Practical Points

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March 2016

BREAKING NEWS

Alpine Companies, Inc. Asked To Stop Servicing Projects in HUD's New Multifamily West Region

As discussed in our original August 27, 2014 article, HUD is continuing to work to consolidate the Multifamily Asset Management Offices across the country, through an organizational restructuring project called the Multifamily for Tomorrow Transformation. A significant element of this project involves downsizing the number of Hub offices from 17 to 5 regions, each with a Regional Center and 1-2 Regional Satellite Offices.

In the last few months, the Office of Multifamily Housing has begun to consolidate operation of the Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon and Washington Multifamily Offices into the West Region with a Regional Center in San Francisco and a Regional Satellite Office in Denver.

To facilitate the continued servicing of HUD properties in the affected geography, HUD had contracted with a third-party private contractor, Alpine Companies, Inc. However, for reasons not provided in the February 9, 2016 announcement, HUD notified owners and agents that Alpine Companies, Inc. has been asked to stop work on these projects.

As part of this announcement, HUD indicated that routine requests for assistance would be delayed during this period. If your project has an urgent need for assistance or needs to notify HUD of an event such as a fire, flood, funding lapse or pending closing, please email tim.sovold@HUD.gov.

As PMCS learns more about the temporary stoppage and the impact this has on Owners and Agents in the area, additional announcement will be made to our website.

New HUD Form 91067- VAWA Addendum is Published

HUD has released a new version of the <u>HUD Form 91067- VAWA Addendum</u>, now available on HUD's Forms website. With the exception of the expiration date, content and verbiage on the form has **not** changed.

If you are currently using a version of the VAWA Addendum that does not display the expiration date, no action is required. If you are using a version of the addendum that does display the expiration date, on the top right corner of the form, you must immediately begin using the updated version displaying the new expiration date of June 30, 2017.



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INDUSTRY NEWS

REAC Inspections in Bed Bug Infested Units

Bed bugs are a common topic of discussion in today's housing industry. In 2010, as infestations became more prevalent, HUD issued <u>guidance</u> to REAC inspectors that required all inspectors to report the presence of bed bugs at a property, but instructed inspectors to **not** enter the affected unit during the inspection.

This protocol drastically changed on January 21, 2016 when HUD published <u>Inspector Notice 2016-01</u>. Effective February 1, 2016, HUD now requires REAC Inspectors to inspect all sample units, even those with known bed bug infestations.

While some might disagree, according to researchers with HUD's Office of Lead Hazard Control and Healthy Home, the likelihood or risk of bed bug transference to the Inspectors is remote. Thus, the protocol was changed.

HUD did reiterate in Notice 2016-01 that the presence and the treatment of bed bugs on a property will **not** be scored in the REAC Inspection.

Fiscal Year 2016 Fair Market Rents Announced

On December 11, 2015, HUD released the Fiscal Year 2016 Fair Market Rents (FMRs) via the Federal Register. HUD uses these rents as a benchmark when determining initial renewal rents for some expiring project-based Section 8 contracts. Area FMRs are the estimated rents a household will pay for rent and utilities at a privately owned, modest, apartment community. For a full listing of the 2016 FMRs, click here.

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Access to HUD's Secure Systems For Annual Financial Statement Electronic Filings

By March 31, 2016, several HUD property Owners, or their representative auditors, must submit annual financial statements, online, via HUD's Secure Systems.

To help facilitate submissions during this busy filing season, HUD recommends filers verify that they have active WASS User IDs and Passwords.

WASS IDs become inactive if not used to log in at least every 90 days. If your WASS ID has been deactivated due to non-use, you must contact the REAC Technical Assistance Center (TAC) to reactivate your ID. When requesting reactivation, users will be asked to verify their WASS ID, their mother's maiden name, and the last 4 digits of their social security number.

Users must also change their passwords every 90 days. If you forgot your password, it can be reset one of two ways:

- Using the Password Reset Link: http://www.hud.gov/offices/reac/online/reasyst.cfm;
- By contacting the TAC by phone (1-888-245-4860) or email (REAC_TAC@hud.gov.)

TAC staff is anticipating heavy call volumes during the month of March 2016 due to the number of properties scheduled to file annual financial statements. They recommend users attempt to contact them during non-peak hours (7:00 AM to 8:30 AM and 6:30 PM to 8:30 PM