

Revised Chapter 6 and Other MOR NEWS

North Tampa Housing Development Corporation

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Owner/Agent Workshop
Jacksonville, FL



Session Instructor

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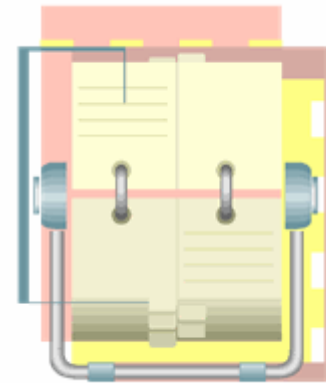
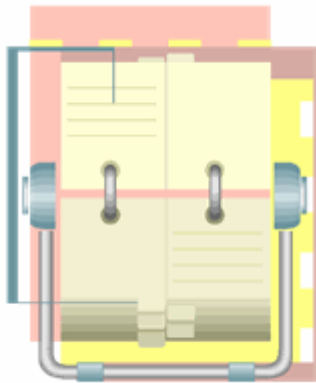
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Session Agenda



- **What's New**
- **What's Coming**
- **Revised Chapter 6 of the 4350.1
Conducting MORS**



What's New



Recent Housing Notices

- Optional Smoke-Free Housing Policy
 - HUD Notice H 2010-21 (9/15/10)
- Updated EIV Notice
 - HUD Notice H 2010-10 (7/1/10)
- Refinement of Income and Rent Determination Requirements Final Rule Implementation Notice
 - HUD Notice H 2010-08 (4/13/10)
 - NEW SSN requirements guidance

<http://www.hud.gov/offices/adm/hudclips/index.cfm>



What's New



Older Recent Housing Notices

- EIV and You Brochure
 - HUD Notice H-2010-02
- VAWA Requirements
 - HUD Notice H 2009-15 (reissue of 08-07)
- Supplement to Application Form
 - HUD Notice H 2009-13
- State Lifetime Sex Offender Registration
 - HUD Notice H 2009-11

<http://www.hud.gov/offices/adm/hudclips/index.cfm>



What's New

Some Other New Items

- Updated AFHMP Form
 - HUD Form HUD-935.2A
- Revised Protocol for REAC Scores
- HUD Memo Dated 6/18/2010
Tenant Participation
 - Enforcement of 24 CFR 245



What's Coming



In the Near Future

- Change 4 to the 4350.3
- Updated Form HUD-9834

What's Coming

Be the First to Know When Changes Occur

- Sign up for RHIP Email Listserv
 - <http://www.hud.gov/subscribe/maillinglist.cfm>
- Sign up for Jacksonville HUD Field Office Mailing List (Jax/Orl MF HSG)
 - <http://www.hud.gov/subscribe/localmaillinglist.cfm#fl>
- Sign up for NTHDC newsletter and Email Listserv
 - <http://www.nthdc.org>



Revised Chapter 6 of the 4350.1 Conducting MORS

HUD Handbook 4350.1, REV-1, Chapter 6, CHG-2, Conducting Management Reviews

- Effective August 1, 2010
- Posted to HUDClips in July, 2010
- <http://www.hud.gov/offices/adm/hudclips/handbooks/hsg/4350.1/index.cfm>



Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on On-Site Review

- Minimal most on-site requirements are the same
- PBCA's are still required to review Owner/Agent's operations in 6 categories using form HUD-9834:
 - A. General Appearance and Security
 - B. Follow up and Monitoring of Project Inspections
 - C. Maintenance And Standard Operating Procedures
 - E. Leasing and Occupancy
 - F. Tenant/Management Relations
 - G. General Management Practices
- Changes include:
 - Timeframe for conducting REAC sampling



Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Report

- Minimal most report requirements are the same
 - Still required to writing the findings in a prescribed manner and send original to owner and copy to agent within 30 days of on site close out meeting
- Changes include:
 - Listing names and titles of all persons present at the exit interview (closeout meeting)

Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Score

- Major change of this update involves scoring
 - Each category and the Overall Score is still assigned a rating of:
 - Superior
 - Above Average
 - Satisfactory
 - Below Average
 - Unsatisfactory
 - General descriptions of each rating are included in the updated chapter 6 and have been updated slightly (see descriptions at the end of your handout)

Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Score

- The change is in determining the Overall Score
- Changes include:
 - Each Category is provided with a numerical score based on the assigned a rating:
 - Superior 90-100
 - Above Average 80-89
 - Satisfactory 70-79
 - Below Average 60-69
 - Unsatisfactory 0-59



Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Score

- Each category is weighted when determining the Overall Score:
 - A. General Appearance and Security 10%
 - B. Follow up and Monitoring of Project Inspections 10%
 - C. Maintenance and Standard Operating Procedures 10%
 - D. Financial Management/Procurement 25%**
 - E. Leasing and Occupancy 25%
 - F. Tenant/Management Relations 10%
 - G. General Management Practices 10%
- PBCA's do not review category **D** and do not include it when determining the overall score

Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Score

- There is a mathematical equation completed to determine the value of each category's score
 - Example: General Appearance and Security receives an above average and is assigned a score of 80.
80 is multiplied by 10% = value of 8
- The values of each individual category are added together and overall score is determined

Revised Chapter 6 of the 4350.1 Conducting MORS

Impact on Score

- PBCA conducted MOR's are based off total weighted percentage of **75%** instead of 100% since category D is not reviewed by PBCA
 - Total of category values is divided by **75%**
 - Example
 - A. General Appearance and Security **8**
 - B. Follow up and Monitoring of Project Inspections **8**
 - C. Maintenance and Standard Operating Procedures **7**
 - E. Leasing and Occupancy **20**
 - F. Tenant/Management Relations **7**
 - G. General Management Practices **7**
- Total value **57** divided by **75%** = **76**
Satisfactory Overall Score



Revised Chapter 6 of the 4350.1 Conducting MORs

Impact on Response

- Minimal most response requirements are the same
 - Still required to provide a complete response in writing within 30 days from the date of the MOR
- Changes include:
 - Appeals are now only allowed for Overall Below Average or Unsatisfactory ratings
 - Can no longer appeal a Below Average or Unsatisfactory rating in an individual category

Questions???



Rating Descriptions

Superior Rating. Performance should be rated superior if actions consistently exceed statutory, regulatory, and Handbook requirements for an above-average rating and:

- Owner/agent has established consistent policies and procedures which are highly successful in carrying out the objectives of HUD housing programs (i.e., provisions of well-maintained housing at the lowest possible rents and proper use and concern for Federal subsidy and insurance funds);
- Owner/agent strictly adheres to procedures, resulting in compliance with the regulatory agreement, subsidy and mortgage contracts, and management certifications;
- The owner/agent is in compliance with HUD's lead-based paint requirements (if applicable);
- The property is in exceptional condition and there are no observable Exigent, Health & Safety (EH&S) or other deficiencies; and,
- There are few incidences of errors disclosed in the review and no major adverse findings.
- There is ample documentation that the owner/agent periodically updates the affirmative fair housing marketing plan (AFHMP) marketing strategies, to address changing local demographics, including persons with limited English proficiency (LEP), person with a variety of disabilities, and large families. The owner/agent also engages in active outreach efforts to community groups and other organizations to attract individuals of available housing opportunities.



Rating Descriptions

Above Average Rating. Performance should be rated above average if actions occasionally exceed statutory, regulatory, and Handbook requirements and:

- Owner/agent has established policies and procedures which are successful in carrying out the objectives of HUD housing programs (i.e., provisions of well-maintained housing at the low rents and proper use and concern for Federal subsidy and insurance funds);
- Owner/agent adheres to procedures, with very few exceptions, resulting in compliance with the Regulatory Agreement, subsidy and mortgage contracts, and management certifications;
- The owner/agent is in compliance with HUD's lead-based paint requirements (if applicable);
- The property is in good condition and there are no observable Exigent, Health & Safety (EH&S) or major deficiencies, but a minimal number of minor deficiencies are observable; and,
- Incidences of errors disclosed in the review are minimal and there are no major adverse findings.
- The HUD approved AFHMP is available on site, project staff have been trained on implementing the plan and it serves as the primary basis for marketing outreach to the various demographics groups that are least likely to apply. Records are maintained on the demographics of applicants and tenants along with data that analyzes the effectiveness of the affirmative marketing efforts.



