

# The MOR Process

Preparation, the Onsite Visit, Post Review, Common Findings including Wait List Management



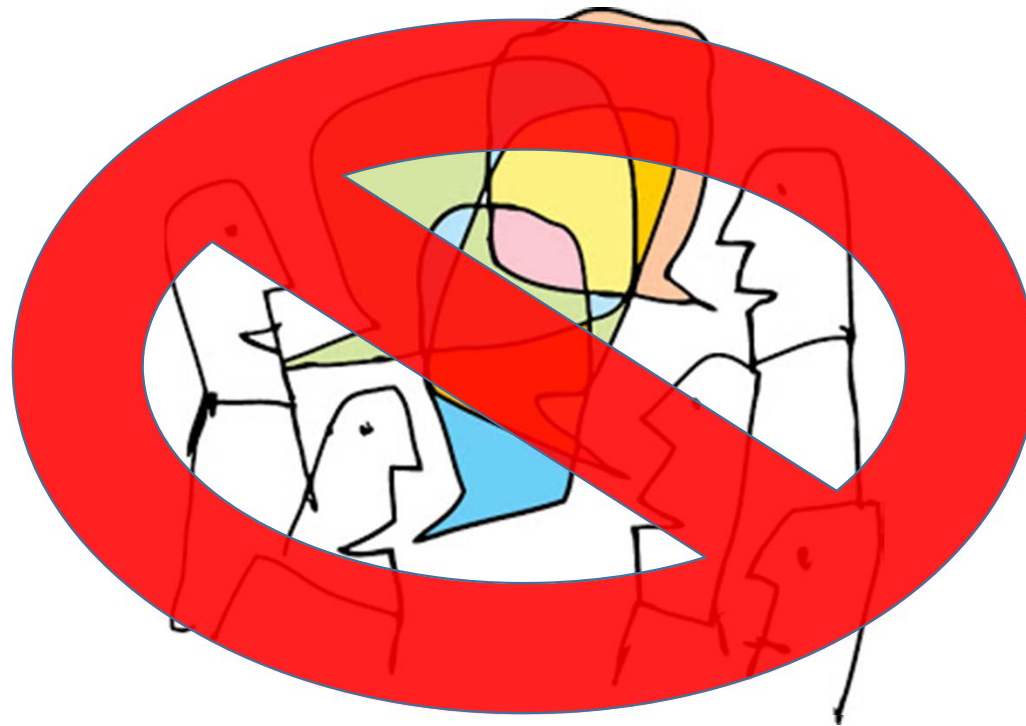
California Affordable  
Housing Initiatives, Inc.

Charles Young, State Manager  
Paul Rabuy, Local Services Manager  
Holly Schroeder, Local Contract Specialist

# Housekeeping



# Housekeeping



# Housekeeping



## CAHI Since 2004

- California Affordable Housing Initiatives, Inc. ("CAHI") was formed as an instrumentality of the Oakland Housing Authority.
- CAHI has CGI Federal as its business-processing partner.



## Your Presenters Today

- Charles Young, State Manager
- Paul Rabuy, Local Services Manager
- Holly Schroeder, Local Contract Specialist



# What We'll Cover Today

- Why MORs?
- Suggested OA preparations
- PBCA preparations
- The Day of the Onsite Review
- Post Review
- Common Findings and How to Avoid Them (waiting lists!)





Why MORs?



## HAP Contract Compliance

- Integral mechanisms of project monitoring used to ensure that owners/agents comply with program and regulatory requirements
- Assess management and oversight of multifamily housing projects





# Preparing for an MOR

## A Little MOR History

- MORs 2004 – 2011
- Hiatus
- MORs resume 2016
- HUD HQ Funding for MORs
- MORs are scheduled at least 14 days in advance



You get the phone call or email from us...





## You have the test questions ahead of time

- Preparation for an MOR should be ongoing, year-round, not just limited to the days and weeks prior to your scheduled MOR.
- HUD 9834.



