

# \*\*\* *Practical Points* \*\*\*

JUNE

From

## PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

### 2011 Income Limits Have Been Posted

HUD's FY 2011 Income Limits were posted on 5/31/11, and are effective on that date. Find them at: <http://www.huduser.org/portal/datasets/il/il11/index.html> . This site also shows the 2011 Median Family Income estimates. Income Limits for Multifamily Tax Subsidy Projects (MTSP) can be found at: <http://www.huduser.org/portal/datasets/mtsp.html>

Be sure to update your Income Limits in your compliance software. Any HUD Move In or Initial Certifications effective 5/31/11 or later must show the correct Income Limits. If they don't, you may receive a TRACS Action 1 Error from your CA that requires a Correction within 45 days.

HUD's Final Notice on Ending the "Hold-Harmless" Policy in Calculating Section 8 Income Limits Under the United States Housing Act of 1937 is in the Federal Register and can be found at: [http://www.huduser.org/portal/datasets/il/ILHH\\_%20Final.pdf](http://www.huduser.org/portal/datasets/il/ILHH_%20Final.pdf) . This Notice allows Section 8 Income Limits to decrease beginning in 2010. It limits all annual decreases to no more than 5%, and limits all annual increases to either 5% or twice the change in national median family income (whichever is more).

### Automatic OCAF Rent Increase

HUD has streamlined the Amend Rents process for multi-year contracts that have been renewed under the Multifamily Assisted Housing Reform and Affordability Act (MAHRA) and are eligible to receive an Operating Cost Adjustment Factor (OCAF) rent increase. The new process is called the Automatic (Auto) OCAF Rent Increase process and was launched on May 26, 2011.

This new process eliminates the requirement for Owner/Agents to calculate their own OCAF rent increase, and to submit an OCAF Worksheet and cover letter to the contract administrator (CA) during Amend Rents years, in order to obtain an OCAF rent increase. Contract renewals and certain contracts that are not eligible to receive an automatic annual OCAF will not be a part of this automated process. Renewal and rent increase packages for those projects should be submitted to your CA as in the past. To find out if your project is eligible for the Auto OCAF process, please contact your CA.

If your project is eligible for an Auto OCAF rent increase, your CA will send you a letter advising you of your project's new OCAF increased rents, a new Exhibit A reflecting the new contract rents and current utility allowances, and a request that you certify the accuracy of the debt service and non-Section 8 rent potential amounts used. This letter should arrive about 150 days prior to the contract anniversary date.

Once you have accepted the Auto OCAF rent increase, you will need to complete and execute three (3) Forms HUD-92458 Rent Schedules and return those to your CA with your signed certification within fifteen (15) days, along with your completed Utility Analysis Certification reflecting the utility allowances resulting from your annual analysis. Your CA may require slightly different time lines. The CA will execute the HUD-92458 Rent Schedules upon receipt and one will be returned to you immediately, with your revised Exhibit A (if

applicable), at which time you will implement your Gross Rent Change. The process is fast and easy, and can provide your rent increase by your project's contract anniversary date.

It is important that you begin the utility allowance analysis on time, so you can return the Utility Analysis Certification with your signed rent schedules (reflecting the approved contract rents and utility allowances that are certified to be correct). This will ensure timely processing of your Auto OCAF rent increase.

## The Latest Forms Changes on HUD CLIPS

It is always important to know about forms changes in HUD Clips. If you use forms printed directly from HUDClips, your forms must include the HUD Form Number, Approval Date, Public Reporting Burden statement (except for the voucher – Parts 1, 3-5), OMB Approval Number (except for the 9887/9887A, and 90105 – the leases), and OMB Expiration Date.

But if you use forms from your own software, your compliance software, or the PMCS Forms Package, none of the forms are required to include the Expiration Date. So if the only changes on the forms are the Expiration Dates, there's nothing you need to do. See HUD's Requirements Matrix on HUD's RHIIP web site: [http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/mfh/rhiip/mfhrhiip](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/rhiip/mfhrhiip)

Here are the recent Forms changes (you can find the revised forms on HUDClips):

50059 and 50059A: Revised OMB expiration date of 3/31/2014. The new versions also include updated language regarding information disclosure and Social Security Number disclosure requirements at the top of the first page. The form approval date is now 3/2011 (in the lower right corner). These new forms replace all previous versions of the 50059 and 50059A. The old versions are still valid with your current certifications; however, the new forms must be used with all new certifications. Check with your software vendor about these.

