



# navigate

AFFORDABLE HOUSING PARTNERS

**Alabama ~ Mississippi ~ Connecticut ~ Virginia**

**Presented by: Vickie Bell**



# Preparing to Ace Your MOR



**Preparation can be the difference between success and failure with your Management and Occupancy Review.**

**Presented by: Vickie Bell**



# **Management and Occupancy Review**

The purpose of a HUD Management and Occupancy Review (MOR) is to verify compliance of the property with the terms of the Housing Assistance Payments (HAP) Contract, Regulatory Agreement, Management Agreement and Management Plan.

**The KEY is making sure that the:**



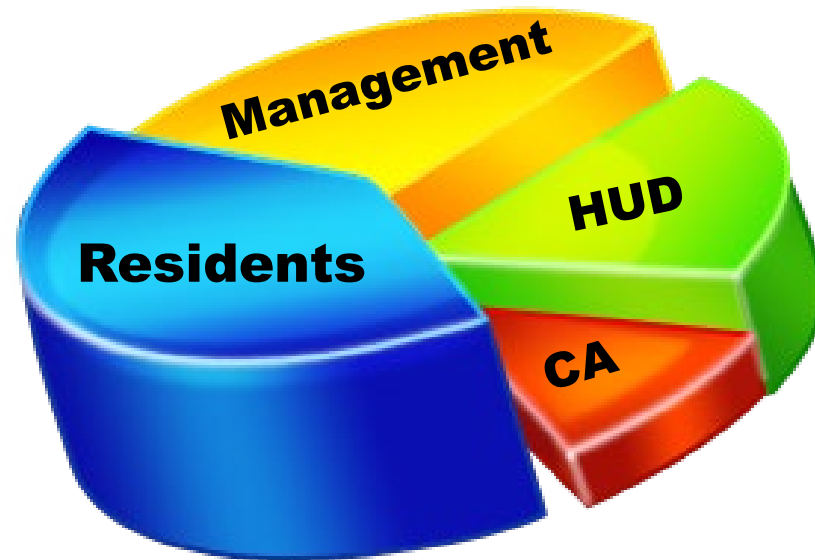
**“Right Benefits go to the Right People”**

**and**

**“Residents are receiving Decent, Safe, and Sanitary Conditions”**

# **Management and Occupancy Review**

## **Key Players**



# **What You Should know about the MOR?**

During this session we will discuss

- What you and your staff can Expect
- The Participation of staff
- The MOR Process
- The Tenant File Review Worksheet
- The Compliance Issues
- The Written Report, Findings, and Finding Mitigation
- The Ratings and the explanations of the Overall Ratings



## Take-a-ways from this session will include:

- Key Challengers – part of preparation is knowing what challenges you will face and how to over coming them.
- Have a Plan – part of preparation is to plan ahead. Plan your time wisely checking your files for compliance regularly.
- Steps for a successful review – knowing the components and the necessary steps to have a successful MOR is a major part.
- Things to Watch out for – the helpful tips will enlighten you on common areas you need to watch out for.

# References

- HUD Handbook 4350.3 Rev. 1, Change 4
- HUD Notices
- Multifamily RHIIP Listserv
- HUD Handbook 4350.1
- HUD Handbook 4381.5
- 24 CFR (Code of Federal Registry)
- Fair Housing Laws
- HAP and Regulatory Agreement
- Final Multifamily Mailbox Q & A's (August 2007)





# MOR Readiness

- Prepare your files and property for the On-Site Review
- Providing a voluntary complete and thorough Desk Review document is always a plus.
- Properly maintain resident files & move-out files (don't have loose unsecured documents).
- Properly maintain wait list & rejected applications (have comments on all actions)
- Have VAWA Policy, EIV Policies & Procedures, House Rules and Tenant Selection Plan, the EIV Master file, on hand for review.
- Be sure operating procedures are in accordance with your company's policies and procedures

*It's important to keep in mind that there is no maximum number of files to be sampled.*

# **MOR Readiness**

- Notify your residents in writing of the date and time of the MOR.
- Determine which participating staff member(s) will be present for the MOR and make sure they are familiar with the files and documents on the Addendum C .
- Make sure that the property sign and sign identifying the office are highly visible.
- Make sure that your office bulletin board contains a copy of your Tenant Selection Plan, Grievance Procedure, Fair Housing poster.
- Make sure that the common areas (grounds, parking lot, stairwells, office etc. are clean and free of graffiti, & debris.



