

*** *Practical Points* ***

September, 2011

From

PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

Be sure to check out the new section of our newsletter, *ICAP News and Views*, for those reporting to ICAP!

Update on PBCAs

Due to the large number of protests filed at GAO by unsuccessful applicants objecting to the announced selections and the possible litigation delays, HUD is not proceeding with the competition at this time. HUD has officially announced that it plans to:

- Issue a notice of Funding Availability (NOFA) to solicit PBCA applications for states where there will be a new competition. This is expected to be released during October, 2011.
- Contact incumbent PBCAs to offer them a six-month contract extension to continue their PBCA work with reduced tasks at lower administrative fees.
- These reduced tasks mean that there will be no MORs being conducted by CAs in the contested states as of October 2011, for a minimum of six months.

The PBCA transition will proceed in 11 locations, since HUD only received one bid. PBCAs for these areas will operate under the new ACC (including conducting MORs) on October 1:

| | | | |
|---------------|--------------|---------------------|---------|
| Iowa | Maine | Minnesota | Montana |
| New Hampshire | North Dakota | South Dakota | Vermont |
| Wyoming | Puerto Rico | U.S. Virgin Islands | |

Revised EIV Notice 2011-21 Issued

This notice was issued on August 17, 2011 and supersedes all the previous notices. As you well know, this means you should carefully check your EIV Policies and Procedures and upgrade accordingly. This notice clarifies a lot of areas that are pertinent to stay in compliance. EIV does not have to be your nemesis! Some of the highlights are:

- IPAs (Independent Public Auditor) may only use printed EIV documents when auditing an owner's compliance. It is required that they sign the ROB (Rules of Behavior) and keep in your files.
- When running the following reports, management **must** select the "All" recertification month: No Income Report, New Hires Report, Identity Verification Reports (Failed EIV Pre-Screening and Failed Verification Reports) and the Deceased Tenant Report.
- Management **must** make sure that the income appearing on the EIV Income Report is not excluded from 50059s by HUD regulations before pursuing any retroactive/correction certifications.
- Tenant's monthly repayment agreement may exceed 40% of the family's monthly adjusted income if the family agrees to the amount stated in the repayment agreement.
- When a tenant pays the site under a repayment agreement, the comment field on the voucher's OARQ **must** explain both the payment and the documented collection costs retained by the site - even if no costs were retained.

- If a site is not using EIV as specified in Attachment 9, the property will now incur a penalty of a 5% decrease in the voucher payment for the month following the date the violation was found and again for **each subsequent voucher payment** until the MOR finding is cured.
- EIV Coordinators, Users and management/site staff who sign the EIV Rules of Behavior are now required to complete the online Federal ISS Awareness training program every year. The most recent HUD EIV webinar will no longer satisfy the security training requirement. This awareness training program can be found at: <http://iase.disa.mil/eta/index.html#onlinetraining>. This is the same online program required each year to transmit to TRACS; so taking this course once will meet both TRACS and EIV security requirements. Be sure to print out the dated certificate and keep it on file.

Also included are two new attachments: Assessing the 5% Decrease in Voucher Payment, and a Sample Tenant Consent to Disclose EIV Income Information. Written tenant consent is needed in order for any other individual (including other household members) to see EIV data when assisting with a recertification. Download the 78-page notice here: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-21hsgn.pdf>

NEW

ICAP NEWS AND VIEWS

NEW

When entering OARQ adjustments as a result of tenant repayment agreement actions, Notice 2011-21 indicates that the comment field **must** be completed explaining payment and costs retained. **Example 1:** Tenant pays \$50 and OA does not retain any of this for their costs, resulting in an OARQ of <\$50>; the OARQ comment field should read “Repayment, Unit 123, J Smith, zero costs retained”. **Example 2:** Tenant pays \$50 and OA retains \$8, resulting in an OARQ of <\$42> - The OARQ comment field should read “Repayment, Unit 123, J Smith, \$50 collected less costs of \$8”.