## Internal Audit of Tenant Files

- Use the 9834 Addendum A to review your own files.



## Resources to Consider

- RHIIP Listserv
  - <http://www.hud.gov/subscribe/maillinglist.cfm>
- CAHI Knowledge Center
  - [www.cahi-oakland.org](http://www.cahi-oakland.org)





## Prior MOR?

- Review last MOR to ensure all corrective actions have been completed/implemented
- 100% file reviews
- Repeat/recurring deficiencies?



**ADDENDUM C****Management Review for Multifamily  
Housing Projects**U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing CommissionerOMB Approval No. 2502-0178  
Exp. 04/30/2018**DOCUMENTS TO BE MADE AVAILABLE BY OWNER/AGENT**

Project Name: \_\_\_\_\_ FHA/Project# \_\_\_\_\_ Section 8/PAC/PRAC# \_\_\_\_\_

**Instructions:** Reviewers should place a check mark next to those items that must be available for review. Included in this list are FHEO staff instructions to provide MFH staff a list of requests for documents and special observations each year.**General Documents**

- ☐ All Tenant Files and records, including rejected, transfer and move-out files
- ☐ Current waiting list
- ☐ Last advertisement and/or copies of apartment brochures
- ☐ HUD-approved Rent Schedule form HUD-92458
- ☐ Procurement Files
- ☐ Work Order Journals and Logs
- ☐ Cash Disbursement Journal
- ☐ Fidelity Bond
- ☐ Property and Liability Insurance
- ☐ Copies of the form HUD-52670 for the last twelve months, for each subsidy contract
- ☐ Current annual budget
- ☐ Quarterly budget variance reports
- ☐ Reserve for Replacement component analysis
- ☐ Copy of Rent Roll
- ☐ Copy of Application form
- ☐ Copy of lease, lease addenda and house rules
- ☐ Copy of Pet Policy
- ☐ Copy of Applicant Rejection Letter
- ☐ Annual Unit Inspections
- ☐ Fact Sheet "How Your Rent Is Determined"
- ☐ Copy of the "Resident Rights & Responsibility"
- ☐ Lead Based Paint Certifications
- ☐ EH& S Certifications
- ☐ All Operating Procedure Manuals
- ☐ Documentation for Elderly Preferences Under Sections 651 or 658
- ☐ Income Targeting and Tracking Log
- ☐ List of all current Principals and Board Members
- ☐ EIV Coordinator Access Authorization form(s) (CAAFs) – approved initial and current
- ☐ EIV User Access Authorization form(s) (UAAF) – approved initial and current
- ☐ EIV Owner Approval Letter(s)
- ☐ EIV Policies and Procedures
- ☐ Rules of Behavior for individuals without access to the EIV system
- ☐ Copy of TRACS Rules of Behavior, signed and dated
- ☐ Copy of TRACS and EIV requested Security Awareness Training Certificate, signed and dated
- ☐ Other

**Civil Rights Front End Limited Monitoring and Section 504 Review Documents**

- ☐ Affirmative Fair Housing Marketing Plan
- ☐ Tenant Selection Plan, including any approved residency preference
- ☐ Recent advertising
- ☐ Fair Housing logo and Fair Housing poster

form HUD-9834 (06/2016)  
Ref. HUD Handbook 4350.1, REV-1  
and HUD Handbook 4566.2

## Logistics

- Notify CAHI if any tenant files are kept off site.
- Office/work space
- At least 24 hour Notification to residents that a review will be performed and units may be entered.
- Notify your on-site staff of the date of the review and that reviewers may wish to speak with them.