**Property Managers are pulled in all directions**

# File Organization

HUD does not specify how files should be organized but they do expect organized, accessible, complete, documental consistence and auditable files.

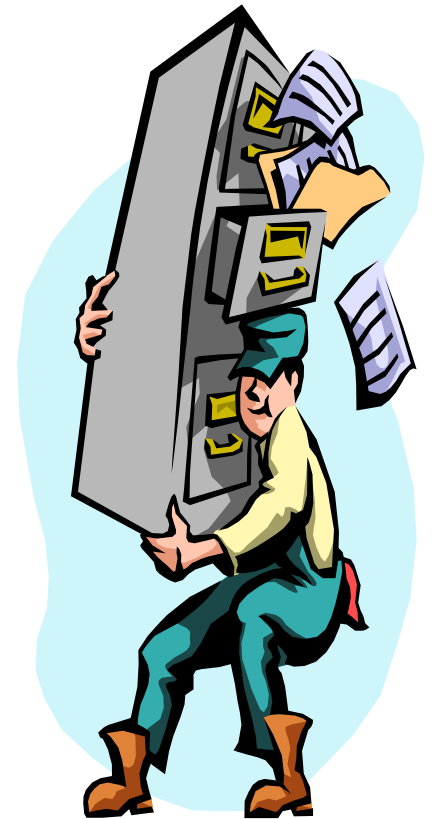
O/A's need a good methodology for organizing and maintaining their files

**Security!**

**Security!**

**Security!**

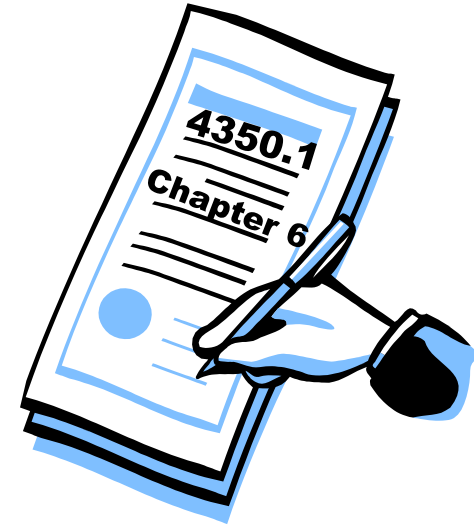
**Lockable File Cabinets ~ Limited Access ~ Proper Disposal**



# Monitoring

Why HUD monitors the program:

- Identify deficiencies
- Eliminate fraud and waste
- Eliminate mismanagement
- Support for the Departmental Enforcement Center
- Provides information about program *effectiveness* and management *efficiency*



# MOR Frequency

- **Annually for compliance**
  - ☐ Rescheduling a Review has to be in review month
  - ☐ Postponing a Review has to be approved by HUD
  - ☐ Length of the Review varies according to file organization, documents and policies.



# Major MOR Review Steps

- Desk Review
- HUD 9834
- File Review
- EIV
- Physical Inspection
- Resident Concerns

