

Practical Points

By **PMCS** - Services and Solutions for Properties of All Sizes

February 2013

Corrected Federally Mandated Income Exclusions Released

On December 14, 2012, a correction to the July 24th Notice of Federally Mandated Income Exclusions was released. The following are some highlights:

Exclusion (viii) refers to scholarships, and the part that changed relates only to Section 8. The July Notice stated that, for Section 8, "the exception... requires that the amount of financial assistance in excess of tuition shall be considered income... except for those persons with disabilities...".

The December correction approaches this from a different angle and states that, for Section 8 programs only, "any financial assistance in excess of amounts received... for tuition and any other required fees and charges under the Higher Education Act... from private sources or an institution of higher education... shall not be considered income... if that individual is over...23 with dependent children."

Exclusion (xxiii) was added, and states, "Major disaster and emergency assistance... under the Robert T. Stafford Disaster Relief and Emergency Assistance Act..., comparable disaster assistance provided by States, local governments, and disaster assistance organizations shall not be considered as income or a resource when determining eligibility for or benefit levels...".

Find the **complete Federal Register Notice** at the address below:
www.gpo.gov/fdsys/pkg/FR-2012-12-14/pdf/2012-30210.pdf

Digital Payments for Social Security

As of March 1, 2013, the Treasury Department is requiring that all people receiving Social Security, VA, SSI and other federal benefits receive their payments electronically - checks will no longer be mailed to residents. People can choose either direct deposit or a Direct Express Debit Mastercard.

This new payment method is not optional. It is the law. People needing assistance in making this switch can call the Treasury's secure Go Direct Call Center at 1-800-333-1795. The process should take no longer than 10 minutes. People are being urged not to wait until the last minute to make this important change.

2013 PMCS Phone Classes

At PMCS we offer a variety of 90-minute telephone classes. Training... right from your desk! Our telephone classes are **detailed, inexpensive and convenient**. A certificate of completion is provided for completed classes. The interactive format allows for great discussion and Q&A. Topics range from HUD basics to the latest updates.

Visit our website, www.pmcs-icap.com, to learn more about our classes and how you can benefit from them.

\$100 Winners!

The winners of our Holiday Letter Response Drawing are:

- Rachel Shilman from New Falls Apartments
- Janet Weimer from Village Green
- Judy Meyer from Horizon Health, Inc.

Rachel, Janet and Judy each won a \$100 Visa Gift Card! Congratulations!

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Challenge with the CyberChallenge

Late last year, HUD replaced the old Federal ISS Security Awareness Training with the new CyberAwareness Challenge, as its annual security requirement for TRACS and EIV. Many of you have commented that its focus is not applicable to the Housing Industry, and that the video-game format is juvenile and annoying. We've passed that input along to HUD Policy.

In the meantime though, having a current (within the past year) certificate is a requirement for everyone using EIV and TRACS. Some of our clients and colleagues have reported that MAC computers freeze on the Password Challenge portion of the course, and no one has found a workaround yet. If possible, it is recommended that you complete the course using a PC rather than a MAC.

Visit the CyberAwareness Challenge at: <http://iase.disa.mil/eta/index.html#onlinetraining> and choose the CyberAwareness Challenge (for DoD and Federal Personnel) icon.

Delay in Use of New Form 9834 for MORs

A revised Form HUD-9834 (Management Reviews of Multifamily Projects) was issued in November, showing an expiration date of 02/28/2015. On January 24, 2013 HUD delayed the requirement to use the new 9834 until March 4, 2013. This was announced via RHIP Listserv #295.

HUD extended the start date to allow time for any CA software updates that are necessary. Any MORs that started before March 4, 2013 will be done using the previous 9834.

The 9834 is used by CA/HUD staff to conduct Management and Occupancy Reviews (MORs). There are many changes in the new Form, so you'll want to review it to prepare for your next MOR. Find it in HUD Clips, at: http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms/hud9a

2013 PAC Contract Renewal Forms

Instructions for renewing PACs (Project Assistance Contracts) were published by HUD on January 22nd. In order to renew for 2013, you must use the new, revised contract.

Find the 13-page Notice, information and instructions in a fillable .pdf format here: <http://portal.hud.gov/hudportal/documents/huddoc?id=renewalpacsec202.pdf>

Q&A

Question:

Is a site required to pay a tenant interest on the pet deposit?

