Title 262 WAC
HOUSING FINANCE COMMISSION

Chapter 262-01 WAC
ORGANIZATION AND PROCEDURES

WAC 262-01-010 Purpose. This rule is promulgated pursuant to (section 4(3), chapter 161, Laws of 1983) which directs that the Washington state housing finance commission has authority to implement the provisions of chapter 161, Laws of 1983. The purpose of these rules is to assure compliance by the Washington state housing finance commission with the provisions of chapters 34.04 and 42.17 RCW.

[Statutory Authority: Chapter 43.180 RCW. 84-04-042 (Resolution No. 84-1), § 262-01-010, filed 1/27/84.]


(2) "Commission" means the Washington housing finance commission.

(3) The terms defined in the act shall have the same meaning when used in these rules.

[Statutory Authority: Chapter 43.180 RCW. 84-04-042 (Resolution No. 84-1), § 262-01-020, filed 1/27/84.]

WAC 262-01-030 Description of organization. (1) The commission is a public body, corporate and politic, with perpetual corporate succession. The commission is an instrumentality of the state of Washington, exercising essential government functions and, for the purposes of the United States Internal Revenue Code, acts as a constituted authority on behalf of the state of Washington when it issues bonds pursuant to chapter 161, Laws of 1983.

(2) Members. The commission shall consist of the members provided for and appointed in accordance with section 4(2), chapter 161, Laws of 1983.

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WAC 262-01-040 Meetings. (1) The meetings of the commission shall be "special meetings" as that designation is applied in chapter 42.30 RCW. They may be called at any time and place by the chair or by a majority of the members of the commission. At least seven days' notice of all special meetings shall be given by delivering personally or by mail to each member a written notice specifying the time and place of the meeting, and by giving such notice to the public as may be required by law. If the chair deems that an emergency exists, the chair may shorten the notice to not less than twenty-four hours. An executive session may be called by the chair or by a majority of the members of the commission for such purposes as are permitted under chapter 4.30 RCW.

(2) Quorum. A majority of the commission constitutes a quorum.

(3) Meeting procedures. Meetings of the commission shall be held in accordance with Roberts' Rules of Order, current revised edition, whenever requested by any member of the commission. Any contested case before the commission shall be governed by the uniform procedural rules codified in WAC 1-08-005 through 1-08-590, as now or hereafter amended, subject to any additional or revised rules the commission may add from time to time. The commission reserves the right to make whatever determination is fair and equitable should any question not covered by its rules come before the commission, so long as such determination is in accordance with the spirit and intent of the act and conforms to applicable law.

(4) Public participation. Any person or organization may be granted permission by the chair to make a presentation at any public meeting of the commission. The chair may limit remarks by any individual speaking to the commission.

[Statutory Authority: Chapter 43.180 RCW. 97-16-021 § 262-01-030, filed 7/28/97, effective 8/28/97; 84-04-042 (Resolution No. 84-1), § 262-01-030, filed 1/27/84.]

WAC 262-01-050 Public records. (1) Public records available. All public records of the commission shall be available for public inspection and copying unless exempt from disclosure under chapter 42.17 or 42.30 RCW.

(2) Public records officer. The commission's public records shall be under the charge of a public records officer designated by the chair. The public records officer shall be responsible for implementing the commission's rules and regulations regarding release of public records.

(3) Request for public records. Any member of the public may examine public records of the commission by directing a request to the public records officer. The public records officer shall comply with such request, unless he or she finds that the requested public records should not be disclosed for a reason permissible under chapter 42.17 RCW.

(4) Office hours. Public records shall be available for inspection and copying from 9:00 a.m. to noon and from 1:00 p.m. to 4:00 p.m., Monday through Friday, excluding legal holidays, at the office of the commission, or, if no such office exists, at the office of the secretary.

(5) Copying. No fee shall be charged for the inspection of public records. The commission shall charge a fee of twenty-five cents per page of copy for providing copies of public records and for the use of the commission's copying equipment. This charge is the amount necessary to reimburse the commission for its actual costs incident to such copying.

(6) Access to public records. The commission reserves the right to determine that a requested public record is exempt from disclosure under the provisions of chapter 42.17 RCW. In addition, the commission reserves the right to delete identifying details when it makes available or publishes any record in any cases where there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by chapter 42.17 RCW. All denials of public records shall be accompanied by a written statement specifying the reason for withholding the record and a brief explanation of how the exemption applies to the record withheld.

(7) Records index. The secretary, or such staff of the commission designated by the chair, shall make available to all persons a current index which provides identifying information as to the following records issued, adopted or promulgated by the commission. The index shall contain such information as is required by RCW 42.17.260.

[Statutory Authority: Chapter 43.180 RCW. 84-04-042 (Resolution No. 84-1), § 262-01-050, filed 1/27/84.]

WAC 262-01-060 Selection of bond counsel. (1) For purposes of selecting counsel to provide bond counsel services, the commission shall maintain a roster of bond counsel qualified to issue opinions that will be accepted by underwriting firms, bondholders, and rating agencies. Such roster shall include all firms from the state of Washington listed as municipal bond attorneys in the most recent edition of The Directory of Municipal Bond Dealers published by The Bond Buyer.

(2) Any bond counsel may at any time apply to the secretary of the commission to have the name of his or her firm placed on the roster or removed from the roster.

(3) Whenever the commission determines the need to retain bond counsel, it shall request proposals for bond counsel services from each bond counsel on its roster.

