

**HUD Multifamily
Asset Management**

Policy and Procedures Update
March 22, 2010

First, the Good News!!

**HAPPY 50th
ANNIVERSARY**

began September 23, 1959

Take a 202 to lunch this week

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF HOUSING
OFFICE OF MULTIFAMILY HOUSING PROGRAMS
PRESENTS
50
50TH ANNIVERSARY RECOGNITION
OF THE
SECTION 202 SUPPORTIVE HOUSING
FOR THE ELDERLY PROGRAM

GREAT PLACES TO CALL HOME

"...THE MOST RESPONSIBLE & KNOWLEDGEFUL MAN I EVER MET. THAT I WAS CALLED AND THE TEAM THAT I WAS HELD APPROVED TO LIVE IN THIS BUILDING. I CRYED TEARS OF JOY AND BOONED A SIGN OF RELIEF BECAUSE I WAS GOING TO BE ABLE TO AFFORD MY NEXT HOME."

— VICKI WOODRIDGE
FLORA DE LOS ANGELES/BROOKLYN, NY

Then, some bad news

- What happens when you fail an MOR
 - 1st fail (below average or unsatisfactory)
 - Right to appeal
 - Flagged in APPS
 - 2nd fail
 - Same as above
 - Letter to Owner requesting change in management
 - Meet with all parties to discuss specific remedies

... And furthermore

- What happens when you fail the REAC inspection (score under 60)
 - Score 30 or below
 - Automatic referral to Dept of Enforcement (DEC)
 - Flagged in APPS
 - Score above 30 but under 60 - **New Protocol**
 - Notice H 2010-04
 - Referral to DEC is not automatic
 - APPS flags are not immediate
 - Right to appeal
- What happens when you fail a 2nd REAC
 - Immediate contact with owner to determine course of action, which could include:
 - Abatement of Section 8, relocation of residents, assignment to HUD, foreclosure, change of management, or other enforcement action

Add in some traveling music

- HUD does MORs too!
 - Travel funds currently flowing
 - Review after 6 months for new properties
 - Annual reviews for 202/811 PRACs, 236
 - One to three years for unsubsidized
 - HUD9834 & MOR procedures being revised
- Plus some site visits on the side
 - Drive-throughs (while in the area)
 - Verification of reserve releases
 - Notify residents



Toss in a few dogged reminders

- Reserve for Replacement
- Affirmative Fair Housing Marketing Plans
- Reporting Damage/Significant events
- Insurance/Loss Draft process
- Contracting/Bid requirements
- Stimulus Fund reporting
- Sec 8 Rent Adjustments
- Utility Allowance Adjustments
- Green Retrofit/Emergency Capital Grants
- EIV and other occupancy updates



Reserve for Replacement

1 Please Provide 3 copies (HUD-9200 only)

2 Check for accuracy (Company name and address, contact name, if known)

3 Full name and address please. This is where the return copy will be mailed.

4 Ref: HUD-4350.1, Para 4-9 A and B for list of eligible and ineligible items. Refer questions to HUD Project Manager

5 Always use current version from HUD-CPS. Current HUD-9200 dated 1/2008

6 Check Project Number

7 good place for property name

8 Selva R. Carter, Chief, Project Mgmt

9 Birmingham AL

Affirmative Fair Housing Marketing Plan

1 Current version of HUD-929.2A dated 7/2008



**Reporting significant events
Reporting property damage**

Inquiring minds **HAVE** to know !

Significant events must be reported immediately, if at all possible, particularly when there is media coverage.


Significant events can be good or bad.

- Good: Celebrations, public events
- Bad: Serious injury or loss of life
- Good: Awards, community recognition
- Bad: Resident health and safety issues
- Good: Special events by or for residents
- Bad: Serious criminal/drug activity

When in doubt, check it out - with your HUD Project Manager.

