

# PracticalPoints

Celebrating 25 Years of Services and Solutions



June 2014

## BREAKING NEWS

### PBCA Update

Our last update on contract administrators was that HUD Secretary Shaun Donovan announced that he would be asking Congress to allow HUD to bypass the bid process completely and simply award contract administration funds to state housing agencies.

On May 21, 2014 the House Appropriations Committee approved its FY 2015 T-HUD Appropriations bill. As part of that bill, the Committee rejected HUD's request to overturn the Federal Appeals Court's decision which required HUD to rebid its PBCA NOFA as a procurement (RFP – Request for Proposals). The Committee Report stated:

"Section 8 contract administration.— The Committee concurs with decisions by the Government Accountability Office (GAO) and the Court of Appeals for the Federal Circuit that HUD's contracts for performance based contract administrator (PBCA) services are procurement contracts. The recommendation rejects the request to give HUD authority to administer PBCA funds as grants or cooperative agreements and directs HUD to follow

the law and GAO by soliciting and awarding procurement contracts under full and open competition and without geographic limitations. The Committee further directs HUD to carry out these procurement processes in a manner that is compliant with requirements under the Federal Acquisition Regulation and the Competition in Contracting Act."

HUD has extended the current PBCA contracts through December 31, 2014 (the last allowable extension unless further extensions are authorized). The 11 uncontested states are still performing regular MORs (Management/Occupancy Reviews) since their extended contract includes them. The 42 contested states are prohibited from performing MORs of any type (regular, voluntary, cursory, mock, etc.) since their extended contract does not include them.

HUD's new Secretary, Julian Castro (who is replacing Shaun Donovan) should be directing the issuance of a new RFP when he takes over. We expect that awards will be made within 18-24 months, and that HUD will continue to extend current contracts until new ones are in place.



### PMCS - Celebrating 25 Years Free Phone Class Giveaways

In honor of celebrating our 25<sup>th</sup> Anniversary, we are giving away a FREE PHONE CLASS to every 25<sup>th</sup> phone class registrant all year long.

*Congratulations to our May Winners:*

**Monica M.**, Arbor Management, Wilmington, DE

**Pamela D.**, New Highland Glen, Lebanon, PA

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### TRACS 202.D – Coming Soon!

TRACS 202.D has been "on hold", waiting for the OMB (Office of Management and Budget) to approve the new 50059, 50059A and Voucher forms. On May 8, 2014 HUD's Office of General Counsel notified the TRACS team that OMB should provide a review and approval on all forms shortly after May 19, 2014. If the forms are approved before May 31, 2014, the "go-live" date, which will start the 6-month transition period, will be July 1, 2014.



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**Where we will be in June**  
**JAHMA Change 4 Training**  
Monroe, NJ - June 10, 2014

**PennDel AHMA: Complying with Change 4 in the Real World**  
King of Prussia, PA - June 11 2014

**PHFA Housing Services Conference**  
Scranton, PA - June 19 2014

**BREAKING NEWS**

## Updated (and New) Section 8 Forms Released for Contract Renewals

HUD has updated the OMB expiration date on the forms in the Section 8 Renewal Guide. A few new forms have been issued as well. These new/updated forms should be used for all renewals submitted after May 7, 2014.

