

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

December 2011

From

## PMCS-ICAP

& PAWA House Service Bureau

Services and Solutions for Properties of All Sizes

### Happy Holidays!

#### Breaking News: 2012 Budget will Change HUD Procedures

There are some changes ahead and we need to prepare ourselves for the inevitable. We are all going to be asked to use our money carefully and within bounds. Janet Golrick, Acting Deputy Assistant Secretary for Multifamily Housing programs released a letter to all Project Owners on November 22, about the impact of HUD's Fiscal Year 2012 Budget on Section 8 Project Based Rental Assistance. The approved 2012 budget funding levels for PBRA is sufficient for HUD to continue funding all current contracts, but there is also a commitment to achieve certain savings in order to slow the growth of expenditures.

Changes will be formally announced through a Housing Notice within the coming months. There are three policies that will be introduced in 2012 and will probably extend and expand in 2013:

One: Funds currently held in project residual receipts accounts will be used to reduce assistance payments. We are already seeing steps being taken toward this goal. In the Houston HUD office, all requests for funds from residual receipts have been suspended. This could have an effect on those Service Coordinators who receive their funding through residual receipts funds.

Two: Option 4 renewals and annual rent adjustments will be limited to OCAF increases, if the proposed rents exceed market rates. More details are in the revision and reissuance of the Section 8 Contract Renewal Guide.

Three: All rent comparability studies will be required to justify proposed rents that exceed 110% of Small Area Fair Market Rents (SAFMR).

Instructions and guidance in these areas are still being formulated and will be released soon.

#### TRACS – EIV Communication Issues

There have been some issues with the TRACS - EIV interface, causing EIV data to be unavailable. For example, tenant data could be OK on Monday but when EIV is checked on Friday, data could be missing.

This appears to be due to a problem in the TRACS abstract that's sent to EIV, and/or hiccups in the file transfer process itself. TRACS should send data to EIV daily; then EIV checks it and sends it for SSA, which then checks and sends it to NDNH. But EIV has been dropping tenants when certs don't come in from TRACS (i.e. for ARs 120 days in advance), and for tenants with future certs.

TRACS is re-baselining to EIV nightly, and is modifying the extract so that tenants in TRACS will show up in EIV. Just keep trying. If you continue to have a problem, please notify the Multifamily help-desk at

## Unallowable Expenditures

There are some areas of expenditures that should be reviewed and carefully watched - especially at this time of year. One CA observed that there were some discrepancies when it came to operating funds being used for such things as board and employee luncheons, resident parties, Christmas decorations and other items. Some of these expenses showed up in petty cash expenditures. Yes, every area of your money dispersed is looked at carefully. Please be aware of the pitfalls and do not spend operating money on such items.

There are other ways to have these costs covered. There are agencies and organizations that may help you provide some of these things for your residents and staff. If you have a Board of Directors, encourage its members to underwrite special parties and recognition for your staff. During the holiday season, it might be fun to have everyone bring his/her favorite dessert and recognize all the good things that have happened on your property during 2011.

## Speak Out and Make a Difference

There are times when we need to speak out for our industry. Being stakeholders in our assisted housing industry gives us a unique and important perspective, and our voices need to be heard. Sometimes opportunities arise that allow you to address an issue in a way that can have an impact on the entire housing community. Recently, President Obama launched the SAVE Award to give frontline federal employees the chance to tell the White House directly about their ideas for making government more efficient and effective. We had a chance to vote on one of four suggestions. The following was submitted by an employee of HUD:

**Eileen Hearty, Department of Housing and Urban Development:** All across the country, HUD contractors and staff conduct annual Management and Occupancy Reviews of multi-family properties (i.e. apartments) that are privately owned and subsidized by HUD. Many of these properties receive high marks year after year and consistently provide excellent service. Eileen proposes a reduction in the frequency of reviews for high-performing properties – a change that would reward superior properties for their excellent work and reduce the travel costs, staff time and fees paid by HUD for these reviews.

