*** *Practical Points* ***

March 2011

From

PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

Hot News from This Month's TRACS Industry Meeting

The focus of the TRACS Industry Meeting in Washington DC on March 8 and 9th was on finalizing the specifications for TRACS Version 202.D, tentatively scheduled for release in October, 2011. The main goals of the new release are for TRACS to catch up with EIV, Final Rule and other regulatory changes, as well as to include items that will benefit owner/agents and contract administrators.

Watch for these features (and many more) in the new version – including changes to 50059s and vouchers:

- ✓ Gross rent changes effective through the first of the month will be able to appear on that month's voucher, to allow faster cash flow to properties, and fewer adjustments on vouchers.
- ✓ All PBCA contracts are up for re-bid, and there may be different CAs administering some states. With that in mind, history baselines containing 5 years of certification data will be able to be transmitted to new CAs as needed.
- ✓ Several line items will be renamed for clarity – for example, "HH Assistance Status Code" will become "HH Citizenship Eligibility", and "Tenant Unable to Sign" will be replaced by "Extenuating Circumstances" with the ability to identify what those circumstances are.
- ✓ Several new codes will be added – including a Correction code showing that changes were made due to items discovered via EIV, and new Special Status codes for (M)ilitary Veteran and (P)residentially Declared Disaster temporary resident.
- ✓ Vouchers will include a total to sum up the adjustments for each household.

PBCA Contracts are Up for Rebid

Performance Based Contract Administrators (PBCAs) are currently bidding for each of the fifty United States, the District of Columbia, the United States Virgin Islands and the Commonwealth of Puerto Rico. Completed applications must be submitted by April 28, 2011. HUD expects to announce the awards in June, and all successful CAs will begin their new 2-year contracts effective October 1st.

CAs can bid to retain their current states, as well as to add more states to their portfolios. The Factors for Award and their weights are Capability Statement (30%), Technical Approach (35%) and Quality Control Plan (35%).

Detailed information regarding eligible applicants and requirements can be found under "What's Hot" at:
http://www.hud.gov/offices/hsg/mfh/rfp/sec8rfp.cfm

Problems with DUNS/CCR Registration Won't Affect Voucher Payments Yet

The National Leased Housing Association and other industry organizations expressed concerns to HUD that the March 4th DUNS/CCR registration deadline couldn't be met by many sites due to problems owner/agents have experienced with the process. An extension of the deadline, or a moratorium on stopping voucher payments for those who haven't successfully registered yet was requested.

HUD responded, and acknowledged that properties have had problems obtaining DUNS/CCR numbers, and Multifamily as well as HUD's Chief Financial Officer (CFO) have agreed that voucher payments will not be interrupted for April. If your HUD Field Office or CA says otherwise, please ask them to contact Deborah Lear at HUD headquarters.

Some tips if you're still trying to obtain your registrations:

1. Be sure to use the exact same information that you used to obtain your Tax ID. For example, if your site name was Open Arms Apartments on your Tax ID application, use that exact name (not "Open Arms Apts") for your DUNS/CCR applications.
2. Each individual site must have a DUNS number – you can't use one number for an owner or management company which has several sites. DUNS requirements say that *each distinct physical location of an entity is assigned its own DUNS number worldwide. Organizations with multiple DUNS numbers may request a FREE family tree listing from D&B to help determine which subsidiary location has an existing DUNS number and if the info on file at D&B is correct.*
3. You can find the CCR User's Guide at: https://www.bpn.gov/ccr/doc/CCRUsersGuide.doc
4. If you have CCR questions, contact the CCR Customer Service Desk (8am - 8pm Eastern Time) at: 866-606-8220

Some Properties are Missing EIV Data

Several sites have reported that their tenants' EIV data is missing! If you're having this problem, check your Tenant Query in Secure Systems / WASS. If your Contract/Project number is missing from the top of the report, EIV is not receiving the requests for information on your tenants.

RHIIP Listserv #249, issued on February 24th, notes that if this has affected your tenants (you may receive no information or incorrect information), document your efforts to print the required EIV data. Then use traditional requests for third-party verification to complete the 50059s. Do keep all copies of incorrect reports you may have received, and make appropriate notes on them before filing.

During the NAHMA meeting in Washington DC on March 6-8, HUD noted that this problem should have been resolved by March 8th. The best way to avoid problems and a last-minute scramble to get information is to print – and begin using - Income Reports and Income Discrepancy Reports on time: 120 days before the tenant's Annual is due.

