



January 2016

BREAKING NEWS

The Reinstatement of MORs in 42 PBCA Contested States

Via a letter issued to Performance-Based Contract Administrators (PBCAs) last month, HUD leadership indicated they are considering a proposal to permit PBCA staff in 42 states to resume conducting Management and Occupancy Reviews (MORs), as part of their interim contracts. The Owners and Agents (OAs) in these 42 states could be looking at MORs being phased in as early as March 2016.

Here's a brief recap of what OAs should know:

1. HUD indicated the initial MORs would be performed on projects identified as high-risk. How HUD defines a property as 'high-risk' was **not** discussed in the letter.
2. HUD's intention is to reinstate MORs in the 42 states; however the approach is being finalized. HUD acknowledges the undesirable impact that nearly 5 years with no MORs has had on owners in these 42 states. HUD appears eager to negotiate a solution as soon as possible, and not wait for the PBCA rebid to be completed.
3. HUD is currently assessing the cost/benefits of current PBCAs resuming the MORs versus having Alpine Companies (current asset management subcontractor for HUD's transformation initiative) perform the MORs.
4. If your property is administered by a PBCA in one of the 11 uncontested states, by a Traditional CA, or by HUD (i.e. PRACs), your MORs will continue as they have in the past.

The reinstatement of MORs is imminent. Being aware of HUD's plan in 2016 provides an opportunity for OAs to be informed, schedule file reviews and/or onsite visits, do quality control checks, etc., to reduce or eliminate the number of findings cited in a MOR report.

Possible factors OAs should evaluate to determine their likelihood of being selected for a review in this first round of MORs might include one or more of the following indicators:

- A previous Below Average or Unsatisfactory MOR rating
- APPS flags
- Failing REAC scores
- Poor financial ratings in FASS
- Recent OIG investigations/referrals
- Evidence of terminated access or inappropriate use of HUD's EIV System
- Items of concern reported in TRACS queries

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In This Issue

- The Reinstatement of MORs in 42 PBCA Contested States
- Live MOR class – Facing MORs...Do You Know What You Don't Know?

Presented by PMCS, Inc. in association with SWAHMA.

Friday, March 4, 2016.

[Click here to register](#)

- Questions/Answers



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It's still not too late! You have until February 15, 2016 to visit our website to enter our holiday drawing and complete a brief survey.



INDUSTRY NEWS

The Reinstatement of MORs in 42 PBCA Contested States

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PMCS recognizes the anxiety the reinstatement of MORs will create. By providing timely updates and tangible instruction and consultation to help you prepare, we remain a reliable, qualified resource and veteran partner for you. We have done so for over 26 years.

As housing professionals, you have two choices. You can *proactively* prepare *before* the MOR is scheduled or you can take your chances and be *reactive* to a MOR report that may include findings and require corrective actions that are stressful and costly to complete. Which choice will you make?

In light of these developments, PMCS is scheduling both webinars and live training classes focused on MOR preparedness. Our first live MOR class for the year is presented in association with SWAHMA and is scheduled for:

Friday, March 4, 2016 in Austin, TX. [Click here to register.](#)

MOR webinars have been scheduled for:

March 17, April 21 and May 17, 2016. [Click here to register.](#)

Additional MOR live class and webinar dates, locations and times will be announced on our website, on Facebook and via email soon.

If you know you are in need of immediate assistance (pre-MOR site visit, sample tenant file review, policy review or revisions, AFHMP revision, EIV master file audit, etc.) contact us today to explore the cost-effective and convenient ways PMCS can assist in your MOR preparation, both on-site and in a remote capacity.

A small proactive investment for training and consultation **now** could yield a significant amount of time and monetary savings for you in post-MOR remedies.

QUESTION AND ANSWER

PMCS answers questions based solely on the details provided within the scenario. Readers are advised to consider any impact omitted information may have on guidance provided.

Question:

We have an 84-year old tenant who has a retirement account and is required to take out a minimum required distribution each year. She takes out \$6,000 each year. We included \$6,000 as income on her March 2015 Annual Recertification and did **not** list the retirement account as an asset on the 50059. This year, while conducting her March 2016 Annual interview, we asked her if she was taking out the same \$6,000 distribution. She said no – there is only \$1,500 remaining in the account. She said she will withdraw the remaining \$1,500 on April 1, 2016 and will then close the account. What do I count as income on the March 2016 Annual?

~Simon, Georgia

Answer:

Retirement funds can be tricky! Because she plans to withdraw the remaining balance on April 1, 2016, the distribution (the periodic payment) will occur during the term of the March 2016 Annual. This \$1,500 payment should be included as income on the 2016 Annual. Once the account is closed, there will be no income from this source on the 2017 Annual.

As a general reminder for all readers, per **Change 4, 5-6L1**, “the full amount of periodic payments from.....retirement funds..... is included in annual income.” The key term here is ‘periodic payments.’ Section 5-6L2 goes on to say “Withdrawals from retirement savings accounts such as Individual Retirement Accounts and 401K accounts that are **not** periodic payments do **not** fall in this category and are **not** counted in annual income.’ It is important to recognize that what makes a payment periodic is the frequency it is paid, **not** the amount of the payment. In this scenario, the annual minimum required distributions were periodic payments. The only adjustment made for the 2016 Annual was the amount of the distribution received.

QUESTION AND ANSWER

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Question:

I have a resident that passed away in January 2015. However, she is still showing up on my *EIV Deceased Tenant Report* that I printed in December 2015. I have confirmed that her move-out adjustment appeared on my voucher the month after her death. How do I get her name removed from this report?

~ Judy, Minnesota

Answer:

The *Deceased Tenant Report*, which is refreshed each weekend, identifies tenants that SSA shows as deceased, but who appear in TRACS on a current 50059. This situation is an indicator that the move-out certification you created may not have been processed by TRACS.

The first thing you must do is check TRACS to see if the move-out certification is listed on the Certification Query. To do this, log into TRACS via HUD's Secure System, select "Voucher/Tenant Queries", "Certification Query" (Under the Tenant tab), and enter your Contract Number and the Tenant's SSN.

If the move-out record appears in TRACS, this is a system anomaly that you should forward to the EIV Help Desk for further research. If the move-out record does **not** appear in TRACS, follow these steps:

1. a) If your property is administered by a Contract Administrator (CA), contact them to confirm their receipt of the original move-out transmission. If they received the file, and it contained no errors, ask the CA to retransmit the file to TRACS on your behalf.
- b) If your property is not administered by a Contract Administrator, retransmit the move-out file directly to TRACS.
2. Wait 24-48 hours for the file to be processed by TRACS.
3. If you see the move-out certification in TRACS, document your resolution steps taken on the December 2015 printout of the *EIV Deceased Tenant Report*. This individual should **not** appear on the report the next time it is printed (*remember to only print the report at frequencies described in your written EIV Policies and Procedures*).
4. If you do **not** see the move-out certification in TRACS, you likely have a MAT or Tenant Error on the file. In this case, download and review your TRACS error messages to pinpoint and resolve the error. Once the error is corrected, you will need to repeat the steps above to get the file into TRACS.

This example illustrates how important it is for managers to continuously reconcile their tenant file information with their TRACS certification records, as not completing this task negatively impacts the integrity of your EIV data and related reports.

It is also important to note that, given that this individual passed away in January 2015, her name likely appeared on prior *EIV Deceased Tenant Reports* printed in 2015 (*these reports **must** be printed at least quarterly and in accordance with your written policies and procedures*). Remember that per Change 4, 9-12 D. 1 d, discrepancies identified on these reports **must** be corrected in the TRACS system within 30 days from the date of the report.

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