Although this notice was effective 8/17/2011, we understand that many of these adjustments may have already been processed on your October vouchers without this required information. Please be sure those responsible for voucher preparation are aware of this change so that your November vouchers are compliant.

A “BITING” CRISIS

Don’t let it bug you! HUD issued Notice H 2011-20 on August 16, 2011, providing guidelines on Bed Bug Control and Prevention in HUD Housing. Bed bugs are not new; however, they have become a growing problem in the United States. This resurgence may be the result of greater international and domestic travel and the increased resistance to available pesticides. It is important that the problem is handled immediately to decrease possible spreading to other units.

Management should respond to any tenant report of bed bugs. Within 24 hours of the tenant report, the O/A should contact the tenant and provide information about bed bugs, and measures that can be taken before an inspection can be scheduled. A qualified third party trained in bed bug detection should be called to handle the inspection, which should cover the unit with the infestation and the units above, below, right and left. It should be completed within 3 calendar days of a tenant complaint if possible. If a reputable, licensed pest control cannot be located, the O/A is required to retain documentation of all attempts, and efforts to retain qualified services. Some pest control companies use the help of trained dogs to discover the problem.

Once the infestation has been confirmed, immediate treatment should be implemented. There are various types of treatments - chemical treatment does not always work, so other treatments should be discussed with pest control specialists. Seldom is the problem addressed in one visit, so follow up is necessary. The length, method and extent of the treatment will depend on the severity and complexity of the infestation and the level of cooperation of the residents.

Management can contact HUD to request financial resources for bed bug control. Please check with your local HUD office for details about available funding.

In dealing with **recurring infestations**, the O/A **may**: Offer residents bed covers, climb-up interceptors, or other detection/protection devices. You may voluntarily offer to inspect tenant's furniture prior to move-in. Just remember if you do it for one, you must do it for all. Other services, such as inspecting luggage when returning from a trip could be made available upon tenant request, but the cost is at the owner's expense.

An O/A may not deny tenancy to a potential resident on the basis of the tenant having experienced a prior bed bug infestation, nor may an owner give residential preference to any tenant based on a response to a question regarding prior exposure to bed bugs. Bed bug treatment expense must be covered by management, at no cost to the tenant.

Listed in this notice (page 5) are Tenants Rights and Responsibilities, which can be provided to each and every tenant on your property if you wish. This notice can help you in developing a policy for bedbugs as well. It is prudent to have a policy before there is a problem – and notifying your tenants will help defeat any problems early on.

When REAC inspectors observe bed bugs in an apartment or building, points will be deducted from your REAC score. REAC then sends a "Bed Bugs Reported" email to HUD's Hub/Program Center, and HUD must enter this information as a problem in iREMS (its computerized Integrated Real Estate Management System), and send a letter to the owner.

This notice can be found at: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-20hsgn.pdf>

HUD Personnel Changes

Carol J. Galante has a new job at HUD. Formerly the Deputy Assistant Secretary for MultiFamily Housing Programs, she is now the Acting Assistant Secretary for Housing – Federal Housing Commissioner. Her replacement at MultiFamily HUD has not yet been named.

Welcome Alesia Scott-Ford, Director of Project Management, to the Jacksonville Multifamily HUD Office. Ms. Scott-Ford will provide oversight and management of the development of FHA Insured loans and direct loans from HUD for the State of Florida and the Asset Management of existing properties in the Jacksonville, Tampa and Orlando office jurisdiction areas. You may reach Ms. Scott-Ford at 904-208-2039 or via email at alesia.scott-ford@hud.gov.

New Online Magazine

"The Edge" is a new online magazine produced by HUD's Office of Policy Development and Research (PD&R). It provides a comprehensive look at research, periodicals and publications. If you need information about Community Development, Fair Housing, Housing Markets, Neighborhood Revitalization, Rental Housing, Affordable Housing, and Sustainability, this is the place you should go. Check it out here: http://www.huduser.org/portal/pdredge/pdr_edge_home.html

"Suspended" or "Rejected" Vouchers in TRACS

If you have a PRAC, RAP or Rent Supp program, and transmit your vouchers directly to HUD (not to a Contract Administrator), this information applies to you. Here are some simple steps that can help you solve this problem and stop any nightmares you may be having.