(4) The commission may, in its discretion, retain bond counsel (a) for the services required for the issuance of a particular bond issue, or (b) for the services required during a fixed term not to exceed two years. Where the commission has retained bond counsel for a fixed term, the commission reserves the right to select other bond counsel for a particular bond issue during the fixed term.

(5) The commission may, after reasonable notice, terminate the services of a bond counsel at any time.

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(6) Upon the conclusion of a contract with any bond counsel, the chairman or the chairman's designee shall prepare a written evaluation of the firm's performance for inclusion in the commission's files.

(7) The commission shall retain and terminate bond counsel by resolution passed according to WAC 262-01-030(6).

(8) In selecting bond counsel, the commission shall consider each of the following factors:
   (a) Bond counsel's experience in public finance law;
   (b) Bond counsel's experience in housing finance law;
   (c) Bond counsel's familiarity with Washington state constitutional and municipal law;
   (d) Bond counsel's fee schedule for services;
   (e) Bond counsel's regional and/or national reputation with respect to the recognition of its bond opinion;
   (f) The qualifications of individual attorneys designated by bond counsel to work with the commission;
   (g) Bond counsel's ability to work with the commissioners and the commission staff;
   (h) Bond counsel's availability to the commissioners and the commission staff;
   (i) Bond counsel's expertise in the areas of real estate tax and securities laws, and financing transactions;
   (j) Bond counsel's responsiveness to requests for proposals by the commission;
   (k) Other qualifications of bond counsel that the commission may, by resolution, find relevant to the hiring of bond counsel to carry out lawful purposes of the commission.


WAC 262-01-070 Selection of underwriters. (1) For purposes of selecting underwriters to provide underwriting and other financial services, the commission shall maintain a roster of underwriters qualified to manage or co-manage single-family and/or multi-family bond issues.

(2) Any underwriter may at any time apply to the secretary of the commission to have the underwriter's name placed on the roster or removed from the roster.

(3) Whenever the commission determines the need to retain underwriters, it shall request proposals for underwriter services from each underwriter on its roster.

(4) The commission may, in its discretion, retain a senior managing underwriter:
   (a) For the services required during a particular bond issue; or
   (b) For the services required during a fixed term not to exceed two years.

Where the commission has retained a senior managing underwriter for a fixed term the commission reserves the right to select other senior managing underwriters for a particular bond issue during the fixed term.

(5) The commission shall select co-managers of the bond issue from the roster and with the advice of the financial advisor, if any, and the senior managing underwriter selected for the particular bond issue.

(6) The commission may, after reasonable notice, terminate the services of an underwriter at any time.

(7) Upon conclusion of a contract with any underwriter, the chairman or the chairman's designee shall prepare a written evaluation of the underwriter's performance for inclusion in the commission's files.

(8) The commission shall retain and terminate the underwriter by resolutions passed according to WAC 262-01-030(6).

(9) In selecting an underwriter, the commission shall consider each of the following factors:
   (a) The underwriter's technical competence, expertise and innovative capability;
   (b) The underwriter's success in structuring and/or marketing housing bond issues;
   (c) The underwriter's familiarity with insured housing programs administered by the Federal Housing Administration, Farmers Home Administration, the Veterans Administration and private insurers and other state and federal housing programs;
   (d) The underwriter's fee schedule for services;
   (e) The underwriter's regional and/or national reputation with respect to financial and underwriting services;
   (f) The qualifications of individuals designated by the underwriter to work with the commission;
   (g) The underwriter's ability to work with the commissioners and the commission staff;
   (h) The underwriter's availability to the commissioners and the commission staff;
   (i) Underwriter's responsiveness to requests for proposals by the commission;
   (j) Other qualifications of the underwriter that the commission may, by resolution, find relevant to the hiring of an underwriter to carry out lawful purposes of the commission.


WAC 262-01-080 Use of proceeds consistent with plan. The commission shall expend bond proceeds in furtherance of the goals and priorities identified in its plan of housing finance. To ensure that bond proceeds are used in a manner consistent with the plan, the commission shall:

(1) Make specific findings in each resolution authorizing the issuance of bonds that the purposes for which such bonds are issued are in furtherance of its plan; and

(2) Prepare or cause to be prepared every six months from the date of issuance of any bonds until the proceeds of such bonds are expended, a report describing the manner in which bond proceeds have been used in light of the objectives of the plan.


WAC 262-01-090 Fair and equitable distribution of bond proceeds. (1) The commission shall distribute the proceeds of single family mortgage purchase bonds in a manner consistent with its plan of housing finance to insure, among other things, the fair geographical distribution of such proceeds throughout the state.

(2) The commission shall purchase eligible single family mortgage loans from mortgage lenders who provide such mortgage loans to eligible borrowers on a first come, first

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served basis following adequate public notice. Each mort­
gage lender shall provide a plan for commission approval
which outlines how it will receive and process applications
from prospective mortgagors so that the commission's funds
will be distributed fairly and equitably. Such plan should
address the manner by which the mortgage lender will pub­
lish the availability of such loans and how it will insure a fair
and equitable process of application review. The commission
reserves the right to modify such plans in consultation with
mortgage lenders, in order to insure that all of its proceeds
will be equitably and fairly distributed. Alternatively the
commission may promulgate a plan or plans with which
mortgage lenders must comply.