Form Title	Old Identifier	New HUDCLIPS Identifier
Contract Renewal Request Form	HUD-9624	HUD-9624
OCAF Rent Adjustment Worksheet	HUD-9625	HUD-9625
Amend Rents Auto OCAF Part A	New Form	HUD-9626
Amend Rents Auto OCAF Part B	New Form	HUD-9627
Request to Renew Using Non-Section 8 Units in the Section 8 Project as a Market Rent Ceiling	Appendix 9-6	HUD-9629
Request to Renew Using FMR's as Market Ceiling	Appendix 9-7	HUD-9630
Project Preparing a Budget Based Rent Increase	Attachment 5	HUD-9635
Basic Renew Contract - One Year Term	Attachment 11-1	HUD-9636
Basic Renew Contract - Multi - Year Term	Attachment 11-2	HUD-9637
Renewal Contract for Mark-Up-To-Market Project	Attachment 12	HUD-9638
Housing Assistance Payments Preservation Renewal Contract	Attachment 13	HUD-9639
Interim (Full) Mark-To-Market Renewal Contract	Attachment 14	HUD-9640
Interim (Lite) Mark-To-Market Renewal Contract	Attachment 15	HUD-9641
Full Mark-To-Market Renewal Contract	Attachment 16	HUD-9642
Watch List Renewal Contract	Attachment 17	HUD-9643
Project Based Assistance Payments Amendment Contract Moderate Rehabilitation	Attachment 18	HUD-9644
Consent to Assignment of HAP Contract for Freddie Mac Financing	Attachment 23	HUD-9648A
Consent to Assignment of HAP Contract as Security to FNMA as Security for FNMA Credit Enhancement	Attachment 24	HUD-9648D
Consent to Assignment of HAP Contract as Security for Financing	Attachment 21	HUD-9649
Consent to Assignment of HAP Contract as Security for FNMA Financing	Attachment 22	HUD-9651
Project-Based Section 8 Housing Assistance Payments - Addendum to Renewal Contract for Capital Repairs	Appendix 15-2A	HUD-93181
Project-Based Section 8 Housing Assistance Payments - Addendum to Renewal Contract for Capital Repairs -Post Rehabilitation Rents at Closing	Appendix 15-2B	HUD-93182
Rider to Original Section 8 Housing Assistance Payments Contract	New Form	HUD-93184
Chapter 15 Use Agreement	Appendix 15-1	HUD-90055

**BREAKING NEWS**

# HUD's MultiFamily Transformation Update

On Friday May 2, 2014 HUD hosted a stakeholder conference call regarding its Multifamily for Tomorrow (MFT) Transformation. Multifamily Deputy Assistant Secretary Ben Metcalf and other HUD staff participated. Here are highlights from that call:

MFT includes workload sharing, digitizing property records, adopting industry best practices, and reorganizing Multifamily Housing. The Fort Worth and Kansas City Hubs were the first to begin.

Through workload sharing, some of the work will be distributed to different Hubs and Program Center offices and some to third-party vendors such as Summit Consulting, LLC for production and Alpine Companies, Inc. for asset management.

**Production:**

As of May 5, 2014, all applications for the Fort Worth/Kansas City region (including Albuquerque, Little Rock, Houston, New Orleans, San Antonio, Shreveport, Des Moines, Oklahoma City, Omaha, St. Louis, and Tulsa) must be sent to a single point of processing in the Fort Worth Hub.

Lenders must submit electronic copies (CDs) of the applications to:

**Production Division  
Office of Multifamily Housing  
U.S. Department of Housing and  
Urban Development  
801 Cherry St., Unit #45  
Suite 2500  
Fort Worth, TX 76102**

The applications will be uploaded and assigned to a hub/satellite office or to Summit Consulting, LLC for processing. Lenders will be notified as to which office is processing the application, and will receive instructions from the Fort Worth Hub on where to forward hard copies of the application. All concept meetings will be conducted in the current program centers.

**Asset Management:**

Many transactions in the Fort Worth and Kansas City Hubs (including Albuquerque, Little Rock, Houston, New Orleans, San Antonio, Shreveport, Des Moines, Oklahoma City, Omaha, St. Louis, and Tulsa) will be moved to other locations. Affected property owners and lenders will be notified and will be directed to the appropriate HUD or Alpine Companies, Inc. representative. No servicing interruptions are expected.

Information updates will be posted on HUD's website at HUD.GOV

**QUESTION AND ANSWER****Question:**

I have a couple of tenants with Live-In Aides. Are they supposed to sign the lease, or just the Live-In Aide addendum? Do they have to sign the 50059s?

~ Betsy in Florida

**Answer:**

A Live-In Aide is not a party to the lease – that is, the Aide is not responsible for rent payments, nor do they have the right to continue to live in a unit when their services are no longer needed. So, they do not sign leases. They do, however, sign the Live-In Aide Addendum to acknowledge that they must leave the unit when the person they're assisting no longer needs them or leaves the apartment.

HUD does not require that the Live-In Aide sign certifications; that's up to management. Most companies are not comfortable with the Aide having access to all of the personally-identifiable information on the 50059s, so the Live-In Aides do not sign. Others feel that they should sign to document that they're still living in the unit. HUD says that, in either case, there wouldn't be an MOR finding.