Many of us have been asking for this when we've met with HUD officials, at conferences and at national gatherings. However, sometimes it must come from within the ranks to be heard. When this survey showed up, there were four suggestions – and we hope you made your opinion known. Hopefully when issues of this nature come to our attention, we will be able to get the news out to you.

It is always a good idea to send a good suggestion to your representatives in Congress. You can copy this information and send it, if you also think this is a good move. Be sure to give credit to Eileen Hearty. Thanks, Ms. Hearty, for thinking of those that are working in the field and strive to serve our residents.

## New Person Joins the HUD Ranks

Carol Galante, Acting Assistant Secretary for Housing FHA Commissioner, has announced that President Obama and Secretary of Housing Shawn Donovan have appointed Marie Head as the new Deputy Assistant Secretary in the office of Multi-Family Housing Programs. She is no stranger to the industry, having served for twenty years in the Atlanta HUD office and as the production chief for the Atlanta HUB. She was the President of Prudential Huntoon Paige (PHP), the FHA lending business of Prudential Mortgage Capital Company, for ten years.

Ms. Head was chosen one of Real Estate Forum's Women of Influence for 2011, and received the Mortgage Bankers Association's prestigious Burton C. Wood Legislative Service Award in 2008. She comes to HUD with a wealth of knowledge that will help HUD "move forward with process improvements to fulfill multi-family marketing demands – and help us do our part to assist American families, create jobs and strengthen our nation's economy".

Ms. Galante also praised Janet Golrich, who was the acting DAS for the last few months. "With Janet's level of expertise, she seamlessly managed the office and graciously stepped in when she was needed."

It is important that we recognize people when they are helping us do our jobs in an efficient way. And it is important that we continue to be aware of our leadership in Washington. You never know when one of these leaders will show up at a Conference you attend.

## Visit PMCS' New and Improved Website

PMCS-ICAP has a new website. Let your fingers do the walking and discover a user-friendly way of finding information about what we can do to aid you as you work toward having the best property in the industry!

Some things to note: there is now a Contact Us page that will allow us to talk with you in a timely manner; the Links Tab is great for finding information from different sources (no need to use Google); products and services are now listed including our 2012 First Quarter Phone Trainings; and an easier layout makes our site easier than ever to use. Please try out our new website: [www.pmcs-icap.com](http://www.pmcs-icap.com) We'd love to hear your comments and suggestions!

## Reminder: New Income Limits Effective December 1, 2011

Fresh off the press: We sent out a special announcement about this, but just a reminder: The new HUD MultiFamily Income Limits for 2012 are posted at: <http://www.huduser.org/portal/datasets/il/il12/index.html> Please note that (as stated on the Income Limits site) all properties with project-based subsidies must use the new income limits as of December 1, 2011. These Income Limits do not apply to Tax Credit programs, since HUD does not regulate them.

We've answered lots of questions about the 2012 Income Limits – see the PMCS Website for our FAQ!

## ICAP News and Views

### Common subsidy termination (TE) processing mistakes:

If reason for terminating subsidy is due to tenant not recertifying on time, the TE effective date is the **last day of the month**, not the first of the month, and the TE reason code should be TR. Your software (if it is TRACS-compliant) will calculate and stop subsidy the **day after** the termination date. (Ex, AR was due 12/1/2011. TE effective date will be 11/30/2011, with TR reason code).

If reason for terminating subsidy is due to tenant found to be residing in another subsidized project when they moved in, the TE effective date is the **date of move-in** and the TE reason code should be DS (double subsidy). Your software (if it is TRACS-compliant) will calculate and stop subsidy the **day of** the termination date. (Ex, MI was 11/22/11. TE effective date will be 11/22/2011, with DS reason code).

**Remember, the TE reason codes are critical for your software to do the correct calculations.**

## The Maze of Acronyms

**HOLSEA:** Holiday Season is a time of year we all enjoy contacting and meeting with friends and family to re-establish relationships and form new and closer friendships. Our moods may change, and there appears to be a warmer friendlier spirit (even when we see drivers on cell phones). All of us at PMCS-ICAP want to wish all of you the best during this season and in the New Year.