(3) The commission reserves the right as an alternative to
subsection (2) of this section to institute a system of random
allocation or drawing to assure the equitable distribution of
mortgage loans.

WAC 262-01-100 Financing energy efficiency
improvements. (1) The commission, in developing its plan
of housing finance, shall consider energy efficiency improve­
ments that may reasonably be achieved through the housing
finance programs of the commission.

(2) The commission may, as part of a particular single
family mortgage purchase bond issue, require minimum
energy efficiency standards as a condition of eligibility for
housing finance assistance or the commission may make
bond proceeds available for rehabilitation or home improve­
ment loans for energy efficiency enhancement.

(3) The commission shall require applicants for multi­
family housing financing to specify what steps will be taken
to insure energy efficiency in the project to be financed. The
commission shall consider such plans in determining whether
or not bond proceeds may be used for such purposes.

WAC 262-01-110 Contents of the qualified allocation
plan. (1) The commission shall adopt a qualified allocation
plan as required under section 42 of the code (the "plan"),
which shall: (a) Set forth selection criteria to be used to
determine housing priorities of the commission which are
appropriate to local conditions; (b) give preference in allocat­
ing housing credit dollar amounts among projects: (i) Serv­
ing the lowest income tenants; and (ii) obligated to serve
qualified tenants for the longest periods; and (c) provide a
procedure which the commission shall follow in monitoring
projects for compliance with section 42 of the code and for
notifying the Internal Revenue Service of noncompliance
which the commission shall become aware of.

(2) The plan shall include the following selection criteria
among others, for allocating housing credit dollar amounts:
Project location, housing needs characteristics, project char­
acteristics, sponsor characteristics, participation of local tax­
exempt organizations, tenant populations with special needs,
use of public housing waiting lists, project feasibility, and
viability as a low-income housing project.

WAC 262-01-120 Procedures for adopting the plan.
(1) Before adoption of the plan, the commission shall hold at
least one public hearing after giving at least fourteen days
notice to the public by means of publication in a newspaper
of general circulation. The plan shall thereafter be adopted by
resolution at a special meeting of the commission, under the
procedures described in WAC 262-01-040. Public comment
shall be received in writing any time up to the commence­
ment of the special meeting, and verbal comments shall be
received at all public hearing(s).

(2) The plan as adopted by the commission shall become
effective upon approval by the governor. Once approved by
the governor, the plan shall be made available for public
review under the procedure outlined in WAC 262-01-050.

(3) The commission may amend the plan from time to
time by resolution, through the procedure described above.
The plan shall be amended from time to time so as to ensure
that tax credit allocations comply with the requirements of
the code and treasury regulations promulgated thereunder, as
amended and in effect from time to time.

(4) The commission shall make copies of the plan avail­
able upon request directed to the Washington State Housing
Finance Commission, 1111 Third Avenue, Suite 2240, Seat­
tle, WA 98101.

WAC 262-01-130 Tax credit program. (1) Applicants
for tax credit shall submit a completed application in the form
prescribed by the commission and the required application
fee by the deadline set by the commission each year. The
commission will not accept additional information or mate­
rial changes to an application except as allowed during a pre­
scribed correction period.

(2) As part of its application, each applicant shall submit,
among other things:
(a) Its federal identification number or, if the applicant is
an individual, its Social Security number;
(b) Evidence that it has control of all land necessary for
completon of the project;
(c) If applicable, a relocation plan for residents approved
by the appropriate governmental authority;
(d) Evidence that the project is consistent with the appli­
cable state or local consolidated plan;
(e) A written commitment to notify the relevant local
public housing authority of the availability of units in the
project;
(f) Evidence of the financial capacity and experience of
the development team; and
(g) Evidence of the experience of the property manage­
tment team.

(3)(a) The commission will rank projects proposed by
tax credit applicants based upon the degree to which they
meet the criteria set forth by the commission in subsection (5)
of this section. The commission may decline to consider a
project that fails to meet minimum standards established by
the commission for such an evaluation.

[Statutory Authority: RCW 43.180.040. 93-01-122, § 262-01-120, filed
12/21/92, effective 1/21/93.]
(b) Notwithstanding applicant characterization, the commission may determine the scope of or otherwise define a "project" or "projects" for purposes of ranking applications and reserving and allocating tax credit.

(4) In order to qualify to receive tax credit, a project shall meet the requirements of the code. At a minimum, a project shall:

(a) Be rent restricted;
(b) Have:
   (i) Twenty percent of the units set aside for individuals whose income is fifty percent or less of area median gross income; or
   (ii) Forty percent of the units set aside for individuals whose income is sixty percent or less of area median gross income;
(c) Be constructed for use by the general public;
(d) Be used on other than a transient basis; and
(e) Include separate and complete facilities for living, sleeping, eating, cooking and sanitation.

(5) For the purposes of ranking projects and allocating credit dollar amounts, the commission will give preference to projects serving the lowest income tenants and to projects obligated to serve low-income tenants for the longest periods. In determining housing priorities, the commission will give weight to those projects which, among other things:

(a) Are located in areas of special need as demonstrated by location, population, income levels, availability of affordable housing and public housing waiting lists;
(b) Set aside units for special needs populations, such as large households, the elderly, the homeless and/or the disabled;
(c) Preserve federally assisted projects as low-income housing units;
(d) Rehabilitate buildings for residential use;
(e) Are constructed for residential use;
(f) Have received written authorization to proceed as a United States Department of Agriculture - Rural Housing Service multifamily new construction project approved by the commission;
(g) Are historic properties;
(h) Are sponsored by local nonprofit organizations;
(i) Are located in targeted areas;
(j) Leverage public resources;
(k) Maximize the use of credits; and
(l) Demonstrate a readiness to proceed.