## Planned Cabinet Reshuffle Includes HUD

A May 18, 2014 New York Times article, San Antonio Mayor Julián Castro Is Said to Be HUD Pick in Cabinet Reshuffling, announced that President Obama plans to nominate San Antonio, Texas Mayor Julián Castro as his new Secretary of HUD.

Current HUD Secretary Shaun Donovan is slated to become Director of the Office of Management and Budget (OMB), as that job is being vacated by Sylvia Mathews Burwell. Ms. Burwell is headed to Senate confirmation as the new Secretary of Health and Human Services, succeeding Kathleen Sebelius, who announced last month that she was resigning.

Julián Castro, 39, won national attention in 2012 as the keynote speaker at the Democratic National Convention. He has served as San Antonio's mayor since 2009. According to close associates, Mr. Castro (a Mexican-American whose mother once worked at the San Antonio Housing Authority) is interested in the HUD post because it would allow him to work on issues he has focused on as mayor.

**MONTHLY NEWS**

# HUD Improves Tax Credit Pilot Program

HUD's Low Income Housing Tax Credit (LIHTC) Pilot Program, which started in 2012, is designed to attract multifamily borrowers to FHA's low rates and very good terms, increasing its inventory of affordable housing units for families in need.

Recently, HUD unveiled major changes to make this program even more attractive, hoping that current tax credit sites won't leave the affordable side as their compliance periods end. Based on feedback from prospective borrowers, HUD has focused on reducing unnecessary costs and administrative burdens. The primary changes:

- In the past, all repairs had to be funded at closing. HUD will now allow applicants to submit a disbursement schedule, allowing for the repairs to be done over time, and promises to accept it as long as it's reasonable, and at least 20% of the tax credit equity is funded at the closing of the FHA-insured loan.
- For past projects, the rule was that the combination of the insured first mortgage with any secondary debt couldn't exceed 92½% of the appraised value. Most of the proposed deals just wouldn't work. HUD has changed this rule for all LIHTC transactions, as long as certain requirements are met. So deferred developer fees and seller take-back notes are allowed with no limitations.
- Another problematic requirement mandated an assurance of completion escrow equal to 20% of the financed repairs. This set-aside has now been reduced to 10%, and waivers down to 0% can be permitted if they are properly supported.
- Other improvements will reduce inconsistencies in how tax abatements are treated, and will grandfather LIHTC deals that require 3-year waivers.

HUD also sends reminders to its Field Offices regarding which principals in a tax credit transaction are to be underwritten.

**PMCS PHONE TRAINING**

PMCS offers a variety of live phone classes that are designed to meet the demanding needs of the Affordable Housing Industry. Our experienced trainers provide resources and information that will help you successfully manage your properties. Our 90-minute phone training is a cost effective, convenient solution for you and your staff. The interactive format is an excellent opportunity for questions and answers and our trainers will stay on the line until all questions are answered.

View all our different classes and their descriptions at:  
[pmcs-icap.com/training/phone-training](http://pmcs-icap.com/training/phone-training)

**QUESTION AND ANSWER**

## Question:

I took the CyberAwareness course twice, and I couldn't print out my certificate either time! All I got was a black screen. What can I do?  
 ~ Amy in New York

## Answer:

We are hearing this from people who use Google Chrome as their browser. HUD supports Internet Explorer (IE) and Firefox, but not Chrome. You will have to take it again using either IE or Firefox as your browser, and then you should be able to print your certificate.

The IASE Web Team provides a Troubleshooting Guide, which has several tips for dealing with black screens. You may also contact the Oklahoma City Help Desk for IASE Help Desk questions: at

**Phone: DSN 339-5600:  
 (405) 739-5600 or  
 Toll Free: 1-800-490-1643**  
**Email: [disa.tinker.esd.mbx.okc-service-desk@mail.mil](mailto:disa.tinker.esd.mbx.okc-service-desk@mail.mil)**

**2014 PHONE CLASSES**



## June Phone Classes:

- *Fair Housing and 504 Compliance Overview*
- *MOR Preparation: Shooting for Above Average and Superior*
- *Change 4*
- *Hoarding*
- *Calculating Income for 50059s*
- *Resolving EIV Discrepancies*
- *TRACS 202.D: The New Voucher*
- *Calculating Assets for 50059s*