Remember to check your TRACS messages every few days after transmitting your voucher, so that you can find out if there's a problem that might delay or stop your payment. Common problems, which require that you email a signed copy of your voucher for review, include your voucher "exceeding the threshold" (being higher than the past 6-month average), having a new PRAC (within the first 6 months) and submitting a voucher that's more than a year old.

If your voucher is Suspended (Status Code T03, T31 or T52), it must be manually reviewed by the FOD (Financial Operations Division) in Chicago. You must email a signed digital copy (Adobe Acrobat .pdf file) of the voucher to VoucherProcessing@hud.gov. If it is not submitted for manual review, it cannot be paid.

Effective July 15, 2011, all vouchers submitted for review must be sent via email (to reduce paper usage). Only one voucher can be included in each email. The file name must be: the contract number followed by the month (three letters) and year (2 digits). This name must appear in the Subject Line of the email. For example: TX445997788 SEP 11.

If your voucher has been manually reviewed by the FOD and Rejected in TRACS, you must correct the voucher as instructed by the FOD. You must then re-transmit to TRACS as a MAT 30 Correction, and include the original Voucher ID assigned by TRACS. Wait one business day, log into HUD Secure Systems (WASS), TRACS, Voucher Query, and check the voucher status to be sure you are on track for payment.

The complete 85-page **Guide to Getting Paid When Vouchers Are “Suspended” or “Rejected” in TRACS** can be found at: <http://portal.hud.gov/hudportal/documents/huddoc?id=announcements.pdf>

Hurricanes, Earthquakes and Other Disasters

Texas faced Ike, and now the East Coast has faced the wrath of Irene, as well as an earthquake. If you do not have an emergency plan, then it is time to develop one. Here are a few tips that can aid you:

- Have a contractor on call beforehand, ready to handle any immediate repairs.
- Secure the property immediately after the emergency and protect the personal belongings of your residents.
- Contact the property’s insurance provider to apply for property and business interruption claims.
- Contact your local HUD office and provide a status report on the extent of damage, security needs, number of residents displaced, etc.
- Establish a tracking system for displaced residents for communication purposes.
- If your office has to be closed, post information on “How to Contact the Office Staff”.
- Advise residents of the FEMA (Federal Emergency Management Agency) contact numbers in order to submit an application for availability. Contact information: 1-800-621-FEMA or www.fema.gov.

New 9250 Form

HUD has released a new Funds Authorization Form HUD-9250 to request funds from your Residual Receipts or Reserve for Replacements Funds. It is important to always use the latest form when requesting funds to be released. Find it in HUD Clips: <http://www.hud.gov/offices/adm/hudclips/forms/files/9250.doc>

The Maze of Acronyms

iMAX: The integrated Multifamily Access eXchange (iMAX) system is the software that allows us to transmit certifications and vouchers to the TRACS system and to store all submitted data.

MAT: The Monthly Activity Transmission (MAT) is a front-end error-checking subsystem for TRACS. It makes sure that only data in the proper format is accepted by TRACS, and sent back from TRACS to sites or Contract Administrators. If you see a MAT Error in your TRACS mailbox, it means that a cert or voucher failed to be accepted by TRACS and needs to be corrected and re-transmitted.