# PBCA Preparations

## PBCA Preparations

- Familiarize the review team with the property type and the applicable components of the management review
- Assemble past reviews for verification of corrective actions and closeout of previous findings



# PBCA Preparations

We gather information about the property, including but not limited to:

- Details about the last Physical Inspection (REAC)
- Unresolved findings from the previous MOR
- Year of construction of property and primary housing population
- Effective date of last rent adjustment and Utility Allowance, if applicable
- Information on property operations (i.e. vouchering & special claims)
- Tenant calls and complaints and congressional inquiries received through the call center



# File Sample

Head of Household or Spouse is Elderly	Families with deductions for child care
Head of household or spouse is disabled	Families with deductions for medical expenses
Families with large amounts of assets	Families paying minimum rent
Families with zero income	EIV income discrepancies
Families with dependents	Each bedroom size in the project
Families with students	Receiving utility reimbursements
Families with live-in aides	



# EIV

- OA EIV Certifications
- Income Discrepancies
- No Income
- New Hires
- Repayment Agreements







# The MOR On-Site Review

## The Big Day

- Be on-site during the MOR!
- The whole day, we'll be interacting with you/staff and will want to walk around the property



## Typical Agenda for On-Site Review

- Entrance conference
- Sample for Tenant file review
  - Review TSP
  - Wait list
- Review of 'addendum C' materials



## Typical Agenda Continued...

- 9834 – interview OA and observations by on site review staff
- Look at vacant units and make note on the readiness and general condition
- View common areas and maintenance areas
- Unit reviews from REAC inspection



## Close out Meeting

- Prelim Findings
- Opportunity to find missing documents
- Expectations for receiving written report and appeal process if applicable



## Post MOR

- Written MOR Report within 30 days
- Respond to Open Findings every 30 days
- CAHI's Quality Assurance Team may follow up





# Common Findings (in no particular order)



Program Type? Huh?



## OA/Staff do not know what Section 8 Program is for their property

- What program is your property?
- Section 8 NC
- Substantial Rehab
- State Agency (HFDA)
- 515/8
- LMSA and Preservation
- Property Disposition
- 202/8



# Are Regulations the same for all Program Types?

- Lease
- Lease terms
- Security deposit
- Disabled Definitions
- Late fees and NSF fees

What are some of these specific differences from program to program?



## Other Factors

- Effective date of original HAP contract
- What does it influence?





# Lead Based Paint

## Properties with LBP

- Missing documentation of evaluation, inspection and/or Lead Hazard Control Plan (LHCP)
- No documentation LHCP is HUD approved
- No documentation that on-going maintenance requirements are being completed
- Visual inspections and Re-evaluations
- LBP disclosure form not filled out correctly



## Properties built prior to 1978 with no LBP

- Missing documentation of certification of lead free status
- Certificate of lead free status
- Inspection that indicates no lead paint was found
- Documentation of abatement and subsequent re-evaluation to determine property is now lead free
- Letter from HUD or Inspector indicating property is lead free or exempt
- Insufficient documentation of lead free status
- Owner/Agent self-certification form of lead paint compliance is not sufficient documentation of lead free status



# Examples of Insufficient Evidence

## ATTACHMENT 1

DETAILED PROJECT OWNER'S SELF-CERTIFICATION  
FOR LEAD-BASED PAINT HAZARDS  
IN PROJECT-BASED RENTAL ASSISTANCE UNITS

PROJECT OWNER'S CERTIFICATION THAT THE PROJECT IS IN COMPLIANCE  
WITH THE LEAD-BASED PAINT REQUIREMENTS OF 24 C.F.R. PART 35,  
SUBPART H, AS REQUIRED BY THE CONTRACTS AND PHYSICAL CONDITION  
STANDARDS AND INSPECTION REQUIREMENTS OF 24 C.F.R. PART 5, SUBPART G





# Waiting Lists



## Waiting List Requirements

- Process Applicants from your Waiting List in a timely manner
- Follow your Tenant Selection Plan
- Add notations to your Waiting List
- Ensure the printed Waiting List is provided for the MOR



## Preliminary Eligibility and SSN

- 4350.3 4-16A
  - “Upon receipt of an application for tenancy or assistance, the owner must indicate on the application the date and time received....The owner must then either process the applicant for admission, place the applicant on the waiting list or, based on a preliminary eligibility determination, reject the applicant.
- Applicants must disclose and verify SSN for all household members before they can be admitted except household members that are exempt



## Updating Waiting Lists

- Waiting Lists must be current and should be updated annually or semi annually
- Tenant Selection plan must describe how the waiting list is maintained
  - Periodically update waiting list
  - May require applicants to contact property every 6 months in order to stay on the waiting list



# Auditable!

- Document Changes to your Waiting List
- Independent reviewers looking at the waiting list should be able to see all actions taken and how it ties back to following your TSP.





