

Wednesday, December 9, 2020  
2 – 3:30 pm (eastern)  
Virtual SAHMA Region Partnership Meeting  
Agenda & Follow Up Notes

2:00 pm (eastern)

Welcome remarks: Sondra Wimbs, SAHMA President  
Moderator: Sonja Horn, SAHMA President-Elect

Welcome remarks: Don Billingsley, Multifamily Regional Director, Southeast, HUD  
Introduction of HUD staff

Mr. Billingsley began the session with remarks concerning the imminent additional Continuing Resolution (CR) since the current one expires on December 11<sup>th</sup>.

He commented on the following:

- HUD staffing in the Southeast will be up to 190 of 206 positions filled by the end of 2020
- Reminded folks eligible and interested in an interest rate reduction (IRR) to move forward. An IRR allows borrowers to modify their existing FHA loan in order to reduce their interest rate.
- HUD is encouraging remote management reviews
- REAC is evaluating virtual inspections
- The Southeast leads the nation in RAD conversions
- Capital advances for 202/811 back in favor – continued funding.
- There are still supplemental CARES act funds available, encouraged applications. The 1<sup>st</sup> round is being dispersed and the 2<sup>nd</sup> round is due Friday December 11<sup>th</sup>.

Mark Dominick, HUD Asset Management Division 2 Director, continued with the announcement that George Brown has joined the Atlanta team as Asset Management Division 1 Director. In addition, he announced that Yolanda Perez, Senior Account Executive, Team 1, Atlanta is retiring before the end of the year. And, Donna Dudgeon formerly in Kentucky and most recently at Headquarters is moving to USDA.

Laurelei McKnight, Director/Satellite Coordinator, Jacksonville HUD office announced the imminent retirement of Eleanor Hammonds, Funding Specialist.

PBCA partners introduced themselves and represented:

Navigate Affordable Housing Partners, MS/AL  
Tennessee Housing Development, TN  
Kentucky Housing Corporation, KY  
National Housing Compliance, GA  
NC Quadel, NC  
SC Housing Finance & Development, SC  
North Tampa Housing Corp. FL

Questions posed and Answers provided for the following:

Q: PRAC's requesting rent increases for the increase of their replacement reserve accounts.

- Will HUD allow request without doing a PCNA?
- Why is a 5, 10, 15, 20-year analysis not acceptable now?
- Is there written guidance when this change became effective?

*A: Members were directed to the May 1, 2020 memo by DAS Lamar Seats for further clarification and information on the above.*

Q: HUD is not approving rent increases with less than 5% without thorough documentation.

- Why did that change? We used to be able to receive at least a 3% without detailed backup.

A: *The guidance on the above matter can be found in handbook 4350.1 and has not materially changed. A statement is needed under 5% and over 5% documentation is required*

Q: Is there insight in HUD making changes to the RAD for PRAC program?

A: *The current guidance of 2019.09 remains the same.*

Q: Many in small rural areas have rents that are over the FM. These are usually small in number of units and need the help that the RAD program would provide them.

- Any plans for these small properties?

A: *Suggest members consult the RAD Resource guide:*

[http://www.radresource.net/doc\\_out.cfm?id=userguidephas](http://www.radresource.net/doc_out.cfm?id=userguidephas)

811's could possibly be added later

Q: In HUD's latest eSignature Notice for MFH (HSG Notice 2020-10), HUD says that OAs may transmit the electronic tenant file to IPAs conducting the HUD financial audit, but OAs must not transmit the EIV reports. Does HUD require the IPA to come to the site to review the EIV reports or is there another option?

A: *This question was brought to the attention of Headquarters and we are awaiting HQ's response.*

Q: What is HUD's stand on assault weapons shown, displayed and exposed inside a tenant's unit posted on social media?

A: *HUD required more context on this question in order to seek guidance.*

Q: What if any effect will the election have on the 2021 Budget?

A: *Continuing Resolution and an Omnibus Bill*

Q: How are collections during COVID being viewed in the FHA portfolio on properties without project-based subsidy? Will this be a finding in audits?

A: *Suggest review of the November 2020 Q & A document for additional information. There is a HUD workshop on this topic.*

Q: How do we report the COVID-19 Supplemental Payments on the Financial Audits?

- Should we treat them like a Special Claim on the Audit?

A: *These should be treated as a Special Claim and Yes, there should be a footnote as to how the funds were used. There will be follow up on how the funds were used.*

Q: Is the Statutory Preference for Displacement required once the HUD insured mortgage is paid off?

- We've been instructed that as long as there is a Section 221(d)(3), Section 221(d)(4), or a Section 221(d)(3)BMIR the Regulatory Agreement require the Statutory Preference for Displacement. Once the loan is paid off, the Preference is no longer required. Is this guidance accurate?

A: *Yes. Only applies through the mortgage agreement. Once the mortgage is paid off the preference goes away. The owner can adopt a preference and document the preference in the TSP.*

Q: As a follow up to the above question, what if there is another HUD Insured Loan placed on the property. Does the Statutory Preferences for Displacement become required?