HUD 9887/9887A: Document Package for Applicant's/Tenant's Consent To the Release of Information: Expiration date has been removed

HUD 90106: Move-In/Move-Out Inspection Form: New expiration date of 3/31/2014

HUD 90104: Leases for Subsidized Programs: New expiration date of 3/31/2014

HUD 90105b: PRAC/PAC lease: New expiration date of 3/31/2014

HUD 91066: Certification of Domestic Violence, Dating Violence or Stalking: New expiration date 3/31/2014

## New Social Security Prepaid Debit Cards

Last month we shared with you about Social Security doing away with paperless checks. We have received information about the prepaid debit cards. Tenants can use the Direct Express® prepaid debit card to access money at automated teller machines (ATMs) and financial institutions nationwide, get cash back, make purchases, and pay bills.

If tenants have no bank accounts for direct deposit, or if they choose Direct Express®, Social Security will deposit payments into this debit card account on the designated payment date. The Direct Express® card uses a personal information number (PIN), funds are insured and protected by the Federal Deposit Insurance Corporation (FDIC), and the program is subject to federal consumer protection regulations (Regulation E). The U.S. Department of the Treasury's Financial Management Service (FMS) uses Comerica Bank for Direct Express®.

Per HUD, these accounts are to be treated as checking accounts, with average six-month balance required for verification. You will need to contact Direct Express for third party verification.

## Owner/Agent Responsibilities at Times of Disaster

Again, this month, we have read the headlines about the tornado disaster in Joplin, Missouri. We cannot imagine the effect that this has had on our friends in the industry. This is a reminder that we should thoroughly prepare ourselves for any disaster that we might encounter and have plans to handle the situation.

The 4350.1, Chapter 38: Multifamily Emergency/Disaster Guidance offers guidelines that can help. Appendix A-8 outlines some of these issues. Some of the highlights of that document:

- Contact HUD office following a disaster
- Provide a status report for the residents and property condition
- Develop an emergency relocation plan to relocate residents prior to the storm, especially at 208/811 Elderly or Disabled Properties
- Ensure that residents provide EMERGENCY contact numbers
- Determine extent of damage, security needs, resident property protection needs
- Contact property's insurance provider
- Track displaced residents
- Maintain communication with HUD field staff

The list is much more detailed and the information provided there is valuable and among the best that we have seen in the industry. Being prepared helps with the stress that follows any disaster.

## REAC Compilation Bulletin Revision 2

It has been three years since REAC has updated the Compilation Bulletin. This Bulletin brings together all the documents, notices, etc. that have been published since 2008, making it Revision 2.

Effective May 1, 2011, REAC inspectors have been informed to conduct all inspections according to the standards and practices outlined in this Revision, which replaces the previous version dated 1/1/2008. This Revision incorporates all the previous guidance that HUD has given on a number of matters pertaining to physical inspections. "It provides answers to some of the most common questions received from inspectors in the field, and clarifies areas of inspection protocol to further ensure that physical inspections are objective and conducted in accordance with protocol." One of the biggest issues that the industry has had to deal with is the area of objectivity.

The REAC Compilation Bulletin Revision 2 can be found at:

<http://portal.hud.gov/hudportal/HUD?src=/programoffices/publicindianhousing/react/products/pass/passbulletin>

## The Maze of Acronyms

**REAC:** Real Estate Assessment Center provides information through physical inspections, administers WASS, and analyses financial soundness in order to ensure safe, decent and affordable housing and to restore the public trust by identifying fraud, abuse and waste of HUD resources.

**RHIIP:** Rental Housing Integrity Improvement Project provides a comprehensive approach to identify methods of reducing program errors, address the causes of income and rent errors in public housing and Section 8 programs, and takes action to ensure that the "right benefits go to the right persons". Sign up to receive free, emailed up-to-date information with the RHIIP ListServ at: [www.hud.gov/offices/mfh/rhiip/listservad.pdf](http://www.hud.gov/offices/mfh/rhiip/listservad.pdf)

## Congratulations!

Congratulations to Becky Bush, our Senior Consultant, who will be married on June 4<sup>th</sup>, 2011.

**You may *think* you are compliant with  
EIV requirements...but are you?**

**EIV - Beyond the Theory to the Practical**

**Advanced EIV Training with Case Studies**

**Course Overview**

This class includes the April 2011 EIV system changes and recaps HUD Notice H2010-10 and the September EIV system changes. The focus is on running, filing and usage of all the mandatory EIV reports. The Income Discrepancy Report is the most challenging report to interpret and therefore, will get the most attention in our discussion.

