

*** *Practical Points* ***

August 2010

From

PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

Management Reviews – Changes You Need to Know!

HUD has revised Chapter 6 of the 4350.1 Multifamily Asset Management and Project Servicing Handbook. This chapter was revised to be consistent with the on-site management review Form HUD-9834 (Management Reviews for Multifamily Housing Projects) and with current HUD policy. Officially “HUD Handbook 4350.1 Rev-1, Chapter 6, Chg-2”, this chapter covers all aspects of Management and Occupancy Reviews. The revised chapter became effective August 1, 2010.

Some highlights:

- Rating descriptions are more detailed, so you should have a clearer understanding of the reason you received a Superior, Above Average, Satisfactory, Below Average, or Unsatisfactory for each category.
- Major differences in HUD field office ratings have been eliminated because HUD now provides one, well-defined overall rating calculation.
- Your category with the lowest rating will no longer represent the overall rating.

Many items have also been revised to include more details, provide consistency, and remove outdated sections. The updated chapter, as well as the rest of the handbook, can be found here:

<http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.1/>

Common Management and Occupancy Review (MOR) Findings

Many of you will have MORs this summer. If you're wondering which items to double-check *before* your MOR, this list should help. In no particular order, we've put together 10 of the most common MOR findings:

- Calculation errors
- Student status not verified
- Lease terms less than one year
- Missing third party verification
- Missing signatures (9887/9887A, lease, 50059, etc.)
- Recertification notices not distributed in a timely way
- Social Security number verification missing from the file
- Waiting list/Tenant Selection Plan missing required HUD topics
- VAWA (Violence Against Women Act) lease addendum not implemented
- Certification of disposal of assets for less than fair market value missing from file

Don't forget: We understand the importance of receiving a positive rating on your Management and Occupancy Review (MOR). Passing the tenant file portion starts with organization and compliance – two of our specialties! Let us review, organize and help update your tenant files.

Please contact PMCS at solutions@pmcs-icap.com, 800-245-7627, or visit <http://www.pmcs-icap.com/pmcs-icap-tenant-reviews.html>. We'll be happy to discuss your specific needs and provide a customized proposal.

HUD's Commitment to Tenant Participation

HUD is committed to providing tenant groups with the opportunity to share their ideas and concerns surrounding the property and the community as a whole, before addressing them formally with management. Tenant groups are also encouraged to spend time on resident activities. 24 CFR Part 245, Code of Federal Regulations, outlines the organization and gathering of tenant groups in Multifamily Housing projects. This Code applies to tenants in Multifamily Housing properties across several different HUD programs. The notice was released on June 18, 2010.

What can residents discuss at these meetings?

Changes made by management including increases in rent, site activities and services, site procedures, repairs needed, and more – essentially, whatever they feel may affect them. It's important for you to note that members of management are not allowed to attend these meetings unless asked by the tenant organization. Tenants can spread the word about their gatherings in various ways, including distributing leaflets, posting information on bulletin boards, and conducting surveys.

Special note: You are required to allow tenants to hold their meetings in handicap-accessible areas such as community rooms. A reasonable fee can be charged, or waived, it's up to you!

To print a copy of the 3-page document, please visit:

<http://www.hud.gov/offices/hsg/mfh/tenantpartinmfhprojects.pdf>

Hurricane Season is Upon Us: What To Do if Your Property is Affected

It's scary to think that your property could be flooded by a hurricane or rising rivers, or damaged by a tornado. HUD wants you to know that you have options if you are unfortunate enough to experience a natural disaster. The Atlantic Ocean hurricane season spans June 1 – November 30, so we thought we'd share some information about your options through HUD and the Federal Emergency Management Agency (FEMA).

What Steps Need to Be Taken if Your Property is Damaged By A Hurricane or Other Natural Disaster?

Management:

1. After the President has declared an area a disaster, you should go to www.fema.gov/disasters, or call your local FEMA office to learn which locations have been designated for disaster recovery.
2. Notify your HUD Project Manager right away. You can email the damage report to your HUD Project Manager or to hurricane.mailbox@hud.gov. Find other HUD disaster recovery policies at www.hud.gov/offices/hsg/mfh/disasterguide.cfm.
3. Make sure your tenants let you know where they've relocated during these tough times.
4. Write a letter to your tenants at least 60 days before their unit is expected to be ready for them to move back into. You must give your tenants a 60 day grace period from the date their unit is ready, to move all of their belongings back into the apartment.

Tenants:

1. Your tenants will need to fill out an application with FEMA. They'll receive an application number and obtain a letter of eligibility, which need to be saved.
2. Tenants have the right to return to their unit once it has been repaired. However, if they have signed a lease at another property, they are no longer considered displaced. Therefore, you are allowed to begin renting their unit to another person or family.
3. Tenants must notify you if they have chosen to live somewhere else. This should be stated in the lease you provide for them to sign.

We hope you *never* have to experience a natural disaster. If you'd like to learn more about disaster recovery, please visit www.hud.gov/offices/hsg/sfh/nsc/disaster.cfm and www.fema.gov.

Tips, Clips & Quips

TIPS

Question: (a) Please correct me if I am wrong, but I understand that the EIV report is enough verification for SS and SSI. We do not have to use the award letter unless the tenant disputes the EIV report. (b) However the EIV does not include cents as the award letter does. We have gotten findings for not including the cents even if it does not affect the rent. So should we really use the award letter amount in the calculations and use EIV as verification? **Marilyn, NY**

Answer: (a) Yes; for Social Security, the EIV Income Report is the third party verification document. In fact, you should not even look at (or collect) the Award Letter, unless the tenant disputes the EIV Income Report.

