

Escape the Pitfalls of Common MOR findings & Forge Forward to a Superior Score

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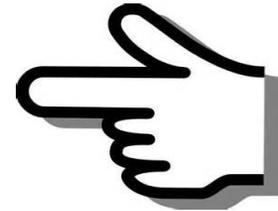
They're Back

- In April of 2016, HUD announced that the Performance-Based Annual Contributions Contract (ACC) was extended through December 2017.
- MOR's on the PBCA side were supposed to start in early May.

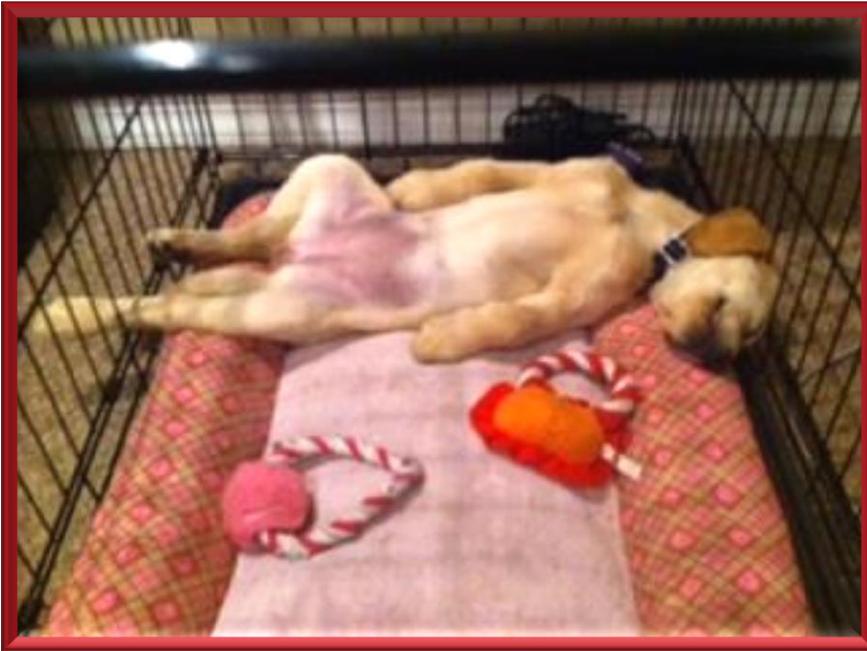


1. TRUE or FALSE: An applicant without SSN documentation can remain on the waiting list once they have been offered a unit for up to 90 days before they must be rejected.
 - a. True
 - b. False
2. The application for residency MUST include the following as an attachment(s):
 - a. VAWA Lease Addendum
 - b. HUD Form 92006
 - c. Citizenship Declaration Form
 - d. Property House Rules
 - e. All of the above
3. What does the O/A do when a tenant's dependent turns 18 in regards to the use of EIV and signing the 9887 form?
 - a. Have the dependent sign the 9887 directly after his 18th birthday.
 - b. Have the dependent sign the 9887 at the recert before his 18th birthday.
 - c. Have the 18 year old sign the 9887 at the recert following his 18th birthday.
4. Which **is not** considered an eligible medical expense?
 - a. A paid physician's bill from within the last 12 months
 - b. An ambulatory bracelet or life alert system.
 - c. Botox injections to alleviate migraines.
 - d. Prescriptions
5. A tenant has an \$8,000 IRA with a cash value of \$7,200 and has been receiving RMD's (required minimum distributions) for 2 years of \$800. How is the IRA counted on the 50059?
 - a. \$7,200 with \$800 interest/ dividend income
 - b. \$8,000 with \$800 interest /dividend income
 - c. Neither. The IRA is no longer counted as an asset and is now considered \$800 under income.
6. How long does an O/A have to respond to an applicant who filed an appeal and has already met with management on June 1, 2016 with a decision on that appeal?
 - a. 5 days (June 6, 2016)
 - b. 10 days (June 11, 2016)
 - c. 30 days (July 1, 2016)

TIPS ON PREPARING FOR A MOR.



Don't Start the Day Before!



**It's not an
overnight task!**

No Need to Feed the Auditor...



FIRST THINGS FIRST...



Review the last MOR...

- Review your findings.
- Review all your responses.



Management Review for Multifamily Housing Projects

Form HUD 9834 (Exp. 04/30/2018)

Includes...