Jeanette Claus is back with more EIV Case Studies to simulate what you are facing at your sites and in your management offices! The class not only includes the timing and flow of EIV data, but also has been expanded to include the importance of data in the HUD TRACS system. *EIV impacts TRACS and TRACS impacts EIV!* We'll take a deeper look at what to process when you have verified unreported tenant income; how to correct SSNs on retroactive certs, and more...

Repayment Agreements are on the rise...and they are very time consuming! What are the HUD required elements of a repayment agreement? How should a repayment agreement be processed in TRACS? How should it be tracked by the site and when repaid to HUD, what portion, if any, can be retained by the site?

You may *think* you are compliant with all the EIV requirements....but are you? Questions are encouraged during the class with a Q&A period at the end of the class. Come see for yourself and test your EIV knowledge; bring your stories and experiences to share. You will not want to miss this informative class!

**Class Pricing**

**EIV – Beyond the Theory to the Practical**  
**Full Day Class - Only \$209 and a HUD-allowable site expense!**

**Class Information**

**Syracuse, NY – Thursday, June 23, 2011**

**Location:** Enable Training Center, 1603 Court Street, Syracuse, NY 13208  
**Meals:** Continental breakfast AND lunch provided!  
**Accessibility:** FREE parking and the building is handicap accessible.

Registration Deadline: Thursday, June 16, 2011  
Space Limited to 50 – Don't Delay – Sign Up Today!

**TO REGISTER:**

Fill out and scan the attached Syracuse EIV Class Registration Form. Then email registration to [solutions@pmcs-icap.com](mailto:solutions@pmcs-icap.com). Can't scan/email? Call PMCS at 315-451-2423 extension 1520.

**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 suggestions to [solutions@pmcs-icap.com](mailto:solutions@pmcs-icap.com) or call 315-451-2423 , Ext. 0

## Compliance Q & A

**Question:** Can Owner/Agents implement a policy that states that rejected applicants cannot reapply for a period of 12 months unless the circumstances regarding the rejection have changed? Anonymous, SC

**Answer:** The 4350.3 lists three options when a site receives an application: (1) Accept the application and move the person in, (2) Accept the application and put the person on the waiting list, or (3) Reject the application. A property can state that an application will be rejected if the family had a previous application within the last 12 months that was rejected. Sites can also specify that the resident cannot apply again for 12 months after a rejection for certain circumstances – for example, failing to pass criminal, credit or prior landlord screening; eviction within the past xxx years, documented misrepresentation of items on the previous application.

**Question:** HUD recommends that the repayment amount plus the TTP amount should not exceed 40% of the adjusted income. When a tenant owes \$2,400.00 and this formula exceeds the 12 month period for repayment, is it okay to exceed the 12 months until the \$2,400 is met or does the amount owed divided into 12 monthly payments become the repayment agreement? Lori, Wheat Ridge, CO

**Answer:** If the family's monthly adjusted income is, say, \$800, HUD would recommend that the repayment amount be \$80/month (10% of it), so that the total of the tenant's TTP + the repayment amount does not exceed 40% of monthly adjusted income. Of course, the tenant could pay more if s/he wanted to, or less if both tenant and management agreed that s/he couldn't afford \$80/month.

The timeframe for the repayment is based on the amount. There is no such thing as a required (or even recommended) 12-month period for repayment. If the tenant in the example above owed \$2400, and the \$80 monthly amount was agreed upon, the repayment agreement would be for \$80 per month for 30 months.

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

## Industry Organizations: Where We'll Be...

June 7: **Puerto Rico SAHMA:** Bonnie Wilpon, EIV, TRACS, MOR Preparation

June 14: **JAHMA, Iselin, NJ:** Jeanette Claus, EIV

June 23: **SAHMA, Lexington, KY:** Bonnie Wilpon, EIV

July 13: **SAHMA, Nashville, TN:** Bonnie Wilpon, EIV

July 21: **East Texas AHMA, Houston:** Bonnie Wilpon, Intermediate EIV

July 26: **Rocky AHMA, Denver:** Bonnie Wilpon, Basic EIV

August 1-2: **Real Page Conference, Las Vegas:** Jeanette Claus

## For Further Information, Please Contact Us:

**Solutions You Can Count On**

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