Rating Descriptions

Satisfactory Rating. Performance should be rated Satisfactory if actions meet statutory, regulatory, and Handbook requirements and:

- Owner/agent is successfully carrying out the objectives of HUD programs;
- Policies and procedures have been established but are not always adequate to prevent errors from occurring;
- The owner/agent submitted a lead hazard control plan within the prescribed HUD timeframe and is awaiting HUD approval (if applicable);
- There are some observable Exigent, Health & Safety (EH&S)/major deficiencies but there is evidence that the owner has already corrected many of the deficiencies noted on the last inspection report; and,
- The owner/agent or their employees have deviated from established policies resulting in deficiencies or there are findings that, with minor adjustments to existing policies or procedures or additional training, the owner/agent should be able to cure the deficiencies. In such cases, a satisfactory rating should be given only if the owner/agent is willing to make the necessary adjustments and complete the necessary training.
- The HUD approved AFHMP is available in the rental office and affirmative marketing to those least likely to apply occurs based on the Plan, including outreach in other languages to individuals who are limited English proficient (LEP).



Rating Descriptions

Below Average Rating. Performance should be rated Below Average if actions rarely meet statutory, regulatory, and Handbook requirements and:

- Owners/agents policies and procedures are ineffective or inappropriate for the project;
- The policies and procedures do not meet the requirements of the regulatory agreement, management certification, or subsidy contracts;
- Weaknesses in policies and procedures result in frequent failures to comply with published HUD instructions;
- There are repeat major adverse findings;
- There are open findings from prior year's management reviews;
- The owner/agent submitted a lead hazard control plan and has failed to comply with the HUD approved plan (if applicable);
- There are a substantial number of observable Exigent, Health & Safety (EH&S)/major deficiencies and there is evidence that the owner has corrected very few of the deficiencies noted on the last inspection report; and,
- The owner/agent would need significant changes to its existing policies and procedures or the owner/agent or on-site employees would need significant amounts of training to cure the deficiencies.
- The HUD approved AFHMP is available in the rental office but the AFHMP is not utilized to reach those individuals least likely to apply for housing in the project and the project's employees are unfamiliar with the AFHMP provisions.



Rating Descriptions

Unsatisfactory Ratings. Performance should be rated Unsatisfactory if actions did not meet statutory, regulatory, and Handbook requirements and:

- Owners/agents actions or failure to act have placed the Secretary's interest in jeopardy or frustrated achievement of the Secretary's housing objectives;
- There are major adverse findings in the financial management/procurement processes including, but not limited to, mortgage default, election to assign/assignment of the mortgage, diversion of project funds, unauthorized distribution of funds, failure to fund the reserves for replacements account, failure to submit monthly accounting reports (new projects), and failure to file an annual financial statement (if required);
- There are repeat major adverse findings;
- There are open findings from prior year's management reviews;
- The owner/agent has failed to submit a lead hazard control plan to HUD (if applicable);
- There are many observable Exigent, Health & Safety (EH&S)/major deficiencies and there is evidence that the owner has not corrected any of the deficiencies noted on the last inspection report;
- The owner/agents actions have failed to meet state and local housing code requirements (regardless of REAC score); and,
- The owners/agents policies and procedures are ineffective or lacking to the extent that the owner/agent frequently, and often seriously, fails to comply with HUD's regulations and published instructions.
- There is no HUD approved AFHMP available in the rental office.



Rating Descriptions

- In addition to the major adverse finding examples listed under “Unsatisfactory”, other examples of major adverse findings include, but are not limited to, willful failure to maintain the property in an acceptable physical condition; willful failure to remit payments to the note holder; implementation of unauthorized rent increases; failure to recertify tenants; systematic errors in the areas of data collection, data verification, data recording, or rent calculation was discovered during the tenant file review, fraudulent recertifications by the owner/agent; and failure to comply with fair housing laws. As a part of this evaluation, the reviewing official should consider whether the owner/agent is capable of curing the deficiencies. Major adverse findings are made when an operation, in part or in whole, fails to be conducted in compliance with appropriate law, rule, regulation, or policy. Willful failure implies that the program participant has intentionally failed to perform its duty or expected action as it relates to its business relationship with the Department.