- ✓ Part I –Desk Review
- ✓ Part II On–Site Review
- ✓ Addendum A–Tenant File Review Worksheet
- ✓ Addendum B–On–Site Limited Monitoring and Section 504 Reviews
- ✓ Addendum D – State Lifetime Sex Offender Statistics

Start collecting/copying the required documents as soon as you are notified of the MOR!

- ▶ Current Affirmative Fair Housing Marketing Plan
- ▶ Tenant Selection Plan
- ▶ Lease + Addendums
- ▶ House Rules/Resident Handbook
- ▶ Energy Conservation Plan
- ▶ Lead-Based Paint Inspection (before '78)
- ▶ Security Deposit Listing
- ▶ Reasonable Accommodation Policy
- ▶ Current Rent Schedule
- ▶ Company principals
- ▶ Written maintenance schedules/policies
- ▶ Copies of advertisements
- ▶ Rejection letter
- ▶ Application
- ▶ Other policies, as requested

Two Weeks before...

- ▶ Current Rent Roll
- ▶ Vacancy List
- ▶ Waiting list
- ▶ Security Deposit Listing
- ▶ Work Orders
- ▶ Notify tenants



TENANT FILES



Tenant File Review Worksheet

Addendum A Form HUD-9834

“the answers to the test”

Tenant Files

- ❖ All papers should be filed in the file.
- ❖ Make sure files are in order and tabbed.
- ❖ Number of files reviewed will be based on number of Section 8 units in the property.

- ✓ **Current files**
- ✓ **1-2 move-out files**
- ✓ **1 rejected file**



Tenant Files

- Review your files at recertification.
- Make sure things are signed and dated.
- Especially review current 50059, previous 50059 and move-in cert.
- Look at application and make sure it is date and time stamped.



Move-out Files

- Is there a move-out notice signed and dated from tenant in file?
- Is there a move-out inspection-dated and signed, if applicable?
- Was security refunded in **30** days?
- Was there an itemized list of damages and charges provided to (former) tenant?
- Does the move-out date on voucher match the vacated date?
- Make sure the move-out 50059 is in the file and signed by the owner!



Applicant Rejection

- ✓ Was the reason the applicant was denied in accordance with the TSP?
- ✓ Did the rejection letter provide the right to appeal?
- ✓ If the applicant appealed, was the appeal reviewed by someone other than the person who made the original decision?
- ✓ Was the appeal processed and the applicant notified of decision within 5 days of the meeting?



REAC

- Review your last REAC.
- ❖ Follow up on EH & S or other REAC items.
- ❖ Units visited will depend on your score and the number of units at your property.



EIV Binder



- ❑ Make sure all reports are in a binder labeled and tabbed.
- ❑ Reports that should be in the tenant file do not have to be in the EIV binder.
- ❑ Date will be printed at the bottom of the report so don't wait until last minute to run reports.
- ❑ Make sure all Coordinator/User Access Authorization Forms, Owner Approval Letters, Policies and Procedures, Rules of Behavior, Security Awareness Training are signed and dated and in EIV Binder.

Waiting List

- ▶ **YOUR SOFTWARE TO CREATE THE WAITING LIST**
- ▶ Date and time application was submitted.
- ▶ Name of Head of Household.
- ▶ Annual Income Level.
- ▶ Accessible unit needed.
- ▶ Unit size.



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TIP: Make sure the order of the applications match the order of the wait list.

And when the BIG day comes...

- ▶ Have all your information at your desk.
- ▶ Be on time!
- ▶ Walk the property–inside and out.



MOR's are designed to help you...not hurt you!

COPPER SAYS...
DON'T STOP RUNNING AND GOOD
LUCK WITH YOUR MOR!



COMMON ISSUES AND ERRORS

*Say Goodbye to those
Findings.....*

*..... Say Hello to a
Superior.*

Application

- **Not dated, time stamped, or signed.** All applications are required to have the date and time they are received on them and must be signed by all household members 18 and over listed on the application.
- **Not completed in it's entirety.** Applications should be completed in all sections that apply and should match what is on the 50059. Otherwise an application update or interview form should be required or items that do not match should be clarified.

Application cont.