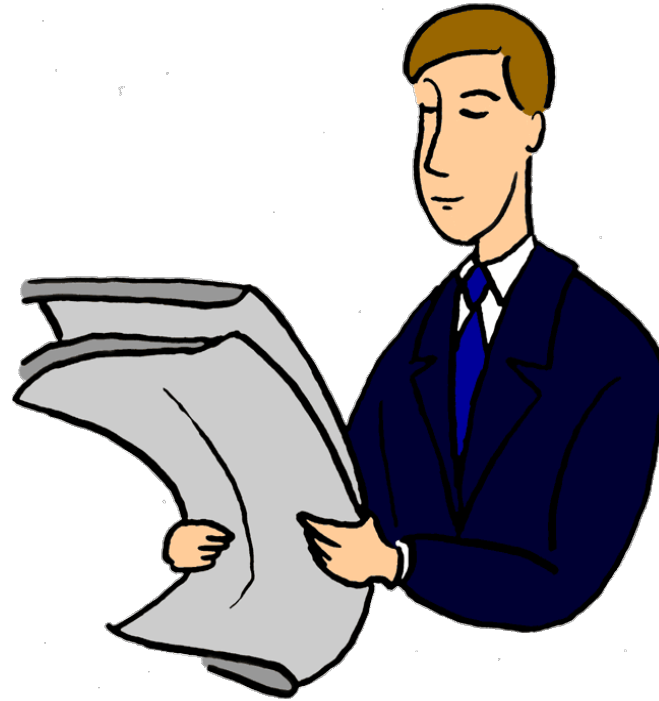


# Getting Started

- Receive a phone call, email, or letter from HUD to set up the MOR.
- You will have at least a 2 week notice.
- It will followed by a confirmation letter detailing the date time and information needed during the review.
- The confirmation letter will also contain an Addendum C – listing what required documents must be available for review on the day of the MOR.
  - The Addendum C has not been updated to include the **VAWA Emergency Transfer Plan** but have your plan available also.
  - Also have a copy of the letter that was sent to the residents notifying them of the MOR



# **Lets Look at the HUD 9834 Form**



**Attachment A**

# **Components of the 9834**

**Form HUD 9834 – Developed to ensure compliance with the terms and conditions HUD Business Agreements. It also includes up-front civil rights monitoring for HUD's Office of Fair Housing and Equal Opportunity (FHEO)**

- I. Desk Review**
- II. On-site Review (Addendum A)**
- III. Summary Report**

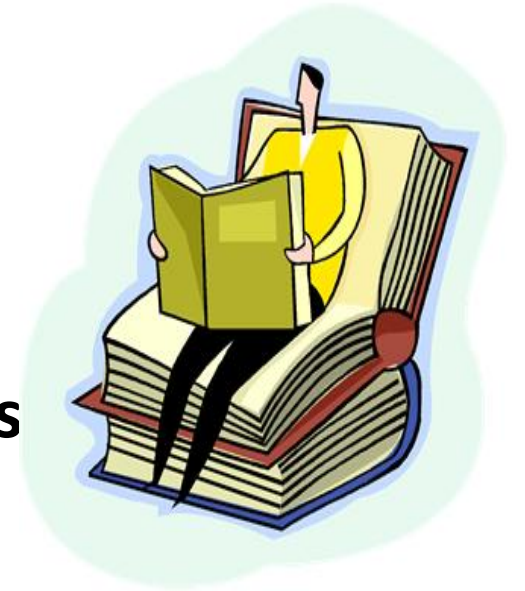
# **Desk Review**

## **Part I**

**Completed prior to conducting the On-Site Review to:**

- a) Provide a well rounded view of the project**
- b) Identify potential problems**

**The Reviewer will review certain documents, policies and procedures to verify compliance.**



# **Review of Documents**

**The Reviewer will review the following documents to assure compliance and recent updates:**

- 1) Tenant Selection Plan**
- 2) Application & Attachments**
- 3) Current lease & Addendums**
- 4) House Rules**
- 5) EIV Policy & Procedures & Reports**
- 6) VAWA Policy & Procedures**
- 7) VAWA Emergency Transfer Plan**
- 8) Applicant Rejection Letter**
- 9) Affirmative Fair Housing Marketing Plan**



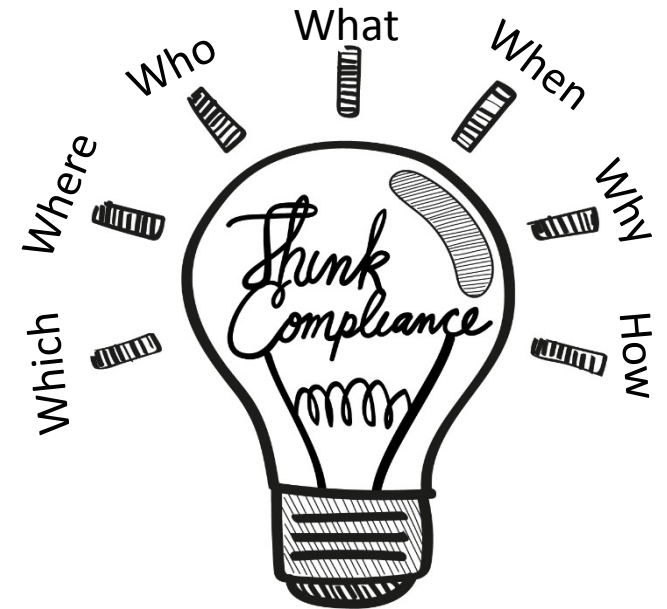
# The Questionnaire



# On-Site Review 9834 Questionnaire

**The Reviewer will ask the questions from the seven (7) categories of Part II of the On Site Review**

- A. General Appearance and Security
- B. Follow-up & Monitoring of Project Inspections & Observations
- C. Maintenance & Standard Operating Procedures
- D. Financial Mgt./Procurement
- E. Leasing and Occupancy
- F. Tenant/Mgt. Relations
- G. General Management Practices