- The new loan will probably not be a 221(d)(3), 221(d)(4) or 221(d)(3)BMIR, so the Statutory Preference for Displacement would not be required? Our current Regulatory Agreement determines the requirement and it is based on the current loan, not the original loan, is this guidance accurate?

A: *Whatever is in the new regulatory agreement with the refinance would be applicable.*

Q: What is the status of REAC Inspections?

- How is the new selection process for property inspector contracts working?
- Will it be possible to revisit the 14-day notification rules under the new administration?

*A: Require more context on the first bullet point for a complete answer. Under the second bullet point the answer is that this is a possibility. It is too early to really know since we will have a new administration.*

Q: With the cases of COVID-19 on a severe rise across the country, is there any alternative to having to gain wet signatures on Move In, Annual and Interim Renewal paperwork?

*A: Extensive guidance can be found in HUD Memo 2020-10 issued October 14<sup>th</sup> and available on both the HUD and SAHMA websites.*

Q: MOR – are there any findings that are related to the eSignatures?

*A: Possibly if the documents are received after the deadline. Can except e-signatures on documents under extenuated circumstances but must go back and get wet signature and correct the code on the 50059.*

Q: When will HUD allow HAP renewals and rent increases with eSignatures?

*A: Accepted documents actually signed and scanned into a PDF for HAP renewals is widely accepted now.*

Q: Can you tell us if HUD will start allowing the same safety protocol for the site inspection portion of the MORs as they are using for REAC inspections?

*A: Guidance can be found in the HUD Q & A document. Some are using a hybrid of reviews i.e. in person reviews and off site. TN has asked that management companies sign up the properties that will allow a remote inspection of the files, AL will also do a remote inspection at the management company request. FL is considering and KY is also working on a remote plan for 2021.*

Q: NSPIRE Program update –

What are the most common findings?

*A: There is not enough data available to provide this information yet*

Can communities still apply?

*A: Yes, communities can continue to apply to be added to the program at [www.NSPIRE.gov](http://www.NSPIRE.gov)*

REAC has restarted have NSPIRE inspections?

*A: Currently with COVID the NSPIRE inspections have been suspended and there are contract issues to be worked out.*

At what point will REAC totally be replaced?

*A: There is no plan to completely replace REAC with NSPIRE*

Q: In response to the CDC recommendations to shelter in place when possible and to practice social distancing, many owner/agents have suspended completion of tasks - such as annual unit inspections - that are technically required in order to bill for subsidy. Has HUD compiled a list of acceptable temporary practices. For example, we have received clarification that MFH must continue to run EIV reports and, review and respond to EIV errors even though PIH does not have to. We know we have to complete certifications but is there any official guidance from HUD on other tasks such as unit inspections, completion of non-essential work orders, availability of property amenities such as community rooms and laundry rooms, etc.

*A: O/A's should often refer to the COVID Q&A online to answer these questions as it is updated often. The Q&A is searchable and easy to locate answers.*

Q: With all the additional expenses incurred by the site because of COVID-19, do you see HUD eliminating the requirement for Section 8 and PRAC properties to keep a maximum of \$250 per unit. I know OAs can request temporary waivers but is HUD considering eliminating the requirement entirely?

*A: Not that we are aware. There may be more clarification later.*

Q: Any comment on the Disparate Impact Rule that became effective October 24, 2020.

*A: We nor Headquarters have any additional comments on the published rule.*

Q: How do you go about calculating the average 6 month checking account balance if the balance is a (-) balance? The HUD Handbook 4350.3 REV-1, CHG-4 doesn't specify if \$0 or the negative monthly balance should be used. Some PBCA's ask us to just use (0) and some ask that we use the (-) balance. Your thoughts since the HUD handbook doesn't specify?

*A: If the number is negative enter a Zero. Remember that the owner must be consistent with their practices when making this calculation.*

Q: Update on the PBCA's contracts? What are you hearing and what's next?

*A: The Contract Administrators are currently under two automatic 6-month extensions 1-2020-2022. The RFP for a new contract is slated to be released by the end of 2021.*

Q: Are PBCA's planning on reviews being done virtually or on site since there is an uptick in COVID 19 cases?

*A: PBCA's are conducting traditional in person inspections or virtual remote and in some cases a hybrid. Documents are uploaded via a secure portal for follow up.*

*NC Quadel and National Housing Compliance are performing virtual & traditional inspections*

*Navigate Affordable Housing Partners, Kentucky Housing Corporation and South Carolina Housing are performing in person inspections.*

*North Tampa Housing is performing remote virtual inspections*

*Tennessee Housing Development is performing in person inspections at the request of the O/A*

Q: If a request for Reserve for Replacement has been initiated can we expect the funds before the end of the year.

*A: If already initiated the maximum number of days for processing is 25 with most taking 10-15 days to turnaround. Check with your AE if not returned within 10-15 days.*

At 3:40 pm (eastern) Sonja Horn, SAHMA President-Elect thanked the Regulatory Partners and the attendees for their participation and closed the meeting.