- Not updated per Housing Notice H2012-11 issued 6/12/2012. This notice requires the following questions asked of applicants.
 - Must ask if anyone in the household is a registered sex offender.
 - Must also have a question that asks the applicant to list the states **that each household member** has lived in.

***** HUD recommends doing criminal and sex offender checks at recertification also.

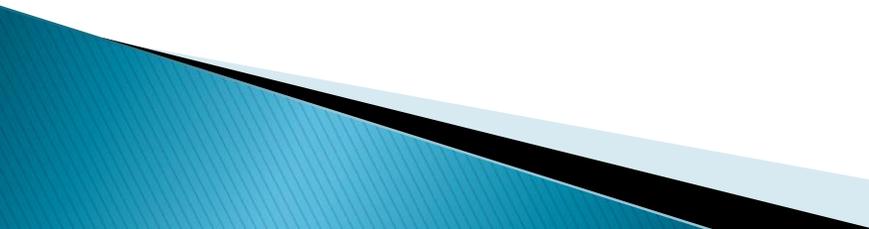


When was the last time you actually read your Tenant Selection Plan.....

Tenant Selection Plans (TSP)

- Make sure you sent your auditor the latest and greatest version!
 - Ensure that what is in your plan is actually what is being enforced at the property for screening, security deposits, income targeting methods, etc.
- 

Income Targeting (QHWRA)

- Minimum of 40% of any move-ins in any fiscal year must be extremely low income. (Lower of the 30% AMI or Federal Poverty Level)
 - Selection from the wait list must match the chosen method in your TSP.
 - The auditor must be able to follow the trail from wait list to move-in.
- 

Student Status

- Must ask about student status at application and every recertification.
- Students enrolled in a institute of higher learning (FT or PT) must be verified for eligibility, income and deductions, depending which member of the household is a student.
- Must count monies in excess of tuition and other required fees and charges unless over the age of 23 with dependent children or living with their parents who receive Section 8.

Income and Asset Issues

- ▶ Award Letters and SS income calculations
 - SS letters have become very confusing lately and are often not providing the gross amount.
 - Using language like “You will receive” instead of providing the gross amount. Often hard to determine what the gross amount is until tenant shows up in EIV.
 - If adjusting for overpayments. Only use the adjusted amount for correct timeframe.

We are writing to you about your Social Security benefits.

What You Should Know

As you requested, beginning May 2015, we will send any Social Security payments to your:

- financial institution, or
- new account at the same financial institution.

If you changed accounts, you should keep the old account open until we send a payment to the new account. It usually takes us 1 to 2 months to change where we send payments.

Please let us know right away if your address changes so we can send any future letters to your new address. Also, let us know if you change the bank account where we send your payments.

What We Will Pay And When

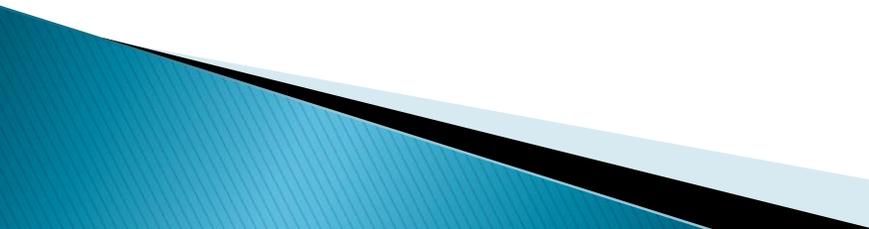
- You will receive \$926.00 for May 2015 around June 3, 2015.
- After that you will receive \$926.00 on or about the third of each month.

- Employment should be projected forward based on current circumstances. Use calculator tapes to show your calculations!!
 - Retirement accounts that tenants have access to through their employer must be verified.
- 

➤ Child Support Calculations

- Court awarded amounts are acceptable. If receiving regular payments or averaging of print outs:
 - Be consistent with the way they are averaged.
 - Ensure that appropriate number of months or weeks are used. If averaging by months, ensure that months are included with \$0 payments.

Income and Asset Issues. Cont.