# Affirmative Fair Housing Marketing Plan

# Affirmative Fair Housing Marketing Plan

- Full copy of the HUD approved AFHMP must be maintained on site and available for review at any time



# Affirmative Fair Housing Marketing Plan

- When advertising is required you must advertise in all the sources listed in the plan
- All advertising including signs must include Fair Housing Logo, Slogan or Statement and if a phone number is listed must also include the TTY number or equally effective system
- Maintain documentation of all advertising (i.e. copies) including contacts with listed community contacts (letters, log, etc.)



## Review AFHMP Every 5 Years

- **AFHMP must be reviewed every 5 years**





## Review AFHMP Every 5 Years

- Updated plan submitted to HUD for approval, if an update is warranted
- Note: refer to HUD the Memos regarding AFHMP updates dated 4/14/14 and 9/22/2014 for more info on when an updated plan is warranted

[https://www.hud.gov/sites/documents/CLARIFICATION\\_AFHMPS.PDF](https://www.hud.gov/sites/documents/CLARIFICATION_AFHMPS.PDF)



# VAWA

- VAWA notice must be filled in with applicable information
- VAWA Notice and Certification forms required to be provided to all tenants at MI, each application rejection letter and each termination of assistance and termination of tenancy notice beginning on 12/16/16, and provided to all existing tenant by no later than 12/16/17.



## Emergency Transfer Plan

- Emergency Transfer Plan with all required information to be created and implemented by 6/14/17 (there was a grace period but started to be a finding in December 2017)



## House Rules & Tenant Selection Plan

- Must be updated for VAWA policies and procedures as well as individual section updated if affected (i.e. transfer section of the tenant selection plan and also the waiting list section if VAWA preference is implemented).
- Reminder: If any project documents contain VAWA definitions, be sure to update the project documents so that the definitions are consistent with the Final Rule.





# The Lease

# Unapproved Lease Addendum

#1 Lease finding: Lease addendums and modifications in place that are not HUD approved

- Drug Free Housing Addendum
- Crime Free Housing Addendum
- Live-in Aide Addendum
- Mold Addendum
- Bed Bug Addendum
- 515 Addendum
- Pet Provisions Addendum (required at elderly and disabled properties that do not use the 202/8 lease)
- It is also common for properties that are required to have this addendum to actually not have this addendum



## Lease Modifying Language

- Lease attachment and other documents that are not titled addendum, but have lease modifying language
- Example of a document not titled as an addendum but has lease modifying language

### Lease Attachment For Drug Free Housing

7. In case of any conflict between the provisions of the Lease Addendum and any other provisions of the Lease, the provisions of this Lease Addendum shall govern.





# Verification & Calculation



## Verification & Calculation Findings

- #1 verification/calculation error: missing or insufficient verifications
- Missing verification of one or more reported items (income, assets, deductions, medical expenses, SSN, student status etc.)
- Insufficient verifications
- Incorrect number of check stubs obtained
- 6 month average balance for checking accounts not obtained
- Verification obtained does not have enough information to properly calculate the factor



## Common Missing Items

- Assets Interest and dividends etc.
- 3rd party verification forms are not completely filled in



## Files not properly documented when 3<sup>rd</sup> Party Verification is not available

- HUD Handbook 4350.3 Chapter 5-18 E: When third-party verification is not available, owners must document in the file efforts made to obtain the required verification and the reason the verification was not obtained.



## The use of EIV

Third-party verification  
from source (written)

Third-party verification  
from source (oral).

Family  
Certification.