A New Way to Meet your Annual EIV Security Awareness Training Requirement

All EIV Coordinators and Users – as well as owner/agent staff who use EIV data but don't print computerized reports – must complete Security Awareness Training every year.

RHIIP Listserv #250, issued on March 2, announced that there's a new option for meeting this requirement: completing the online Federal ISS Awareness training program – the same program that TRACS/iMAX users have to complete. This free, online training includes a Certificate of Completion that you can print. If you've already completed this training after accepting the TRACS ROB, that will satisfy EIV security training requirements too - as long as the completion date on the Certificate isn't older than one year.

To complete the Federal ISS Awareness online Security Awareness Training:

- In your web browser, type http://iase.disa.mil/eta/index.html#onlinetraining and press Enter.
- Click on **Federal ISS Awareness** icon on the IA Education, Training and Awareness Screen.
- Click on **Launch New Information Systems Security Awareness** on the Information Systems Security Awareness screen and proceed with the training.
- When the training is complete, print and keep the *Certificate of Completion.*

New REAC Videos

REAC (Real Estate Assessment System) is improving its customer service. To promote better communication with properties and management companies, they've provided new learning tools to help us better understand all of REAC's processes.

Video topics include Database Adjustments, Technical Review, Scoring, Inspection Review, and more. See the new videos at: http://hud.gov/offices/reac/training/learningtools.cfm#1

Changes in Charging some Employee Pension Plan Costs

HUD Notice H 2011-08, issues on February 28th, clarifies policy about pension plan expenses being charged to Project Operating Accounts. The Notice amends HUD Housing Handbook 4381.5.

Management companies with employees that split their week among various properties may charge employee pension plan costs to project operations, with certain conditions:
-- The percent of project funds paid to the management company for the employee's pension plan contribution should be proportional to the amount of time the employee works at each project.
-- Individual employees must be eligible to participate in pension plans in accordance with applicable federal, state, and/or local laws.
-- Records must be kept to demonstrate compliance with these requirements, and this documentation must be included in audited financial statement filings, on the Management Entity Profile and on individual project Management Certifications.
-- Pension plan costs paid from the project operating account are for on-site, front line employees who work at the projects on a daily basis only, and do not apply to off-site, non-front line supervisors.

Find all the details in the Notice, at: http://portal.hud.gov/hudportal/documents/huddoc?id=11-08hsgn.pdf

Section 202 Mortgage Payments

At the end of February, the Office of Chief Financial Officer (OCFO) informed HUD Multifamily Housing Headquarters that there are still many Section 202 owners across the country who are sending their mortgage payments to the lockbox, instead of making these payments through Pay.Gov.

The Fort Worth Accounting Office is required to return checks that are sent to the lockbox. And, sending a mortgage payment to the lockbox instead of making the payment through Pay.Gov could cause the property's mortgage payment to show up on the OCFO' s Monthly Section 202 Delinquency Report.

If you own a Section 202 site, be sure to review and update your monthly mortgage payment procedures! Make your monthly mortgage payment through Pay.Gov instead of writing a check and sending it to the lockbox.

The URL for Pay.Gov is https://www.pay.gov/paygov/. Please contact your HUD Project Manager if you have questions regarding Section 202 payments.

Compliance Q & A

Question: Is there a rule about the interest rate we give to tenants? I've used a couple of different rates in my lease - now my regional manager wants to know what HUD says. I thought we're just required to use an interest-bearing account, but then the rate always changes. So is it whatever the rate is in the account at move-out or do we use a set amount? Dee in Florida

Answer: Different states have different regulations about whether security deposits need to be in interest-bearing accounts, with the interest being paid to tenants. HUD says that, if the state requires that the interest be refunded to the tenant, that you do so. Some properties refund this interest to tenants annually; others wait until the tenant moves out.

The tricky part is that you have to refund the tenant his/her actual interest amount. So if the interest was paid at one rate in 2008, another in 2010, etc., you have to calculate the interest for the particular tenant. Some software products have a calculation tool that automatically calculates the amount, as long as you enter the new interest rate and date when it changes. Some don't, and you have to calculate it manually... That's why some properties like to give the tenants these amounts every year.

Question: Recently we were told by our CA that a written consent form must be signed by all adult household members in the same unit, in order to complete the annual recert process. Their interpretation is that the information from EIV is used to calculate the household's rent at recert, therefore the consent form must be signed to share the amounts listed on the 50059 form, because it was obtained from EIV.