- Periodic payments from assets converts the asset to income.
 - RMD (Required Minimum Dist.) are periodic payments.
 - Real Estate that continues to be held or not sold.
 - Follow up on what is happening with the asset.
- 

- Checking accounts – If account is open less than 6 months average by number of months opened.
 - A number of third party verifications have been coming back with \$0's for the months that the account wasn't open. Ex. Wells Fargo statements
 - Debit cards: Direct express, etc. must be listed on the 50059.
 - Compare assets from last year to current year.
 - PA ABLE Program will be considered an asset.
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PAABLE

SAVINGS PROGRAM

The Achieving a Better Life Experience Act

Proposed Savings Accounts for People with Disabilities

People with disabilities and their families face many challenges. Among them are planning for a financially secure future and saving for disability-related expenses. The Pennsylvania Achieving a Better Life Experience Act (PA ABLE), which was passed by the General Assembly on April 13, will provide families with a savings account without jeopardizing eligibility for important programs that their loved ones depend on.

The PA ABLE Act ([SB 879](#)) passed both the House and Senate unanimously; and was signed by Governor Wolf on April 18.

PA ABLE savings account benefits may include:

- Save up to \$14,000 each year.
- Savings grow tax-free.
- Use account to pay for a wide range of disability-related expenses.
- Withdrawals will be exempt from federal and state income tax when used for qualified disability expenses.
- Accounts would be exempt from inheritance tax.
- ABLE savings are excluded from eligibility determinations for Supplemental Security Income (SSI) benefits (savings up to \$100,000), other means-tested federal programs, Medical Assistance, and other state means-tested disability and health benefits.

A second bill ([HB1319](#)) that would allow ABLE contributions (up to \$14,000 annually) to be deducted from Pennsylvania state income tax is working its way through the legislative process. It passed the Senate unanimously but needs the concurrence of the House.

The federal Achieving a Better Life Experience (ABLE) Act was enacted in December 2014. <https://www.congress.gov/113/bills/hr5771/BILLS-113hr5771enr.pdf> (Division B at page 47). It provides federal tax and other benefits to eligible individuals with disabilities who save to meet qualified disability expenses through ABLE savings programs offered by states.

Disposed Assets



- **Do not include** assets disposed of from divorce, foreclosure, bankruptcy or reductions in market value.
- Please make sure asset disposal form is filled out correctly.
- **Do Include** – Asset that was previously listed and is now placed in something considered a non revocable trust.

Expenses and Allowances Issues

- Medical Expenses – See HUD Handbook 4350.3 Rev-1 Exhibit 5-3 for an allowable list. **Does it treat or alleviate a condition?**
 - Do Not count one time medical expenses at move-in unless future payments are anticipated.
 - Do Not count medical expenses that have not been paid yet.
 - Do Not count medical expenses that may be reimbursed. Ex. Cost of health care insurance
 - Do Not count normal personal items unless they are to prevent, alleviate or treat a condition that a medical professional states a need for.

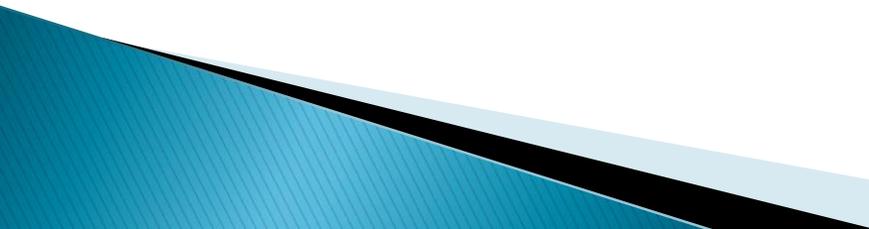
- Use a full 12 months to anticipate expenses.
- Notify the resident if you are unable to get a full 12 months by 3rd party.
- Allowable deductions for service animals or companion animals consist only of items that are for upkeep. Such as: shots, vets bills, license fees, ID tattoo or chip, and dog food.
- ❑ **Note: Life Line, Life Alert, cell phones, or medical bracelets are not allowable medical expenses.**



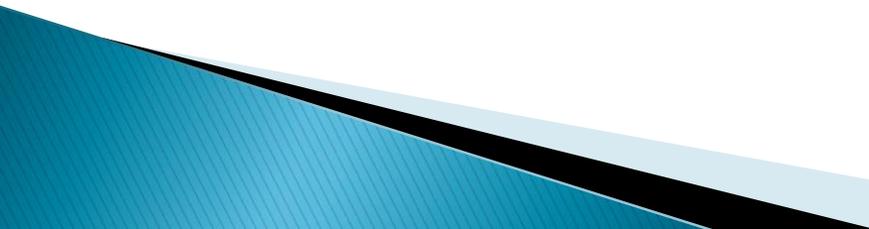
Expenses and Allowances cont.