Compliance Q & A

Question: Two properties used to be managed by a management agent who was their (WASS/EIV) Coordinator. 2 years ago, the properties quit using that management agent. The new Coordinator keeps assigning user rights to the properties, only to have the Users terminated by the old Coordinator at the old management company. This has been going on for quite some time, and is happening more and more frequently. The old Coordinator is aware that she is terminating them and continues to do so, knowing the problems it's creating for them. The properties have worked with the MF Help Desk and have not been provided with a way to permanently resolve this issue. How can the sites resolve this issue? Sharon in Montana

Answer: The new Coordinator needs to disassociate the old Coordinator from these properties in WASS immediately. This will automatically detach her from the EIV system for those sites too. The old Coordinator is in violation of WASS/EIV security procedures by not unassigning herself from these properties when she ceased having any business reason to have access to them. You might contact this person and suggest that she disassociate herself immediately, or you will be forced to report this security breach to the HITS Help Desk (HUD IT Support: 1-888-297-8689). Sanctions, which can include fines and/or imprisonment for violations of the Privacy Act, would then apply at the discretion of HITS. The new Coordinator has been going to the wrong place for help: the MF Help Desk doesn't handle WASS detachments (that's the REAC TAC – they can help if the new Coordinator doesn't know the old one's M-ID, which is needed to detach her), nor are they the right folks to go to for security breach issues (that's HITS).

Question: We are being questioned about an EIV disposal tracking log on our MORs. If I recall correctly, that was originally a requirement, but with the H2010-10 Notice I can't find any reference to tracking the disposal of EIV reports. Our standard retention policy is 3 years after move-out which complies with what I find in the Notice. I would rather eat dirt than create yet another form. What is your suggestion? Leanne in Tennessee

Answer: Documentation of disposal of EIV records is not a requirement at this time. A long time ago, EIV data from Social Security could be kept in tenant files for the term of tenancy plus 3 years, but EIV data from NDNH could only be kept for 2. That data had to be removed from the tenant file, with documentation of when and why it was destroyed. Thankfully that restriction disappeared, and we must now keep all EIV income data in the tenant files for the term of tenancy plus 3 years; then it's destroyed along with the rest of the file. We suggest reminding the MOR reviewer of the old procedure and the dropping of the requirement in HUD Notice 2010-10, and respectfully requesting a citation that now requires such a log.

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.

Services and Solutions for Properties of All Sizes

EIV and Secure Systems (WASS)

PMCS can:

- Train your staff (on site or by phone using Go To Meeting) to use Secure Systems and/or EIV
- Serve as one of your Coordinators and handle your Secure Systems Administration
- Prepare EIV Policies and Procedures
- Process your APPS (2530) electronically
- Electronically file your owner-certified or audited AFS (Annual Financial Statements) via FASS

MORs

PMCS can:

- Do full or partial tenant file reviews. We'll analyze your tenant files using our file checklist based on MOR requirements. Our review of certifications, verifications and required forms, will help reduce or eliminate MOR findings.

-- Work with you to prepare responses to your MOR findings

Private Consulting

PMCS can:

- Provide personalized service for any of your occupancy/eligibility needs. Need help with a couple of TRACS error messages and an EIV question? Don't know what type of certification a tenant needs, after multiple changes in a short time and a retroactive repayment agreement? Spend whatever time you need with us, under our ongoing consulting contract, where you pay only for the time and specific help you need.

Contact us to discuss how we can best help you. Join our growing list of satisfied customers!

Industry Organizations: Where We'll Be...

September 13: **Louisville, KY HUD Office:** Bonnie Wilpon, EIV

September 15: **Rocky AHMA Conference, Las Vegas:** Bonnie Wilpon, 2011 HUD Review, EIV

September 20-21: **Governor's Conference Trade Show, Atlantic City, NJ:** Jeanette Claus and Chamar Otis

October 6, **Rocky AHMA, Billings, MT:** Bonnie Wilpon, Certifications and TRACS

October 18: **AHMA Nebraska/Iowa:** Jeanette Claus, EIV

October 19: **SAHMA, Dania, FL:** Bonnie Wilpon, EIV

October 20: **NEAHMA Conference Trade Show, Norwood, MA:** Dan Whitmore and Marty Curry

October 23-25: **NAHMA, Washington DC:** Jeanette Claus

October 25-26: **TRACS Industry Meeting, Washington, DC:** Jeanette Claus and Bonnie Wilpon

October 26-27: **PennDel AHMA Conference, Dover DE:** Jeanette Claus, EIV

For Further Information, Please Contact Us:

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