## Compliance Q & A

**Question:** Can you clarify something for me? "When there are NO discrepancies, the new "Discrepancy Report" that shows no discrepancies should be in the tenant file with income docs at recertification." Am I to understand that a copy of this report is to go in **every** tenant file, **every** month, **when there are NO discrepancies**? The way I'm reading it is going to result up to 12 additional pieces of paper in each tenant file for all one hundred of my residents every year! I can't be reading that right. Suzanne in Florida

**Answer:** Discrepancy Reports are required to be printed (1) 120 days prior to the AR, and (2) When processing an IR. The "no Discrepancy Report" must be printed for every tenant who doesn't have a Discrepancy Report at these times. It should not be pulled monthly for each tenant. For every AR and IR, the tenant file **MUST** contain either an Income Discrepancy Report or the printout showing that no Discrepancy Report was available for the household. It is more paper - but it's the only way MOR reviewers can be sure we checked for a Discrepancy Report and found none (as opposed to finding one and ignoring it, or forgetting to check).

**Question:** We have taken over 2 new properties. One is a new construction PRAC with the first move-in sometime this month. The other is an operating family HUD property. How do I get TRACS IDs and Passwords for these sites? One never has had one, and for the other, the prior management company will not give it to us. Larry in Tennessee

**Answer:** The TRACS Home Page has a Documents section, and there's a form to apply for a new TRACSMail ID and password. You can use this form for both sites (a separate form for each site). The URL for this form is: [http://portl.hud.gov/hudportal/documents/huddoc?id=DOC\\_25275.pdf](http://portl.hud.gov/hudportal/documents/huddoc?id=DOC_25275.pdf). Do not complete Section 1, since you're not a CA. Complete only Section 2 (site information) for the PRAC site. Complete both Sections 2 and 3 (site info and CA info) for the family site (assuming there's a Contract Administrator for the site).

If you have access to the compliance software for the family site, you could find the TRACSMail ID and password in the software set-up – the vendor could help you if you're not familiar with the software product. You would then need to go into iMAX and edit the contact information. However, some management companies have just one ID/Password that they use for all their sites, so it might be best just get a new ID/password.

**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.**

## As a Manager of Assisted Housing, You Need To Have:

\*Legal Experience \*Social Work Experience \*Banking Experience \*Accounting Experience \*Rental Sales Experience \*Human Resources Experience \*Maintenance Experience \*Security Guard Experience \*Public Relations Experience

**FEELING OVERWHEMED? LET PMCS HELP!**

## Contract Renewals and Rent Increases

We can process a complete or partial contract renewal package, including funding requests. We prepare

OCAF, AAF and budget-based increases, as well as utility allowance analyses.

## **Tenant File Reviews**

We'll analyze your tenant files using our checklist based on MOR requirements. Our review of certifications and verifications as well as required forms will help reduce or eliminate MOR findings.

## **EIV and Secure Systems (WASS)**

- EIV Policies & Procedures, consulting, and problem-solving
- We can train your staff on using Secure Systems, including TRACS monitoring, and EIV
- PMCS can serve as one of your Coordinators, and handle your System Administration tasks
- Let us process your APPS (Form 2530) electronically
- We can electronically file your owner-certified or audited AFS (Annual Financial Statements)

## **TALK - We Will Listen!**

### **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 [solutions@pmcs-icap.com](mailto:solutions@pmcs-icap.com) or call 1-800-245-7627, dial "0" and one of our Specialists will assist. Our Telephone Seminar schedule is available online at [www.pmcs-icap.com/pmcs-icap-events.html](http://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 us at 315-451-2423 to request a schedule and registration form for Telephone Seminars, or email [solutions@pmcs-icap.com](mailto:solutions@pmcs-icap.com).

## **For Further Information, Please Contact Us:**

**Solutions You Can Count On**

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