(6) The commission will reserve at least ten percent of the state housing credit ceiling for a calendar year for projects in which qualified nonprofit organizations have an ownership interest and materially participate in the development and operation of the projects throughout the compliance period, all as described in the code. A qualified nonprofit organization is an organization described in section 501 (c)(3) or (4) of the code, which is determined by the commission not to be affiliated with or controlled by a for-profit organization and one of whose exempt purposes includes the fostering of low-income housing.

(b) The commission may also reserve a portion or portions of its state housing credit ceiling for other types of projects or sponsors.

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commission's prior approval may result in a cancellation of tax credit for a project.

(14) To participate in the tax credit program, an applicant shall pay all required commission fees and comply with all applicable requirements and deadlines. Failure to do so may result in disqualification or cancellation of the project, application or tax credit reservation, allocation or award.

(15) For purposes of awarding tax credit, certain rules in this section do not apply to tax credit projects financed with tax-exempt bonds.

(16)(a) The commission may perform on-site inspections of projects, interview residents, review residents' applications and financial information, and review an applicant's or an owner's books and records. The applicant or owner shall provide the commission with all requested documentation, including periodic reports and certificates; shall provide the commission access to the project; and shall retain records as required by the code and the extended use agreement.

(b) The commission will monitor compliance of the projects receiving credit with the code and with contractual commitments to the commission. The commission will notify the Internal Revenue Service when instances of noncompliance come to its attention.

[Statutory Authority: RCW 43.180.040(3). 97-20-086, § 262-01-130, filed 9/29/97, effective 10/30/97.]

WAC 262-01-140 Private activity bond allocation. (1) Applicants for the commission's portion of the state's private activity bond allocation shall submit a completed application in the form prescribed by the commission and the required application fee by the deadline set by the commission each application round.

(2) As part of its application, each applicant shall demonstrate to the commission's satisfaction that it is ready to proceed with the financing of its project.

(3) In order to qualify to receive an allocation from the commission, a project shall meet the requirements of the code and shall be in compliance with local land-use, zoning and permitting processes. To comply with the code, at minimum, a project shall:

(a) Have:

(i) Twenty percent of the units set aside for individuals whose income is fifty percent or less of area median gross income; or

(ii) Forty percent of the units set aside for individuals whose income is sixty percent or less of area median gross income;

(b) Be available for use by the general public;

(c) Be used on other than a transient basis;

(d) Include separate and complete facilities for living, sleeping, eating, cooking and sanitation;

(e) Have been the subject of a public hearing.

(4) For the purposes of ranking projects and making allocations, the commission will give weight to those projects which, among other things:

(a) Promote the development of affordable housing in underserved areas;

(b) Execute a regulatory agreement with the commission having terms that exceed the minimum code requirement;

(c) Reserve units for special-needs populations;

(d) Preserve federally assisted projects as low-income units;

(e) Have sought and received financial assistance from federal, state or local governments;

(f) Opt to leverage the tax-exempt bonds with other sources of funds including taxable bonds.

(5) As a condition of receiving an allocation, an owner shall enter into a regulatory agreement with the commission, in a form acceptable to the commission, which restricts the use of the project for a period of time which describes the applicable commitments and covenants made by the owner. The agreement shall be recorded as a restrictive covenant running with the land.

(6) Upon receiving an allocation, an applicant shall pay all required commission fees and comply with all applicable requirements and deadlines. Failure to do so may result in withdrawal of the allocation.

(7)(a) The commission may perform on-site inspections of projects, interview residents, review residents' applications and financial information and review an applicant's or an owner's books and records. The applicant or owner shall provide the commission with all requested documentation, including periodic reports and certificates; shall provide the commission access to the project; and shall retain records as required by the code and the regulatory agreement.

(b) The commission will monitor the projects receiving an allocation to verify compliance with the code and with contractual commitments to the commission. The commission will notify the Internal Revenue Service when instances of noncompliance come to its attention.

[Statutory Authority: RCW 43.180.040(3). 00-06-030, § 262-01-140, filed 2/25/00, effective 3/27/00.]

Chapter 262-02 WAC

EXECUTIVE CONFLICT OF INTEREST ACT

WAC

262-02-010 Promulgation.
262-02-020 Purpose.
262-02-030 Rules of conduct.

WAC 262-02-010 Promulgation. (This promulgation relates to WAC 262-02-010 through 262-02-030).

I, James L. Kirschbaum, Chair, Washington State Housing Finance Commission, P.O. Box 2665, Spokane, Washington 99507, by virtue of the authority vested in me under chapter 42.18 RCW and Executive Order 80-16, after due notice as provided under chapters 42.32 and 34.04 RCW, and a public hearing held in Seattle, Washington on July 24, 1985, do hereby promulgate the following regulations relating to conflict of interest appropriate to the specific needs of the Washington State housing finance commission.

[Statutory Authority: RCW 42.18.250, 85-18-031 (Resolution No. 85-55), § 262-02-010, filed 8/28/85.]