Required within 24 hours of event, such as:

- Fire
- Explosion
- Flood
- Wind
- Tornado
- Hurricane
- Vandalism



PROPERTY DAMAGE REPORT

Date: _____ Contractor: _____

Project Name: _____ Source of Damage: _____

Address: _____

Number of Buildings affected: _____ Number of Units affected: _____

Building exterior damage: _____

Building interior damage: _____

Were any residents released? _____ If yes, how many and in where: _____


Does the property have utility service? _____ If no, which service is out? _____

Any other information: _____

Information provided by: _____

Printed Name: _____ Telephone Number: _____

NOTE: With serious storms or declared disasters, a negative report may be required



**Insurance/Reporting Losses
Contracting/Bid Requirements**

Reporting Losses and Processing Insurance Settlements

- In the event of a property loss, the Mortgagor will take immediate steps to:
 - Protect and secure the property, and
 - Report the loss to the insurance company, HUD, and the mortgagee
- The Mortgagor will restore the property as soon as possible, when authorized by the insurance carrier, and under the guidance of HUD and the mortgagee
- The Mortgagor will process any loss draft or settlement check in accordance with the controls and procedures established by the insurance carrier, the mortgagee, and HUD.

REMEMBER: For HUD-Held properties, 202 Direct Loans and PRACS, HUD IS the mortgagee.

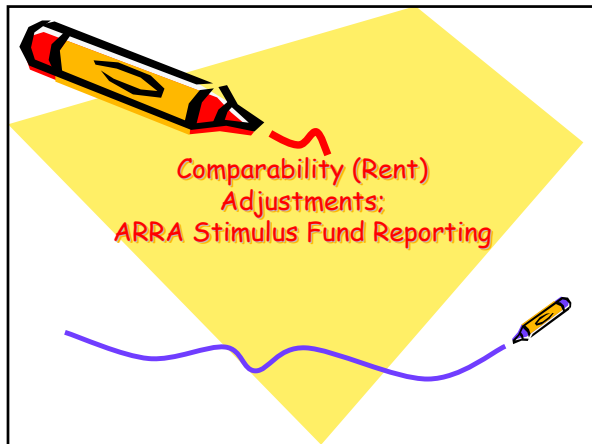
Contracting - Owner and Management Agent Requirements

Handbook Reference: HUD-4381.5, Para. 5.3 and 6.50

- Solicit written cost estimates from at least three contractors or suppliers for any contract, ongoing supply or service which is expected to exceed \$10,000 per year.
- Solicit either verbal or written cost estimates for any contract, ongoing supply or service estimated to cost \$5,000 to \$10,000 per year. Make a record of any verbal estimates obtained.
- Retain documentation of all bids as a part of the project's records for three years following the completion of the work.
- Take affirmative steps to make women and minority-owned enterprises (W/MBEs) aware of contracting opportunities. Attempt to obtain at least one bid from a W/MBE.

Also, note HUD-4350.1, Paragraph 21-10:

- Assure contractors carry insurance appropriate to the work or service agreed to in the contract.
- Unusual perils inherent in the nature of the work must be covered by the contractor's insurance.



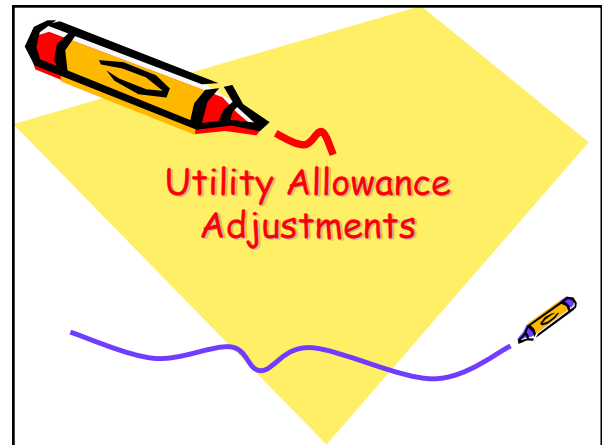
Comparability (Rent) Adjustments

Reference: 6b(2)(b)

- Only if term of Contract Renewal is longer than 5 years
- Does not apply to a project renewed at exception rents
- At expiration of 5-year period, CA conducts a comparability analysis of existing contract rents
- Adjustment is made to each unit size
- HUD may also conduct a mid-term adjustment - one within each 5-year period of the Renewal Contract term
- At fifth year or mid-term comparability adjustment, HUD may require contract term for each unit size be set at comparable
- Such adjustment may result in a **negative (decrease)** or positive (increase) of contract rents for one or more unit sizes
- The CA provides the Owner with a revised Exhibit A that specifies the adjusted contract rent amounts along with a notice that specify the effective date of the adjustment