# On-Site Review Questionnaire & Addendums

- Addendum A – Tenant File Review Worksheet
- Addendum B – FHEO (Sections I, II & III)
- Addendum C – Documents to be available
- Addendum D – State Lifetime Sex Offender Statistics



# Addendum A

The Tenant File Worksheet is used by the reviewer to record the following Data:

- Tenant Move-in Date
- Certification/Recertification Data *(Initial, Annual, Interim, Corrections)*
- Tenant Move-out Data
- Applicant Rejection Data





## **The Addendum A Worksheet covers questions on:**

- A. Household information**
- B. Eligibility Verifications**
- C. Lease information**
- D. Certification and Recertification Activities**
- E. Billing information**
- F. Move-out information**
- G. Applicant Rejection information**

## **RESIDENT FILES ARE REVIEWED FOR THE FOLLOWING:**

- **Application** – Signed and dated by applicant; it must show the date and time received by management. If this information is written in then it must be initialed by the O/A.
- **Lead-Based Paint Acknowledgement** (if built before 1978).
- **Race and Ethnicity Data Form** (one for each member of the household regardless to age).

## **Resident File cont'd**

- **HUD-9887 & 9887-A** – The form must be signed and dated by each adult in the household (18 years of age and older – the 9887 can have multiple signatures but the 9887A has to be signed by each individual that is 18 years of age and older). It is given at move-in, initial and annual recertification.
- **EIV & You** – Acknowledgement/documentation of distribution
- **HUD-Fact Sheet** – How Rent is Determined – acknowledgement/documentation of distribution

## **Resident File cont'd**

- **HUD-Fact Sheet** – Acknowledgement/documentation of distribution to given to the household each time the HUD form 9887 & 9887A is signed (move-in, initial, and each recertification)
- **Resident Rights and Responsibilities** – acknowledgement/documentation of distribution at move-in and each annual certification. New brochure released.
- **Resident Screening** – Documentation of consistent criminal and sex offender screening, and any other screening criteria as outlined in Tenant Selection Plan for property (must be in the file). Criminal effective for all MI files after 1/1/2004



## **Resident File cont'd**

- **Resident Screening** – Documentation of consistent criminal and sex offender screening, and any other screening criteria as outlined in the Tenant Selection Plan for the property (must be in the file). Criminal effective for all MI files after 1/1/2004 & Sex Offender after 6/25/2001.
- **Lease Agreement** – It has to be the appropriate lease for the program type. It is to be signed and dated by all members of household 18 years of age and older (make sure to look for the lease term (1yr) and security deposit amount. The Lease can not be on the management company's letterhead.
- **House Rules** (a copy should be in the resident file and is viewed as a HUD attachment to the lease– read to make sure there are no discrepancies)

## **Resident File cont'd**

- **Third Party Verifications** – Needed for move-in certs of income, assets, deductions & allowances. EIV Income Report for SSA or for wages (**along with paycheck stubs**) will be used as third party verification for annual recertification's of income. Annual Third Party verification of assets, deductions, & allowances will use the traditional 3<sup>rd</sup> party verification.
- **Declaration of Citizenship** – Completed, signed, and dated for each family member regardless to age. Non Citizens that are eligible must have signed declaration of eligible immigration status in the file and one of the DHS-approved documents listed in Chapter 3, Figure 3-4.
- **Pet Policy /Lease Agreement & Pet Security Deposit** – If applicable and a copy should be in the file.

## **Resident File cont'd**

- **Initial Notice** – Should be signed and dated by the resident and management (the file should contain one for the move-in and each annual recertification).
- **30 Day Letter of rent increase** – Given to resident 30 days before the effective date of any increase of rent
- **Addendums to the Lease** – Proof of HUD approval is needed unless the addendums are the VAWA addendum, 202 Lease addendum or those addendums listed in the HUD Handbook 4350.3, REV-1, Change 4.