(2001 Ed.)
WAC 262-02-020 Purpose. (1) Certain provisions of chapter 154, Laws of 1994, "Ethics in public service" require interpretation through regulation to protect the Washington state housing finance commission (the "commission") and its commissioners and employees from violations of law. As provided in RCW 42.52.200, the commission may adopt rules consistent with law, for use within the commission.

(2) The legislature intended that commissioners appointed to the commission have experience with and expertise in housing matters, including housing construction and finance, and that they represent various industry and consumer groups. RCW 43.180.040(2). The commission intends that its commissioners actively participate in and lend their expertise to the deliberations of the commission. These regulations are intended to insure that decisions of the commission are based on the expertise and unbiased judgment of these commissioners and not on their self-interest.

(3) The commission issues bonds to provide a secondary market for the financing of housing and nonprofit facilities. As a result, commissioners and commission employees work closely with private sector lenders, underwriters, mortgage bankers, financial advisors, lawyers and accountants. While the commission is regularly engaged in private sector transactions, it is a public entity established by the legislature. The legislature has determined that certain activities may be common to professional relationships in the private sector may be inappropriate or illegal when conducted by commissioners and commission employees. These regulations are intended to ensure that the activities of commissioners and commission staff are consistent with the highest degree of professional conduct for public appointees and employees. Also, these regulations recognize the importance of maintaining public trust in the commission’s unbiased expertise and impartial decision making. The regulations are intended to ensure that commissioners and commission staff exercise their discretion in a manner that does not create even a perception of bias.

WAC 262-02-030 Rules of conduct. (1) Activities incompatible with public duties; financial interests in transactions. No commissioner or commission employee may be beneficially interested, directly or indirectly, in a contract, sale, lease, purchase, or grant that may be made by, through, or is under the supervision of the commissioner or commission employee, in whole or in part, or accept, directly or indirectly, any compensation, gratuity, or reward from any other person beneficially interested in such contract, sale, lease, purchase or grant.

No commissioner or commission employee may participate, in his or her official capacity, in a transaction involving the state with a partnership, association, corporation, firm or other entity of which the commissioner or commission employee is an officer, agent, employee or member, or in which the commissioner or commission employee owns a beneficial interest.

A commissioner may participate in a general discussion with respect to a method or system of financing for housing or nonprofit facilities which could benefit an industry or interest group which includes an entity of which the commissioner is an officer, agent, employee or member or in which the commissioner owns a beneficial interest: Provided, That such commissioner shall announce or otherwise make known such involvement at the time of such discussion, and: Provided further, That such commissioner’s participation be limited to providing general expertise and not include any attempt to influence the votes of other commission members in favor of the entity with which such commissioner is so involved. A commissioner shall abstain from any vote taken by the commission to approve a transaction involving the commission with an entity with which the commissioner is so involved, and if a commissioner abstains from voting because of such involvement such commissioner shall announce for the record his or her reason for his or her abstention.

The commission may contract with a partnership, association, corporation, firm or other entity of which the commissioner is an officer, agent, employee or member or in which the commissioner owns a beneficial interest so long as each commissioner so involved with such entity abstains from voting and the reason for such abstention is announced for the record at the time of such vote.

Example 1. A commissioner serves as an officer and member of the board of directors of a savings and loan company. The commission is considering a program involving the issuance of bonds to provide for the acquisition of mortgage loans originated by mortgage lenders across the state. The commissioner may participate in a general discussion of the commission’s program for financing mortgage loans and the commission may enter into a contract for the origination and sale of mortgage loans with the savings and loan company on whose board the commissioner sits: Provided, That (a) at the time of the discussion, the commissioner informs the other commissioners of his/her involvement with the savings and loan company, (b) the commissioner abstains from any vote approving any contract between the commission and the savings and loan company on whose board the commissioner sits, and (c) at the time of such vote, the commissioner explains the reason for his/her abstention.

Example 2. A commissioner and a commission employee serve without compensation on a housing advisory committee established by the Federal National Mortgage Association. The commissioner and the commission employee may participate fully in the consideration and approval of contracts between the Federal National Mortgage Association and the commission for the purchase and sale of commission bonds and for the credit enhancement of single-family and multifamily mortgages, because neither the commissioner nor the commission employee has any direct or indirect interest in the Federal National Mortgage Association as a member of an advisory committee and their participation in discussions and approval of such arrangements is in the public interest.

(2) Limitations of gifts. No commissioner or commission employee may receive, accept, take, seek, or solicit, directly or indirectly, any thing of economic value as a gift, gratuity, or favor from a person if it could be reasonably expected that the gift, gratuity, or favor would influence the vote, action, or

[Statutory Authority: Chapters 43.180 and 42.52 RCW, 97-16-020, § 262-02-020, filed 7/28/97, effective 8/28/97. Statutory Authority: RCW 42.18.250. 85-18-031 (Resolution No. 85-55), § 262-02-020, filed 8/28/85.]

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judgment of the commissioner or employee, or be considered as part of a reward for action or inaction.