## Proper Oral 3<sup>rd</sup> Party Verification

- HUD Handbook 4350.3 Chapter 5-18 C. Documenting Telephone Verification When verifying information by phone, the owner must record and include in the tenant's file the following information:
- Third-party's name, position, and contact information;
- Information reported by the third party;
- Name of the person who conducted the telephone interview; and
- Date and time of the telephone call



## Other Issues

Factors that contribute to the TTP are not calculated correctly

- Human error (used 24 or 52 instead of 26 for biweekly pay, entered wrong number into calculator etc.)
- Income and/or expenses not annualized
- Gross amount not used
- Verified information not used/listed or listed incorrectly on the 50059
- Information not listed on the 50059
- Typo when entering information on the 50059





EIV



# EIV: Master File



## The Master File

- Most common finding is not consistently running each required report
- Not running/printing both the EIV Failed Verification Report and the EIV Pre-Screening Report monthly including when 0 tenants are listed
- Written Procedures  $\neq$  Actual Practice



## When a tenant is listed on a Master File EIV Report

- Must follow up and resolve discrepancies within 30 days from date of the report:
  - Failed Verification & Failed Pre-Screening Reports
  - Check information in tenant file against the info on the 50059



## When a tenant is listed on a Master File EIV Report

- Must notate on the report for each tenant listed the action taken or reason for tenant being on the report
- If discrepancy was corrected: comments outlining actions taken to resolve discrepant data
- If discrepancy was previously corrected: comments that corrections have already been made and EIV data has not yet been updated



Failed Verification Report		Download Data
Failed Verification Report for Contract: FL298023005		
HOH SSN: 999-88-7777   HOH Name: Papa Smurf   Project Number: -   Property Number: 800008888		
Member SSN	Member Name	Error Description
999-88-7777	Papa Smurf	Verification failed - Surname matched, but date of birth did not match with SSA records 08/08/1900
HOH SSN: 777-66-5555   HOH Name: Sweetie Pie   Project Number: -   Property Number: 800008888		
Member SSN	Member Name	Error Description
777-66-5555	Sweetie Pie	Verification failed - SSN not found in SSA records 77665555
HOH SSN: 444-33-2222   HOH Name: Bueller Ferris   Project Number: -   Property Number: 800008888		
Member SSN	Member Name	Error Description
444-33-2222	Bueller Ferris	Verification failed - Date of birth matched, but surname did not match with SSA records
HOH SSN: 111-99-8888   HOH Name: Mary Mack   Project Number: -   Property Number: 800008888		
Member SSN	Member Name	Error Description
111-77-6666	Peter Meck	Verification failed - Date of birth matched, but surname did not match with SSA records
HOH SSN: 555-44-3333   HOH Name: Honey Bunn   Project Number: -   Property Number: 800008888		
Member SSN	Member Name	Error Description
222-11-0000	Sticky Bunn	Verification failed - Surname matched, but date of birth did not match with SSA records 12/12/1999

Papa Smurf - corrected DOB on 59, submitted  
Corrected 593/1/2017.

Sweetie Pie - Previously corrected, CIV not yet  
updated. Refer to comments on Feb. 2017 Report.

Bueller Ferris - Name correct no correction needed

Peter Meck - Corrected last name on 59, submitted  
correction on 3/15/2017.

Sticky Bunn - DOB not correct

Are these notations  
acceptable?

Why or Why Not?



EIV: Income Report Within 90  
days after MI sent to TRACS

## Run EIV Income Report within 90 days of MI sent to TRACS

Other common issues:

- Not running EIV Reports at IR
- Not printing the Discrepancy Report each time the Income report is printed
- Not running the Existing Tenant Search prior to MI for all members (including dependents) and/or not running for members added after MI
- Not running the EIV Reports at AR
- Not printing the Summary Report for the file



What is the requirement for the Summary Report?