## **Resident File cont'd**

- **Unit Inspections** – Proof of inspections at Move-In (signed and dated by resident and management) and the move-out inspection form (only needs to be signed by management if resident did not sign) annual inspections. Must include the statement “The unit is in decent, safe and sanitary condition”.
- **First (120 Day), Second (90 Day) and Third (60 Day) Reminder Notice of Recertification** – where applicable. Only the first notice is mandatory to be in each AR re-cert file.
- **HUD-50059 –MUST** be signed and dated by both the head of household, all household members over the age of 18 and the property owner/manager.

**IMPORTANT NOTE: Effective date of move-in certification can not be AFTER the signature date of resident and owner/agent (has to be on or before signature dates.**



## **Resident File cont'd**

- **HUD Form 92006 Supplement to the Application** – Form gives applicants the option to identify an individual that the O/A may contact on the residents behalf.
- **VAWA Addendum** – An addendum to the lease on women/men who maybe victims of domestic violence
- **EIV Report Documentation** – Any EIV documentation used to correct any discrepancies or reports required to be in the tenant file. Including Repayment Agreements.
- **EIV and You Brochure acknowledgement** – Brochure given to residents at each certification to explain the EIV process.

## **Resident File cont'd**

### **Third party verification of the following:**

1. Social Security Number (SSN) for all household members
2. Proof of age
3. All household income
4. Assets (i.e., checking account, savings account, stocks, bonds, real estate, including assets disposed of within last two years)
5. Childcare Expenses
6. Medical Expenses and Disability Expenses if applicable

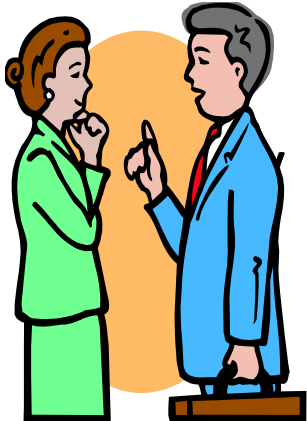
## **Resident File cont'd**

- 7. Verification of Disability** (the HUD form must contain the Public reporting burden, Privacy Act Statement and Title 18 acknowledgements.
- 8. Full Title 18 verbiage** on all O/A consent forms

**NOTE:** *Verifications are valid for **120 days** from the date of receipt and should show a time and date of receipt including SS Award letters. The income, medical, assets, disability expense, and childcare verifications should show evidence that management obtained them from the third party (and not the resident)*

# Resident Interviews

The Reviewer may talk with residents about how they like living at the property , services provided and if there are any issues that the Contract Administrator or HUD need to be aware of.



HUD Handbook 4381.5 Rev-2 covers regulations that establish several basic requirements for resident involvement and with management.

# Exit Interview

## Purpose:

- Opportunity to discuss any Review findings, make comments or suggestions to O/A.
- Opportunity for O/A to clarify any misunderstood information
- Opportunity may be given for the O/A to cure or resolve any findings (*with the exception of calculation errors*) before the completion of the MOR.



# MOR Report To The Owner/Agent

Within thirty days from the date of the MOR review the O/A should receive a written HUD 9834 MOR Summary Report cover sheet and a Summary Report with an overall rating.

The report will indicate if a category was acceptable or if a corrective action is needed and give the individual category rating.



# Components of the MOR Summary



- Owner's Response – The O/A should respond to the written report with by addressing and mitigation of all finding and corrective actions, within 30 days from the date the report was mailed.
- Close out in HUD iREMS System – Will performed once the Reviewer has determined that all findings of the written report have been satisfied or mitigated.