No commissioner or commission employee may accept gifts other than those specified below:

(a) Unsolicited tokens or awards of appreciation in the form of a plaque, trophy, desk item, wall memento, or similar item;

(b) Unsolicited items received for the purpose of evaluation or review if the commissioner or commission employee has no personal beneficial interest in the eventual use or acquisition of the item by the commission;

(c) Informational material, publications, or subscriptions related to the recipient's performance of official duties;

(d) Food and beverages consumed at hosted receptions where attendance is related to the official duties of the commissioner or the commission employee;

(e) Admission to, and the cost of food and beverages consumed at, events sponsored by or in conjunction with a civic, charitable, governmental, or community organization;

(f) Unsolicited advertising or promotional items of nominal value, such as pens and note pads;

(g) Items related to the outside business of the recipient that are customary and not related to the recipient's performance of official duties;

(h) Items exchanged among commissioners and commission employees or a social event hosted or sponsored by a commissioner or commission employee for coworkers;

(i) Items from family members or friends where it is clear beyond a reasonable doubt that the gift was not made as part of any design to gain or maintain influence with respect to the commission;

(j) Items returned by the recipient to the donor within thirty days of receipt or donated to a charitable organization within thirty days of receipt;

(k) Campaign contributions reported under chapter 42.17 RCW;

(l) Discounts available to an individual as a member of an employee group, occupation or similar broad-based group;

(m) Awards, prizes, scholarships, or other items provided in recognition of academic or scientific achievement; and

(n) Items a commissioner or commission employee is authorized to accept by law.

A commissioner or commission employee is specifically prohibited from accepting the following items from a person or entity who seeks to provide goods or services to the commission:

(i) Payments of expenses incurred in connection with a speech, presentation, appearance or trade mission made in an official capacity;

(ii) Payments for seminars and educational programs sponsored by a bona fide nonprofit professional, education, or trade association, or charitable institution; or

(iii) Flowers, plants and floral arrangements.

Example 1. Following the successful closing of a bond transaction, an underwriter, a bond attorney, a commissioner and two commission employees go to a restaurant to celebrate. Neither the commissioner nor the commission staff may permit the underwriter or the bond attorney to host the celebration, because the underwriter is potentially seeking to provide services to the commission and none of the exceptions applicable to accepting food or beverages, i.e., a hosted reception or a civic event, apply. The commissioner and commission employee may attend the closing celebration and, at their own expense (or, if appropriate, at the expense of the commission), may pay for their meals.

Example 2. During a recess in the commission’s public meeting, an underwriter, a commissioner and two commission employees go to a restaurant for lunch and discuss, among other things, commission matters. Neither the commissioner nor the commission staff may permit the underwriter to buy their lunch.

Example 3. In the course of an all day session to review bond documents, bond counsel orders sandwiches for underwriters, attorneys, and commission staff. Commission staff may accept such lunch only if it is ultimately paid by the commission from bond proceeds as a cost of issuing the bonds or from an alternative source of commission funds.

Example 4. Commissioners and commission staff attend a national convention of state housing authorities. The commissioners, commission staff and their spouses are invited to a cocktail reception, followed by a sit-down dinner, for all convention attendees. The reception and dinner are co-sponsored by several underwriters. At the cocktail reception, the co-hosts provide food and beverages, including substantial hors d’oeuvres. There are some tables where guests may be seated but most people stand. Commissioners and commission staff may attend the cocktail reception. Because the event is co-hosted, it does not create any perception that the attendees are favoring a particular business entity. Also, the event involves a diverse group of people, rather than solely commissioners, commission staff, and persons who provide goods and services to the commission. Finally, even though tables and chairs are provided, it is not a sit-down meal. Commissioners and commission staff may not attend the dinner following the cocktail reception (without compensating the hosts for the cost of the dinner) because it is a sit-down dinner rather than a hosted reception.

Example 5. An underwriter invites a commissioner with whom he has enjoyed a personal friendship to a holiday open house at his home. The commissioner and her spouse may attend the party and partake of food and beverage since the underwriter enjoys a friendship with the commissioner and it is clear beyond a reasonable doubt that the gift of food and beverage in the context of a holiday open house was not designed to gain or maintain influence.

Example 6. At a national convention for state housing authorities, a commission employee is invited to accept a T-shirt on which there is printed the logo of an underwriter. The employee may accept such gift because it is advertising material of nominal value.

Example 7. Fannie Mae offers a commission employee a scholarship to attend a series of educational classes. The class material is relevant to the employee’s responsibilities. The employee cannot accept the scholarship because Fannie Mae is an entity who seeks to provide services to the commission.

Example 8. A commission employee is invited to participate in a panel discussion before a housing industry group. The lunch of each panel member is paid for by the host orga-
Debarment and Temporary Disqualification

262-03-030

Promulgation. (This promulgation relates to WAC 262-03-010 through 262-03-090.)

I, Busse Nutley, chair, Washington State Housing Finance Commission, 1000 Second Avenue, Suite 2700, Seattle, Washington 98104-1046, after due notice as provided under chapter 34.05 RCW, and a public hearing held in Seattle, Washington on June 26, 1997, do hereby promulgate the following regulations relating to actions to debar or temporarily disqualify participants in commission programs where appropriate to further the commission's purposes and protect the public interest in doing business with responsible persons.

(2001 Ed.)
(4) "Debarment and disqualification officer" means the executive director of the housing finance commission or his or her designee.

(5) "Participant" means any person who submits a proposal for, enters into, or reasonably may be expected to enter into, a covered transaction. This term also includes any person who acts on behalf of, or is authorized to commit, a participant in a covered transaction.

(6) "Person" includes any individual, corporation, partnership, association, unit of government, or legal entity, however organized.

(7) "Proposal" means a solicited or unsolicited bid, application, request, invitation to consider, or similar communication by or on behalf of a person presently involved in a commission program, seeking to participate in a commission program, or seeking to receive a benefit, directly or indirectly, under a commission program.