- Disabled deduction (\$400):
 - Head/Co-head does not need to qualify for Social Security Disability or SSI to receive this deduction. May be gainfully employed.
 - Tenant just needs to meet the definition of disability to determine eligibility. See HUD Handbook 4350.3 REV-1, Chapter 3-28, Fig. 3-5 and 3-6.

EIV Issues

- User/Coordinator authorizations missing or expired.
 - Signed Rules of Behavior missing.
 - Reports are not run in a timely manner.
 - Reports in master file are not notated with results.
 - Security policies or User policies not updated.
- 

EIV – Tenant Files

- Existing Tenant Searches must be completed prior to move-in and kept in file.
 - Income Reports are required to be ran at AR, IR, and 90 days after the move-in is reported to TRACS. Verify what is in EIV validates what the tenant reported.
 - Summary Report – Must be ran at AR and IR until validated.
 - Signed 9887 must be on file.
- 

EIV –Income Discrepancies

- Report must be ran at AR and IR. O/A's are forgetting to run the report at IR.
- Must be kept in file even if there is no discrepancy.
- If a discrepancy is noted – Tenant FILE MUST BE NOTATED with detailed actions or validity of discrepancy.

Income Information >> [By Head of Household](#) >> Income Discrepancy Report

[Printer-Friendly Version](#)

[Summary Report](#)
[Income Report](#)
[Income Discrepancy Report](#)

Head of Household Information

Name:	rmzo q mlhwizsxi
Social Security Number:	***-**-9999
Contract Number	ZZ000000000
Project Number	1111111
Project:	PROJECT, INC.
Effective Date of Action:	07/01/2009
Next Re-certification Date:	04/01/2010
Projected Annual Wages and Benefits from Form HUD-50059:	\$0.00
Period Of Income for Discrepancy Analysis	04/01/2008 - 03/31/2009

Discrepancy Analysis	Actuals	Annualized Last Quarter
Reported Annual Wages and Benefits from EIV Data:	\$2,238.00	\$8,360.00
Amount of Annual Income Discrepancy:	(\$2,238.00)	(\$8,360.00)
Amount of Monthly Income Discrepancy:	(\$186.50)	(\$696.67)
Percentage of Income Discrepancy:	(100%)	(100%)

Note: Negative numbers represent potential under reporting of income. Please discuss this income discrepancy with the tenant. Positive numbers represent potential decrease in tenant income.

Confidential. Privacy Act Data. Civil and criminal penalties apply to misuse of this data.

6.1.4 Accessing Summary Reports – Income Reports

Sample – Notice current projected wages and amount of discrepancy

EIV – Issues

- ▶ EIV is preferred 3rd party for employment with backup UIV (Upfront Income Verification) such as paystubs, printouts or other computerized sources except where further information/backup is needed.
 - New employment
 - EIV disputes
 - No data available.

UTAC Checks

- Utility allowance checks should be issued to tenants within 5 days of the HAP payment received.
- Checks that are not picked up or cashed should be returned on the voucher.
 - See Mat User Guide – Chapter 7.

A decorative border consisting of three horizontal bands of stylized flames. The top and bottom bands are yellow and orange, while the middle band is red and orange. The text 'HUD HOT TOPICS' is centered within the middle band.

HUD HOT TOPICS

- ❑ Medical Marijuana
 - ❑ LGBT– Equal Access Rule
 - ❑ Utility Allowance Calculations
 - ❑ Student Tuition Update
 - ❑ Criminal Screening
- 
- A decorative graphic in the bottom-left corner consisting of a blue triangle with a black border, pointing towards the top-right.

Medical Marijuana

- On December 29, 2014
 - Benjamin Metcalf, HUD Deputy Assistant Secretary for Multifamily Assisted Properties, issued a memo to HUD Multifamily directors and contract administrators clarifying the impact of medical marijuana use on the admissions process and ongoing occupancy of Multifamily assisted properties located in states that have decriminalized marijuana.
 - Federal law prohibiting use in any assisted housing



LGBT– Equal Access Rule.