(b) You're right – the Income Report doesn't include the cents – this is one reason for the revised procedures! If you use the Award Letter as third party verification, you must use the cents, since they're on it. If you use the Income Report, you must use the exact amount on it (which will not include the cents). This is why you must follow the correct procedure: Ask the tenant to verify that EIV shows the correct information. If so, use it and don't even look at an Award Letter. If the tenant disputes EIV, then write (on the EIV Income Report) "Tenant Disputed; Award Letter Used Instead". Collect the Award Letter (which must be dated within 120 days of the interview – not the old "120 days prior to the cert date" requirement) and use its amount, including cents. In this case, due to the dispute, both the Income Report and the Award Letter will be in the tenant file.

Question: In last month's Practical Points, you mentioned Identity Verification Status. Since the Income Summary Report comes as a standard printout, is it something in addition? **Inna, NY**

Answer: The household's Income Summary Report has always been available; however it has not been required to be printed in the past. The Income Detail Report (and Income Discrepancy, if any) are required to be used for income verifications for recertifications.

Now, the Income Summary for each household must be printed, to verify that every household member's identity has been verified with the Social Security Administration. If you look at the lower right-hand column of this report, you'll see the Identity Status column, and it should say "Verified" for each household member. If the column says "Failed" or "Deceased", follow-up will be required, since any status other than "Verified" will prevent you from getting the Income Detail Report that's required. (Note that "Not Verified" does not require any action – it indicates that verification is either in process or cannot be completed.)

Keep in mind that there are two Income Summaries – one that lists all households for the particular recertification month you requested, and one for each separate household. It's the second one (containing the Identity Status column) that needs to be printed and kept in the tenant file. You may, if you wish, destroy the copy of the Social Security card after placing the Income Summary in the file.

Have a question that you'd like answered in this column? Email us at Solutions@pmcs-icap.com with Practical Points Question on the subject line, or fax to 315-451-2456.

QUIPS

"Trust permits risk, which permits change, which permits growth"
-- Old Proverb

Featured Service: Everything EIV!

Are You Compliant with HUD's EIV Notice 10-10?

EIV has been the talk of the industry since late last year, and now there are new changes YOU need to comply with! Not sure where to start? PMCS is here to help! We offer a variety of EIV services including:

Running EIV Reports • Registering new staff members • Adding EIV requirements to the TSP
Assigning new properties to your M-ID • Consulting on both access and reports follow-up
EIV Policies and Procedures – standard or custom

Training, our most customizable service, can be provided through a variety of methods. We'll train you and your staff one-on-one, by telephone, via GoToMeeting, on-site, or at your company manager's meeting. Most importantly, we'll customize the session to meet your needs and knowledge level.

We've attached our EIV Services order form to this newsletter. Please contact PMCS at solutions@pmcs-icap.com, 800-245-7627, or visit <http://www.pmcs-icap.com/pmcs-icap-customized-training.html>. We'll be happy to discuss your specific needs and provide a customized proposal.

Our goal is to keep you compliant by providing high quality services at affordable prices! Check out our services on the web at www.pmcs-icap.com. We can now accept your credit card payments via PayPal, so using our services is easier than ever before!

Upcoming Trainings & Conferences

Please be sure to check out our Summer/Fall 2010 Phone Seminar Schedule
You can find it here: <http://www.pmcs-icap.com/pmcs-icap-customized-training.html>

Save Money – Save Time – Go Green with our Audio Seminars

Where you can find us:

Conferences:

NJ Governor's Conference

Tuesday, September 28 – Wednesday, September 29
Atlantic City, NJ

JAHMA
Successfully Using EIV
Thursday, October 7
Edison, NJ

<http://www.jahma.org/10-7-2010-EIV-info.html>

PennDel AHMA Fall Management Conference & Expo
Wednesday, October 13 – Thursday, October 14
Lancaster, PA

NAHMA Fall Meeting - Regulatory Issues Forum
Sunday, October 24 – Tuesday, October 26, 2010
Washington, DC

TRACS Industry Meeting
Wednesday, October 27 – Thursday, October 28
Washington DC

NEAHMA Conference & Trade Show
Thursday, October 28
Norwood, MA

Tell us what you'd like to see!

We welcome your ideas for new class topics (or old topics you'd like to see again)! Have you looked for training on a topic... and didn't find it? Have you taken trainings with others that were on the wrong level - not basic enough, or not advanced enough? Send your suggestions to Matt Simon at solutions@pmcs-icap.com or call 1-800-245-7627 x1535. Our Summer/Fall 2010 Telephone Seminar schedule is available online at www.pmcs-icap.com/pmcs-icap-events.html.

Private Classes for Associations, Management Companies and Contract Administrators

We provide high-quality training for your members and staff. Any of our live or telephone classes can be customized to meet your specific needs. If you have a Conference or Educational Series coming up within the next year, consider bringing us in to conduct a full-day, half-day or 1-2 hour workshop session.

Questions about phone trainings?

Contact: Michelle Cimino at 800-245-7627 x1520 to request a schedule and registration form for Telephone Seminars, or email solutions@pmcs-icap.com.

For Further Information, Please Contact Us:

Telephone: 1-800-245-PMCS (7627)

Fax: 315-451-2456

Web: www.pmcs-icap.com

E-mail: Solutions@pmcs-icap.com

Main Office: 829 West Genesee Street, Syracuse, New York 13204

Solutions You Can Count On