(8) "Respondent" means a person against whom a debarment or temporary disqualification action has been initiated.

(9) "Substantial and material noncompliance." A participant in a covered transaction is in substantial and material noncompliance if the participant has made a misstatement or omission, or has failed to comply with any requirement, term, condition, or obligation of the covered transaction and if the misstatement, omission, or failure is substantial and material.

(10) "Temporary disqualification" means an action taken by the debarment and disqualification officer in accordance with these procedures that immediately excludes a person from participating in any covered transaction for a temporary period or limiting such participation in any way that the debarment and disqualification officer deems appropriate for a temporary period.

(11) "Professional contractors" includes but is not limited to consultants, attorneys, or law firms, accountants or accounting firms, architects, and engineers.

(WAC 262-03-040 Temporary disqualification of participants. (1) Any participant in any covered transaction may be immediately and temporarily disqualified from such participation:

(a) If the debarment and disqualification officer determines that adequate evidence exists to support a reasonable belief that the participant is in substantial and material noncompliance sufficient to be cause for debarment; and

(b) If the debarment and disqualification officer determines that immediate action is necessary to protect the public interest in doing business with responsible persons. Consistent with the commission’s purposes, the public interest includes providing affordable housing, administering orderly programs, and maximizing use of the bond financing and LIHTC programs.

(2) By way of example but not limitation, the debarment and disqualification officer may presume that the participant is in substantial and material noncompliance and that immediate action is necessary to protect the public interest where:

(a) The participant is delinquent in payment of any fees due under any commission program, including the LIHTC program;

(b) The participant has failed to meet any deadline under any commission program, including the LIHTC program;

(c) The participant has failed to comply with the terms, conditions, or obligations of one or more covered transactions;

(d) The participant has made material misstatements or omissions in proposals or any other communication to the commission;

(e) A state or other governmental agency reports that the participant is in substantial and material noncompliance in other jurisdictional programs; or

(f) The participant has supplied insufficient or incomplete information in conjunction with any commission program.

(3) Any decision by the debarment and disqualification officer to temporarily disqualify a participant is discretionary; however, no decision will be based on unsupported allegations. The existence of adequate evidence of substantial and material noncompliance does not necessarily require that the person be temporarily disqualified. The debarment and disqualification officer may consider the seriousness of the participant’s acts or omissions as well as any mitigating factors to determine whether temporary disqualification is necessary to protect the public interest.

(4) If debarment or legal proceedings are not initiated by the commission or the debarment and disqualification officer within twelve months after the date of the temporary disqualification notice, the temporary disqualification will be terminated.

(5) If the debarment and disqualification officer determines that temporary disqualification in accordance with subsections (1) or (2) of this section is appropriate, the debarment and disqualification officer will notify the respondent by personal service or certified mail of the temporary disqualification and the reasons therefor. Notice of temporary disqualification will include:

(a) A statement of the nature of the temporary disqualification action;

(b) A short and plain statement of, and the reasons for, the temporary disqualification action; and

(c) Information about the administrative review, hearings and appeals processes available to respondent pursuant to WAC 262-03-070 through 262-03-090.

(6) The temporary disqualification is effective immediately upon the respondent’s receipt of the notice. Upon notification, the respondent will be entitled to the procedures set forth in WAC 262-03-070 through 262-03-090.

(WAC 262-03-050 Proposal to debar. (1) If the debarment and disqualification officer determines that cause for the respondent’s debarment can be established by a preponderance of the evidence, the debarment and disqualification officer may initiate proceedings pursuant to this section. Upon the decision to initiate proceedings pursuant to this section, the debarment and disqualification officer will notify the respondent of its proposal to debar by personal service or certified mail.)
(2) The notice will inform the respondent that debarment is being considered, the effect of a debarment, and the reasons for the proposed debarment. The notice will also include information about the administrative review, hearings and appeals processes available to the respondent pursuant to WAC 262-03-070 through 262-03-090.

(3) A proposal to debar may, but need not, be preceded by a temporary disqualification. A proposal to debar by itself will not have any immediate effect on the respondent's status as a participant in any commission program.

(4) Upon notification of the commission's proposal to debar, the respondent will be entitled to the procedures set forth in WAC 262-03-070 through 262-03-090.

[Statutory Authority: Chapter 43.180 RCW. 97-16-019, § 262-03-050, filed 7/28/97, effective 8/28/97.]

WAC 262-03-060 Debarment. (1) If the debarment and disqualification officer determines, by a preponderance of the evidence, that the respondent has committed any act, or made any omission, that constitutes substantial and material noncompliance, the debarment and disqualification officer may issue an order of debarment.

(2) By way of example but not limitation, the debarment and disqualification officer may presume that the participant is in substantial and material noncompliance if:

(a) The participant is delinquent in payment of any fees due under any commission program, including the LIHTC program, and payment of the delinquent amount has been demanded via certified mail to the last known address of the participant;
(b) The participant has failed to meet any deadline under any commission program, including the LIHTC program;
(c) The participant has failed to comply with the terms, conditions or obligations of one or more covered transactions;
(d) The participant has made material misstatements or omissions in proposals or any other communication to the commission.
(e) A state or other governmental agency reports that the participant is in substantial and material noncompliance in other jurisdictional programs; or
(f) The participant has supplied insufficient or incomplete information in conjunction with any commission program.