➤ Housing Notice 2015–01

- Notice of Program Eligibility for HUD Assisted and Insured Housing Programs for All People Regardless of Sexual Orientation, Gender Identity or Marital Status as Required by HUD’s Equal Access Rule
- Do not penalize applicants or tenants for not filling out gender on OMB Forms.



Utility Allowances

- Housing Notice 2015-04- Methodology for Completing a Multifamily Housing Utility Analysis.
 - Baseline
 - Factor- based

While utility allowances paid by outside sources is income, LIHEAP (Low income Housing Energy Assistance Program) is not.

Student Tuition Update

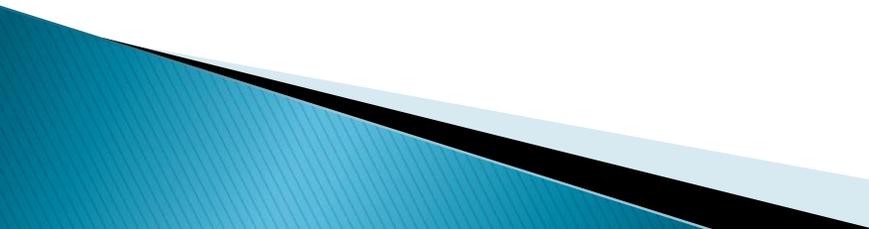
- ▶ Housing Notice 2015–12.
 - Amended definition of tuition, fees and other charges to promote consistency.
 - Examples of additional expenses are: lab fees, room and board, books, supplies, meal plans, transportation, parking, health insurance and other non-fixed sum charges.
 - See HUD Questions and Answers on the eligibility of students issued in conjunction with notice.



Criminal Screening

- Housing Notice H 2015-10
 - An arrest (without conviction) is not evidence of criminal activity and cannot support an adverse admission, termination, or eviction decision. ***HUD PROHIBITS EXCLUDING INDIVIDUALS FOR THIS REASON.***
 - O/A needs to institute protocols and standards so that they are consistently applied and that decisions are based on complete and accurate information.
 - Should eliminate one-strike rule.
 - Requires a change to your Tenant Selection Plan in most cases.
 - May want to contact your attorney with questions.



- Examples of Best Practices for screening consider:
 - The seriousness of the action
 - Allowing the applicant to present evidence of mitigating circumstances
 - Adoption of look back periods
 - Whether or not the it affects the relationships of other residents or the safety.
 - Level of violence
 - Length of time
 - Number of convictions
 - Any rehabilitation that the applicant has undertaken.
- 

- Consider same mitigating factors for Eviction and Terminations. Also consider the effects of the remaining household members.
 - Use a criminal screening provider that will send detailed history of convictions or allow access to that information.
 - HUD urges individualized assessments to avoid Fair Housing trouble.
- 

Updated Forms

➤ Updated OMB forms:

- 91067 – VAWA Addendum
- 9834 – Management Review for Multifamily Projects
- 92006 – Supplement to Application
- 27061 – Race and Ethnic Form

“Show Us Your



Answers

1. **TRUE:** Applicants without SSN documentation can keep their places on the waiting list, but they **MUST** provide SSN documentation for every household member before eligibility can be determined, which can occur after the unit is offered. The applicant may remain on the waiting list for 90 days after the unit is offered and then must be rejected if they are unable to provide the documentation. See HUD Handbook 4350.3 REV-1, Change 4, 3-9C.
2. **B:** The 92006 (Supplement to Application for Federal Assisted Housing) must be given out with the application. See HUD Handbook 4350.3 REV-1, Change 4, 4-14 D.
3. **A:** Management must make a policy regarding how the issue will be handled. The best way to handle the issue is option A. (Have the dependent come in after their 18 birthday.) Management may not run EIV on the household until the 9887 has been signed by the dependent turning 18.
4. **B:** An ambulatory or life alert bracelet is **NOT** considered an eligible medical expense. It is not to treat or alleviate a condition. See HUD Q & A from 2007.
5. **C:** RMD's are considered periodic payments and the payments are counted as income. The IRA is no longer listed as an asset.
6. **A:** The O/A must notify the applicant within 5 days of the appeal meeting of the decision.

EIV User Manual

- <http://portal.hud.gov/hudportal/documents/huddoc?id=eivusersmanual.pdf>

MAT User Guide

- http://portal.hud.gov/hudportal/documents/huddoc?id=202D_MAT_Guide

Questions