# **The Written Report**





# Communicating the Monitoring Results and Follow-up

Written Summary of Reports and Findings

- **Condition** – Describes the problem
- **Criteria** – Cites the regulatory/statutory requirement
- **Cause** – Explains why the condition occurred
- **Effect** – Describes what happened as a result of the condition
- **Corrective Action** – Addresses the finding, what is required to correct the finding and the response timeframe



# Categories & Percentage Ranking

A. General Appearance and Security	10%
B. Follow-up & Monitoring of Project Inspections & Observations	10%
C. Maintenance & Standard Operating Procedures	10%
D. Financial Mgt./Procurement	25%
E. Leasing and Occupancy	25%
F. Tenant/Mgt. Relations	10%
G. General Management Practices	10%



# Performance Indicators

Performance indicators are ratings assigned to each category of the MOR to determine O/A's compliance with HUD requirements:

- A. Superior
- B. Above Average
- C. Satisfactory
- D. Below Average
- E. Unsatisfactory



# Superior Ratings Description

Assigned if O/A's performance consistently exceeds statutory, regulatory and handbook requirements.

- ❖ Policies & procedures are highly successful in carrying out HUD's objectives
- ❖ The property is in an exceptional physical condition

# Above Average Description

Assigned if O/A's performance occasionally exceeds statutory, regulatory and handbook requirements.

- ❖ Policies & procedures are successful in carrying out HUD's objectives
- ❖ Property is in good physical condition with minor deficiencies

# Satisfactory Description

Assigned if O/A's performance meets statutory, regulatory and handbook requirements.

- ❖ Policies & procedures are not always adequate to prevent errors
- ❖ Property has some EH&S and major deficiencies, but many have been corrected by O/A

# Below Average Description

Assigned if O/A's performance rarely meets statutory, regulatory and handbook requirements.

- ❖ Policies & procedures are ineffective or inappropriate, do not meet HUD requirements, resulting in frequent failure to comply.
- ❖ Property has substantial number of EH&S and major deficiencies observed & very few corrected.

# Unsatisfactory Description

Assigned if O/A's performance does not meet statutory, regulatory and handbook requirements.

- ❖ Policies & procedures are ineffective or lacking, resulting in frequent and often failures to comply.
- ❖ Property has many EH&S and major deficiencies observed & none have been corrected.



# General Appearance

The property's exterior and common areas (i.e., grounds, landscaping, parking lots, hallways, playgrounds, laundry room, elevator, garbage area stairwells management office) should be clean, free of graffiti, debris and damage



# Inspection Follow-up & Monitoring

The MOR physical component is as important as file documentation

- The physical goal is:

**“Decent, Safe and Sanitary”**



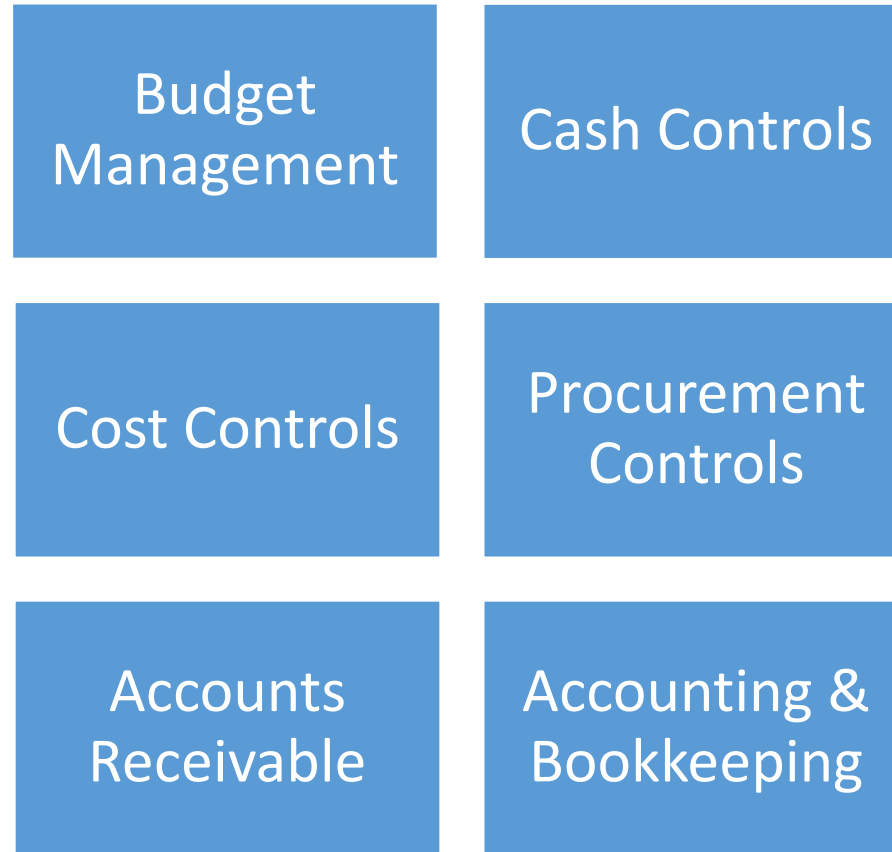
- Curb Appeal is important and helps with marketing
- Review the last REAC Inspection to mitigate reported deficiencies and to correct repetitive or systematic patterns

