can we do if residents do not have verifications of what they paid?

A: The type of Medical expense would indicate what other forms of verification would be allowed per appendix 3 of the 4350.3. e.g. Receipts from the tenant are an acceptable verification.

Q7: What guidance is out there from HUD, if someone is in the hospital and we are unable to verify all income from the tenant? What do we need to put on the 50059 for income since HUD is saying we cannot enter last year's information when completing the cert and using one of the 3 Extenuating Circumstances codes? We want to ensure the site does not fall below the 90% but we are at a loss what to put on the 50059 if we cannot use what we have.

A: Family certification can be used if the information cannot be verified by another acceptable verification method. When family certification is used, owners must document the tenant file to explain why third-party verification was not available. During the COVID-19 National emergency, this

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certification can be provided to the owner by other means such as mail or email. The owner may consider collecting the original documents from the family later. If this is fixed income the COLA increase can be used if streamlining. Reminder that you have to the 15th month before HQ will terminate the assistance due to a late recert.

Q8: Is HUD – 50059’s part of the waiver of 2020 AR’s?

A: No, HUD 50059’s must be completed as required by HUD. For more information, please refer to HUDS Q&A.

Q9: Since the State of Colorado is not yet distributing the \$600/week in federal unemployment benefits, but states on their website that all payments will be backdated as they work on updating their system, are we still to disregard these payments until it can be verified through their claim benefits page?

A: Household stimulus payments of up to \$1,200 (which is technically an advance tax credit) and the temporary \$600 per week federal enhancement to unemployment insurance provided by the CARES Act are excluded in calculations of income. However, HUD notes that regular payments of unemployment insurance (issued by the state) are treated as income, as is customary under program rules.

Q10: For households that do not have scanning capabilities, can they use their smart phone to take pictures of the completed document and send via their smartphone?

A: Tenants experiencing extenuating circumstances due to the COVID-19 virus can provide the owner with documentation for the recertification by email or other electronic delivery at the owner’s discretion. Documentation includes, but is not limited to, paystubs, (Social Security) SS/Supplemental Social Security (SSI)/State Supplemental Program (SSP) awards, bank statements, and public assistance documents. If electronic documentation is received by the owner, and original documents are required by HUD Handbook 4350.3, REV-1, the owner must collect the original documents from the tenant later.

Q11: E-signatures have been suggested in lieu of in person witnessed signatures. This is difficult as we have closed our site business centers and many/most of our residents do not have access to internet or have computers. How are we to get e-signatures in this case?

A: During the COVID-19 National emergency, this certification can be provided to the owner by other means such as mail or email. The owner may consider collecting the original documents from the

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family at a later date. Document the tenant file with the reason for the delay and the specific plans to obtain the signature(s).

Q12: In light of concerns about site visits to HUD properties, what is the status of Management and Occupancy Reviews (MORs) performed by Performance-Based Contract Administrators (PBCAs)?

A: Hud recognizes that the President's March 13, 2020 emergency determination related to COVID-19 constitutes a significant administrative action that could disrupt performance under the Annual Contributions Contracts (ACC). HUD is hereby relieving PBCAs operating under both ACCs from notifying HUD that the Presidential emergency determination either limits, or in some cases, prevents PBCAs from carrying out MORs and related activities. **HUD is therefore suspending standard MORs until the PBCA determines that local conditions no longer limit or prevent the PBCA from performing MORs safely.**

HUD is looking into a flexible model that would allow PBCAs to adapt to local conditions in a way that allows them to continue MORs on a modified basis to ensure acceptable conditions in HUD properties. **Additional guidance and specifications will be forthcoming.**