# EIV: Multiple Subsidy Report

## Multiple Subsidy Report

- Discuss the result with the tenant
- Contact the manager at the other property to verify whether or not the member is receiving assistance there
- Owner/Agent at both properties must determine at which property subsidy should be terminated







# EIV: Deceased Tenant Report

## Deceased Tenant Report

- Confirm in writing the member is deceased with the HOH, next of kin, emergency contact etc.
- If member is deceased...
- Notate on the report for each tenant listed the action taken or reason for tenant being on the report





# EIV: New Hire Report

## New Hire Report

- Review the detail report and the tenant file to determine if tenant has already reported the change and the necessary recertifications processed
- If tenant has already reported the income and necessary recertifications/corrections processed, then notate the report accordingly
- If tenant has not already reported the income, then follow up/investigation must be completed.



## If Tenant Does Not Respond Within 10 Calendar Days

- Assistance must be terminated effective the first rent period following the 10-day notice period. (See sample notice provided in Exhibit 7-8)
- If the tenant subsequently submits the required information, the owner must reduce the tenant's rent on the first of the following month based on verifications of income obtained



## If Tenant Does Respond and Confirms Info Correct

- Obtain check stubs or 3rd party verification (if there are not a sufficient amount of check stubs) to calculate income
- Process an IR 50059 if income is more than \$200 per month, and if necessary corrections to other certifications also affected
- Process recertifications with retroactive effective dates for unreported income
- Require tenant to payback any overpayment in assistance resulting from unreported income
- Allow tenant to enter into a repayment agreement if needed



## Notation Tips

Notate on the New Hire Summary Report for each tenant listed the action taken or reason for tenant being on the report

- If income was unreported: comments outlining actions taken to resolve the issue
- If income was reported: comments indicating tenant reported the income and necessary recertification was done
- If there was no income or income was less than \$200 a month: comments to that effect
- If income was previously investigated on a prior new hire report: comments to that effect



## Suggestions to Minimize EIV Compliance Issues

- Have good, detailed EIV procedures for the property on how to follow up and resolve each possible discrepancy
- Train manager and office staff for how to read and interpret each EIV Master File Report, how to follow up and resolve (correct) all possible discrepancies, how to properly notate each report, documentation to be maintained in the tenant files, and timeframes required
- Initial training, on-going refresher training, and oversight is the key for EIV compliance; it is very common for site staff to not understand the requirements of EIV







# California Climate Credit

## Ever Notice it on Your Bill?

- Twice a year, millions of California residents receive a credit on their utility bill identified as the “California Climate Credit.” The California Climate Credit is part of California's efforts to fight climate change.
- This credit is from a state program that requires power plants and other large industries that emit greenhouse gases to buy carbon pollution permits.
- The credit represents residential utility ratepayers' share of the payments from the State's program. The credit program was created by the CPUC, which also oversees the program's implementation.



## HUD UA FAQ July 2016

26. Question: For properties in California, should the Climate Credit shown on some utility bills be included in the Utility Allowance calculation?

**Answer:** No. The California Climate Credit should not be used by owners in calculating utility allowances and should be removed from the cost totals. This is because, while the California climate credit is delivered to California residents through their utility bills, the California Public Utilities Commission (CPUC) has held that the climate credits “should not be considered a reduction in the individual customer’s electricity bill.” **Instead of being used to offset utility allowances, California climate credits should be considered “income” for the purposes of recertification.** This guidance applies only to the California Climate Credit. Questions about other similar benefits should be submitted to HUD for individual review.





# Recap and Conclusion

## Recap

- Why MORs
- Suggested OA Preparations for an MOR
- How PBCA prepares for an MOR
- What Happens on the Day of the On-Site



# Common Findings and How to Avoid Them

- Program Type
- Lead Paint
- Wait List
- AFHMP
- VAWA
- Leases
- Verification and Calculations
- EIV
- California Climate Credit



OA resources: [www.cahi-oakland.org](http://www.cahi-oakland.org)

[illegible]

Questions?

[www.cahi-oakland.org](http://www.cahi-oakland.org)

THANK YOU!