~ Murray in SC

Answer:

HUD doesn't require properties to pay interest on pet deposits. However, some state and/or local laws may require that interest be paid on all deposits – even pet deposits, so be sure to check.

Question:

We have updated our Tenant Selection Policy, which I am getting ready to send out to those on our Waiting List with a note that we are giving them 30 days prior to the effective date of the change. Does this need to go Certified Mail, Return Receipt Requested, so that we have a record that we sent it to them?

~ Anne in NJ

Answer:

There is no advance notice requirement when you update your Tenant Selection Plan (a 30-day notice is only required for updating the House Rules). You can revise TSPs any time you want; however, when you do, you must send a notice to everyone on your waiting list letting them know that the TSP has been revised, and reminding them that they can request a copy at no charge. Certified mail is not required – just keep a copy of the notice, and document the date it was mailed, and to whom (i.e. attach a copy of the waiting list).

State-Legalized Marijuana and HUD Housing

Colorado and Washington states made history recently when they legalized the recreational use and possession of up to one ounce of marijuana by adults over the age of 21; however, this remains a crime under federal law. There has also been much speculation about medical marijuana. We have to handle all of these situations on our properties.

In an email dated December 18, 2012, we received the following clarification from Michael Sharkey at HUD Policy: "Our guidance on marijuana has not

changed. Marijuana remains illegal at a federal level and, because of this; marijuana must not be used or grown at HUD subsidized properties. This guidance must be followed for all states even for those where the possession or use of marijuana is permissible under state law. Terminating tenancy for marijuana possession and/or use must be handled in accordance with the owner's policies and procedures at the property and must be applied consistently for all tenants."

REAC Inspections: Flooring

REAC has implemented new scoring for deficiencies, effective in January, 2013. Flooring has some new clarifications that will affect your scores.

Hard Floor Covering Missing/Damaged Flooring Tiles:

You see that hard flooring, terrazzo, hardwood, ceramic tile, sheet vinyl, vinyl tiles, or other similar flooring material, is missing section(s), is missing, or presents a tripping or cutting hazard, associated with but not limited to holes or delamination.

- **Level 1:** For any single floor surface, you see deficiencies in areas of the floor surface. You estimate that 5% to 10% of the floor is affected, and there are no safety problems.
- **Level 2:** You estimate that 10% to 50% of any single floor surface is affected, but there are no safety problems.
- **Level 3:** You estimate that more than 50% of any single floor surface is affected by Level 1 deficiencies. - OR the condition causes a safety problem.

Previously defined as "Floor Covering Damage and Missing Flooring/Tiles". These have been eliminated and replaced with new defect names that are much more understandable.

Soft Floor Covering Missing/Damage:

- **Level 1:** You estimate that 5% to 10% of any single floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas, or exposed seams. The covering is fully functional, and there is no safety hazard.
- **Level 2:** You estimate that 10% to 50% of any single floor covering has stains, surface burns, shallow cuts, small holes, tears, loose areas, or exposed seams. The covering is fully functional, and there is no safety hazard.
- **Level 3:** You estimate that more than 50% of any single floor covering is damaged. OR Damage to the soft floor covering exposes the underlying material.

LIHPRHA and Section 202 Prepayment Notice FAQ: HUD Notices 2012-08 and 2012-25

On November 28, 2012, HUD published Notice 2012-25. This Policy for Amended and Restated Use Agreements for Multifamily Projects Subject to the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) addresses the guidance with which to preserve properties that are in need of additional repair and modernization to make sure they remain viable for current and future residents.

This Notice clarifies when a LIHPRHA Use Agreement can be amended, the amendments that are allowed, and the conditions that must be met in the proposed preservation transaction to be considered for approval.

It provides a new way for LIHPRHA property owners and purchasers to recapitalize the properties and preserve their long-term viability as affordable rental housing.

Find the Notice here:

<http://portal.hud.gov/hudportal/documents/huddoc?id=12-25hsgn.pdf>

Find the FAQs (Frequently Asked Questions) for the Section 202 Prepayment Notice (Housing Notice 2012-08) here:

http://portal.hud.gov/hudportal/ HUD?src=/program_offices/administration/hudclips/notices/hsg