# Maintenance & Standard Operating Procedures

- Preventative Maintenance Schedule
- Work Order System
  - Written procedures
  - Work order copies
  - Emergency work orders
- Timely executed work orders
- Vacancy turn-overs timely
- Inventory system and supplies
- Scheduled pest inspections
- Documented unit inspections



# **D. Financial Management/Procurement**



**Section D is reviewed only by the HUD Office**

# Leasing and Occupancy

## MOVE-IN

- Application & Attachments
  - Contents of Application
  - HUD 92006 Supplement to Application
- Additional Move-in Documents
- Lease Agreement
  - Required Lease Attachments
- Third Party Verifications
  - Needed Non-Third Party Verifications
  - Definition of Third Party Verification



# Leasing and Occupancy Cont'd

## Additional Required File Documentation

- 9887 & 9887A Consent Forms
- Enterprise Income Verification (EIV)
  - Tenant File Reports (where applicable after move-in)
  - Master File Reports (where applicable after move-in)
- Applicable Verifications (income, childcare, medical, age, assets, disability, etc.)
- Initial and Recertification Notice(s)
- Disposal of Asset Certification



# Recertification Documents

- Certification 50059
- Reminder Notices
- Additional Notices
- EIV Income & Income Discrepancy Reports
- Student Status Acknowledgement
- Resident's Receipt Acknowledgements
- Disposal of Assets Certification



# EIV - MOR Reports

- To avoid a penalty you must use EIV in it's entirety
- O/A must take appropriate action to correct discrepant data in TRACS, and where applicable retain documentation to support the action(s)
- Reports must be in the Master File according to the O/A's EIV Policies and Procedures



# EIV - MOR Documents

- **Coordinator Access Authorization Form (CAAF)**

Initial and Current

- **User Access Authorization Forms (UAAF)**

Initial and Current

- **EIV Owner Approval Letter**

- **Security Awareness Training Certificate(s)**

(Initial Questionnaire and now the ISS)

- **Signed EIV Rules Of Behavior Form(s)**

*(For anyone who has access to EIV documents but can not access the HUD EIV system)*



# Additional EIV – MOR Documents

- Master File
  - New Hires Report
  - Multiple Subsidy Report
  - Failed Pre-screening Report
  - Failed Verification Report
  - Deceased Tenants Report
- Repayment Agreements
- EIV Consent to Disclose Form



# EIV Penalties

- Suspended usage of EIV
- Terminating coordinator usage of EIV
- Findings on your MOR
- Withholding 5% from your voucher – until corrected
- Flags on 2530



# Move-Out Files

- Move-out 50059
- Written notice from tenant
- Move-out unit inspection form
- Itemized list of damages and charges accessed to the tenant if applicable
- Security Deposit Disposition Form
  - Copy of refunded check
  - 30 day refund or as required by state law