According to pages 10-11 of HUD Notice H 2010-10, EIV data may not be shared without the written consent, but we're not prohibited from discussing how the household's income and rent were determined based on what was reported and verified. Is it really necessary to have each household member sign a written consent? If it is, the Notice doesn't say what happens if an adult denies access to other household members. We just want to do what is right, but are also looking to reduce overkill. Wayne in Kentucky

Answer: EIV is confidential to the individual, not to the household. For that reason, EIV added (in September, 2010) a new link on the Income Report to allow the printing of EIV data per individual, instead of only having the option of printing it for the entire household.

HUD requires that EIV data be shown to and discussed with the tenant during the recert interview. We recommend having a consent form as your CA stated, and that this form be sent to the household along with the 120-day notice. We suggest that there be one form that everyone 18+ in the household signs, allowing EIV data to be shared with other household members during the recert interview.

Without such written permission (or if one household member refuses permission), you have to print out each individual household member's EIV Income Report separately, and show/discuss it with just that person during the recert interview – which is really unwieldy.

You're correct - discussing how rent was determined with the Head of Household, including general comments about income is permitted even without written consent of the other adults. However, since HUD mandates that EIV Income and Discrepancy Reports be used during tenant interviews (because procedures differ depending on whether the household member agrees with – or disputes – the information there), using a consent form like this will help the interviews run a lot more smoothly.

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.

2011 PMCS Telephone Seminars

Our 2011 Telephone Seminars are in full swing. Join our growing list of trainees to see what they're all smiling about!

Check our website at http://www.pmcs-icap.com/pmcs-icap-customized-training.html, call us, or email Solutions@pmcs-icap.com for your copy of our Telephone Seminar schedule and registration form

Basics: Validate Your Procedures:

New to the industry or just want to confirm that your
current practices are really compliant with current HUD regulations?
Do Build your confidence and share your experiences during these Basic classes.

Certs and Vouchers • Verifying Income, Assets & Expenses
Tenant Files • Secure Systems • TRACS/iMAX • Waiting Lists

Enterprise Income Verification (EIV):

EIV is *extensive*, and our new, shorter EIV sessions allow more time to explore each facet of EIV and answer your questions.
Want to fulfill your annual security training requirement – look no further!
Make sure you're compliant with all EIV requirements before your MOR.

• EIV – What's It All About? • Requirements & Responsibilities for EIV Coordinators •
• Understanding All 10 EIV Reports • Dealing with Income Discrepancies Using Case Studies •
• EIV Affects it All – Using EIV During Tenant Interviews •
• Bringing EIV Together – Q & A, Discussion, Tips & Updates •

Register for one class or take all 12, it's up to you! Classes are still only $99.00, and if you register for 6 or more, they are only $89.00 each! You'll receive a certificate of completion for *each* class you take!

Save Money – Save Time
With PMCS Telephone Seminars

Go Green!
Save the handouts in your computer, and add your notes electronically during class!
Materials are emailed in Word – no need to print!

Tell us what you'd like to see!

We welcome your ideas for new class topics (or topics you'd like to see again)! Have you looked for training on a topic and didn't find it? Send your suggestions to solutions@pmcs-icap.com or call 315-451-2423.

Private Classes for Associations, Management Companies and Contract Administrators

We provide high-quality training for 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 PMCS in to conduct a full-day, half-day or 1-2 hour workshop session.

Industry Organizations: Where We'll Be...

March 15-16: **South Carolina SAHMA**: Bonnie Wilpon, EIV Training
March 29: **Rocky AHMA, Salt Lake City, UT**: Bonnie Wilpon, EIV/SAVE Training
March 30: March 29: **Rocky AHMA, Denver, CO**: Bonnie Wilpon, EIV/SAVE Training
April 12: **Columbia, SC, SAHMA**: Bonnie Wilpon, EIV Training
April 11: **North Carolina SAHMA**: Bonnie Wilpon, EIV Training
May 5-6: **JAHMA (New Jersey) Spring Management Conference**: Jeanette Claus, EIV Training
May 10: **PennDel AHMA**: Jeanette Claus, EIV Training
May 18-19: **Tennessee SAHMA**: Bonnie Wilpon, EIV, MOR, Income/Assets/Expenses Training
May 23-24: **Kentucky SAHMA**: Bonnie Wilpon, EIV/CAVE, Income/Assets/Expenses Training

For Further Information, Please Contact Us:

Solutions You Can Count On

Telephone: 315-451-2423

Web: www.pmcs-icap.com

E-mail: Solutions@pmcs-icap.com

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