(3) An order of debarment disqualifies the respondent from participating in any commission program for the period specified in the order. The debarment term will be commensurate with the seriousness of the cause(s) but generally the debarment period should not exceed three years from the date that the debarment order is issued. Consideration may be given for any period of temporary disqualification already completed by the respondent.

(4) Debarment of a person under this section constitutes debarment of all its divisions and other organizational elements from all covered transactions, unless the debarment decision is limited by its terms to one or more specifically identified individuals, divisions, or other organizational elements or to specific types of transactions. The debarment action may include any affiliate of the participant that is specifically named and given notice of the proposed debarment pursuant to subsection (5) of this section and an opportunity to oppose the debarment pursuant to WAC 262-03-070 through 262-03-090. For the purposes of WAC 262-03-070 through 262-03-090, any named affiliate will be considered a respondent.

(5) The order of debarment will be served on the respondent by personal service or certified mail. It will include notification of the effect of debarment and the reasons debarment has been ordered as well as information about the administrative review, hearing and appeals processes available to respondent pursuant to WAC 262-03-070 through 262-03-090.

(6) Upon receipt of an order of debarment, the respondent will be entitled to the procedures set forth in WAC 262-03-070 through 262-03-090.

[Statutory Authority: Chapter 43.180 RCW. 97-16-019, § 262-03-060, filed 7/28/97, effective 8/28/97.]

WAC 262-03-070 Debarment and disqualification procedures. (1) Within thirty days of receipt of notice of temporary disqualification, of a proposal to debar, or of an order of debarment, a respondent may submit to the commission, in person or in writing, personally or through a representative, any information or argument in opposition to debarment and/or disqualification. This information may dispute the debarment and disqualification officer's formal, written findings of substantial and material noncompliance, identify any remedial measure or mitigating factors, or both.

(2) If, within thirty days of receipt of the information submitted pursuant to subsection (1) of this section, the commission or its designee(s) determine that there is a dispute regarding one or more material facts, the commission will appoint a hearing officer to hold a hearing in accordance with WAC 262-03-080 and authorize the hearing officer to grant appropriate relief upon review. Such hearing will take place within ninety days of the receipt of the information submitted pursuant to subsection (1) of this section and the respondent will receive no less than seven days' advance written notice indicating the time and place for the hearing.

(3) If, within twenty days of receipt of the information submitted pursuant to subsection (1) of this section, the commission or its designee(s) determine that there is no dispute regarding any material facts, the commission or its designee(s) will issue a written order without appointing a hearing officer and without holding a hearing on the matter. The order will include a brief statement of the commission or its designee(s) reasons for the determination and a statement of the availability of hearings and appeals procedures and time limits pursuant to WAC 262-03-080 and 262-03-090.

[Statutory Authority: Chapter 43.180 RCW. 97-16-019, § 262-03-070, filed 7/28/97, effective 8/28/97.]

WAC 262-03-080 Hearing procedures. (1) Any hearing pursuant to WAC 262-03-070(2) will be conducted by the hearing officer appointed by the commission.

(2) The respondent may personally appear at the hearing, appear through a duly authorized representative and/or be represented by legal counsel. The respondent, representative or legal counsel will be given a full opportunity to submit and

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respond to papers and pleadings, to present evidence and argument, and to conduct cross-examination of witnesses.

(3) Following the hearing, the hearing officer will determine the facts by a preponderance of the evidence, issue written findings of fact, and issue a written order. The order will include a brief statement of the hearing officer’s findings and order and a statement about the availability and time limits of appeals procedures pursuant to WAC 262-03-090.

WAC 262-03-090 Appeals procedures. Any order issued pursuant to WAC 262-03-070(3) or 262-03-090(3) may be appealed to the full commission in accordance with the following procedures:

(1) The appeal must be in writing, signed, and received by the chair of the commission no later than ten business days after the respondent receives an order pursuant to WAC 262-03-070(3) or 262-03-080(3).

(2) The appeal must describe why the respondent believes the order pursuant to WAC 262-03-070(3) or 262-03-080(3) is erroneous, identify information in the record that the respondent would like the commission to consider, and specify a desired remedy. The commission will not entertain any claim on appeal that has not first been asserted under WAC 262-03-070 or 262-03-080. An order issued pursuant to WAC 262-03-070(3) or 262-03-080(3) will be presumed to be correct and the respondent has the burden of showing that the order is not supported by substantial evidence.

(3) The commission will schedule a meeting or set aside time during a scheduled meeting to hear appeals. Respondents appealing will receive at least seven days’ advance written notice of the time and place of this meeting. The respondent may personally appear at the meeting, appear through a duly authorized representative and/or be represented by legal counsel. The respondent, representative or legal counsel will be given an opportunity to present oral argument to the commission. No witnesses may be examined.

(4) The commission will issue an appeals decision or a statement specifying the date that a decision will be issued, after hearing oral arguments, if any, but within forty-five days after receipt of the appeal. Any commission appeals decision announced orally will be confirmed in writing. The commission’s written decision is a final order that is binding on the respondent and other parties. The decision will include notice that judicial review may be available.

(5) Judicial review of any final order of the commission is governed by RCW 34.05.570. In accordance with RCW 34.05.534, any person seeking judicial review first must exhaust the administrative remedies set forth in these procedures.

[Statutory Authority: Chapter 43.180 RCW. 97-16-019, § 262-03-090, filed 7/28/97, effective 8/28/97.]