# Rejected Application File

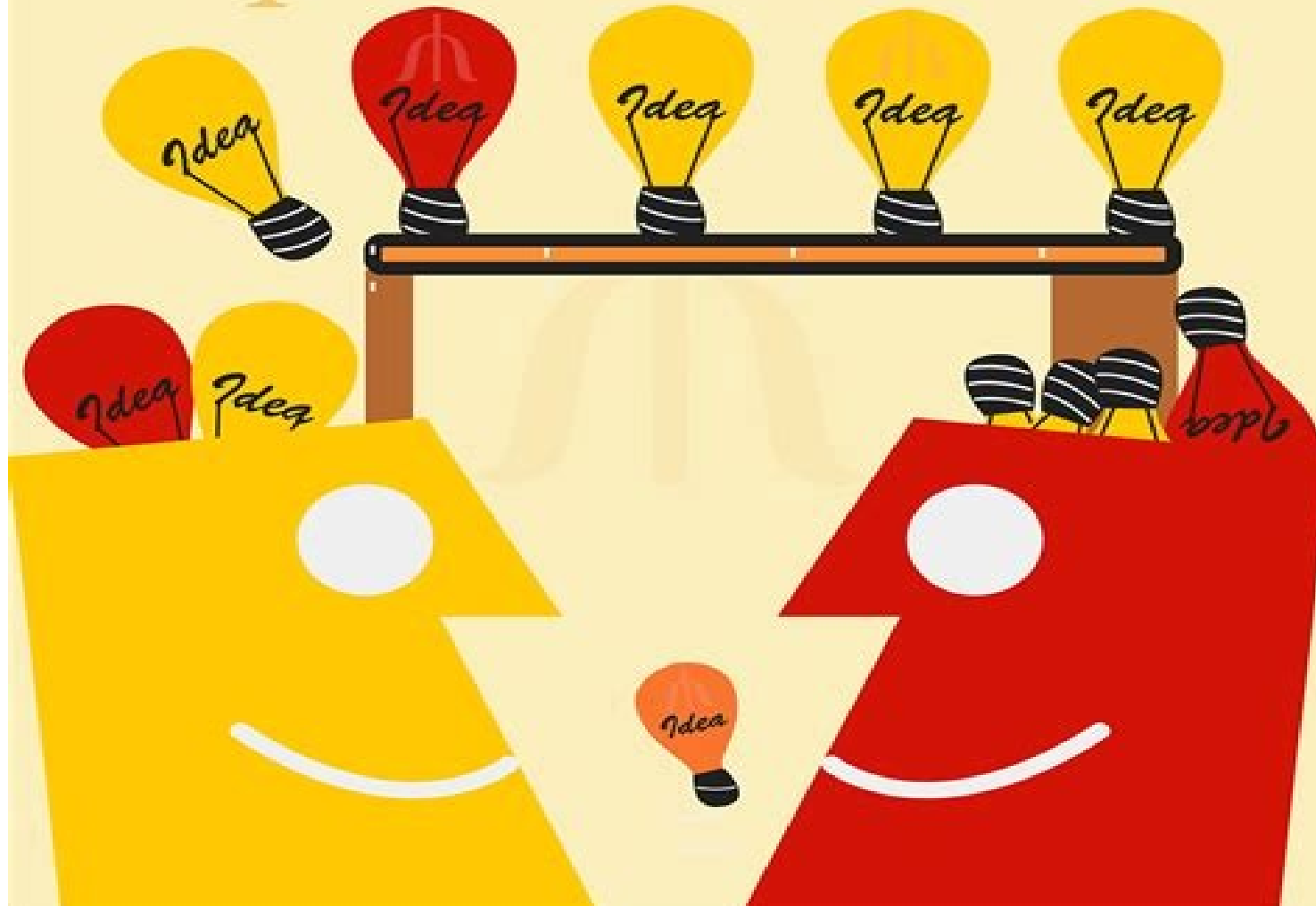
## Rejection Letter

- Reason for denial
- 14 day right to appeal
- Name of credit bureau
- Denial documentation (paperwork)
- Person with disabilities right to request reasonable accommodation

***Note: Make sure the appeal reviewer is someone other than the person who made the original decision***



# *“Open Discussion”*



## **APPLICABLE WEBSITES**

### **HUD**

- <http://www.hud.gov>

### **HUD Multifamily Participation in the Rental Housing Integrity Improvement Project Initiative - RHIIP Listserv**

- <http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm>

### **HUD Handbooks, HUD Forms, and Housing Notices**

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

### **Multifamily Field Office Guidance**


- <http://hudatwork.hud.gov/po/h/hm/fog/mffoghom.cfm>

### **Inventory of Units for the Elderly and Persons with Disabilities**

- <http://www.hud.gov/offices/hsg/mfh/hto/inventorysurvey.cfm>

### **Fair Housing Laws**

- <http://www.hud.gov/offices/fheo/FHLaws/index.cfm>

You have all the **Keys** you need to  
 **navigate** your way to a successful-self audit



**Thank You For Your Attendance  
&  
The Great Job That You Do! ! ! !**



# Check Out Our Web Site



[www.navigatehousing.com](http://www.navigatehousing.com)

**SUBSCRIBE TO OUR TUESDAY TIPS**