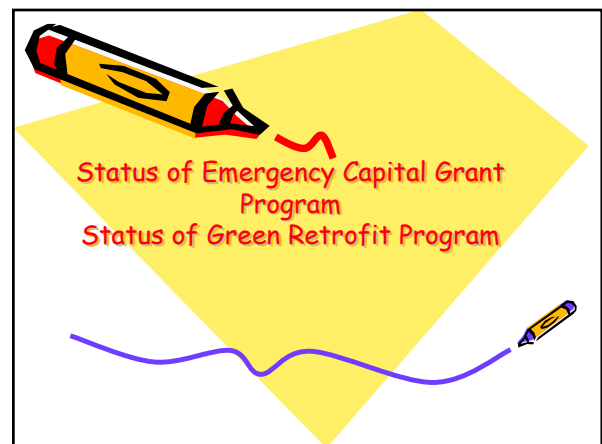
Exemption from Section 1512 of American Recovery and Reinvestment Act (ARRA)

- Thanks for your patience and efforts in this initiative.
- The Project-based Rental Assistance (PBRA) program provides rental assistance to low-income residents.
- Although Federal payments are made directly to owners/landlords, those payments are not intended for the benefit of the owners. They are merely the mechanism for delivering the benefit to low-income families that meet certain eligibility criteria.
- Because the PBRA program is tantamount to an individual benefits program, and because 31 USC 7501(a) excludes from the term "Federal financial assistance" amounts received as reimbursement for services rendered to individuals in accordance with guidance issued by the Director, the program is properly **EXCLUDED** from 1512 reporting.



Utility Allowance Adjustments

- Number of units in sampling
- Resident release of information
- Obtaining information
 - Alabama Power Company
 - Holly Adcock (334-954-2700)
 - Alabama Gas Company
 - Regional Offices



Emergency Capital Repair Grant Program

- Opened: NOFA published 6/2009
- Closed: **October 1, 2009**
- There were no Alabama properties funded

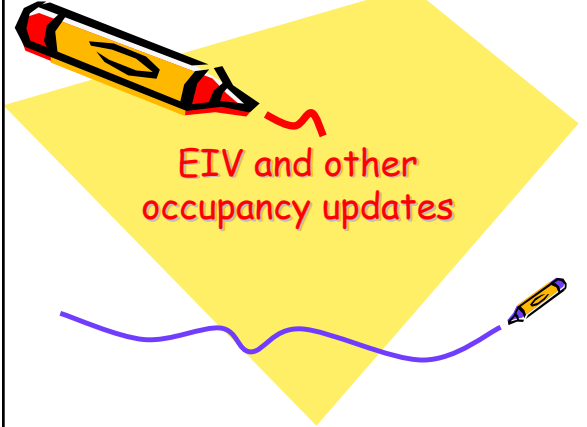
Green Retrofit Program

- Opened: Notice issued 5/13/09; start date 6/15/09
- Closed: **November 18, 2009**
- According to the hud.gov/recovery website, there were 26 applications from Alabama, 13 of those were not accepted, **5 have been accepted and assigned to a PAE**, and 8 are on the wait list.

There has been no additional announcement of funding for either of these programs this year.



EIV and other
occupancy updates



For your ever-growing occupancy library

- Notice H 09-03 - Exclusion of deferred Dept of Veterans Affairs Disability Benefits from annual income
 - Notice H 09-07 - FY 2009 Soc Sec one-time economic recovery payments excluded from income
 - Notice H 09-11 - State Lifetime Sex Offender Registration
 - Notice H 09-23 - Supplemental info to application ...
 - New form HUD-92006 ("contact sheet")
 - Notice H 09-19 - Implementation of VAWA
 - Notice H 09-16 - Exclusion from income of temporary employment from the US Census Bureau
 - Notice H 09-20 - Enterprise Income Verification (EIV)
 - Notice H 2010-02 - "EIV and you" brochure
- And **MOST IMPORTANTLY**, Federal Register dated December 29, 2009 - Final Rule for Rent/Income Refinement and EIV
- EIV **MANDATORY** as of January 31, 2010
 - You can be cited on an MOR for noncompliance if you are not registered and approved for access!



And they all lived happily
ever after.

The end

