Management and Occupancy Review Overview

As the Performance Based Contract Administrator (PBCA) for HUD MaineHousing must conduct an on-site management and occupancy review of each Section 8 project, no less than annually. The review must be a comprehensive assessment of the owner's procedures for directing and overseeing project operations, and the adequacy of the procedures for carrying out day-to-day, front-line activities. Some examples of the areas that the PBCA must audit are maintenance, security, leasing, occupancy, certification and recertification of family income and determination of the family payments, financial management, Management Improvement and Operating Plans, and general management practices. The results of the Management and Occupancy review provides adequate documentation to support any enforcement actions proposed against the owner by the PBCA or HUD. "Outcome: Identify and resolve areas of noncompliance with HUD regulations and other requirements."

Frequently Asked Questions

PBCA of the Future
- Beginning with the PBCA contract effective October 1, 2022 HUD has issued guidance for a Risk-Based model that streamlines Management and Occupancy Reviews. A link to the guidance is below:
  - Streamlining Management and Occupancy Review
- HUD has issued a RFP for a rebid on the PBCA contract.

What does the MOR cover?
- Desk review
  The Asset Manager reviews physical, financial, and management conditions in advance to determine any items that might need further explanation.
  - EIV Reports/iREMS
  - HDS Reports
  - Review REAC
  - File Selection
  - Contract Renewals/OCAF processing
  - Tenant Complaints
  - Follow up on prior year MOR, outstanding issues (i.e. REAC/PPI, etc.), updated policies/procedures have been implemented
  - ShareFile – Get names/contact for those that need access
- Entrance interview
  - Introductions & contact information for representatives from the Owner/Agent staff that will be available for questions during the review
  - An overview of what will happen during the review
- Project Operating Policies and Procedures
  - Master EIV Files
  - Maintenance logs
  - Management documents such as: Tenant Selection Plan, Application, Wait List
  - AFHMP – HUD Notice 9/22/2014
  - Addendum C/Other (Document check list)

- Occupancy files
  - Review for eligibility and proper waitlist selection. We need to see a waitlist at the time of a move-in to determine eligibility and we also need to see a current waitlist.
  - Review family income and assets are properly verified and calculated
  - Determine if all HUD required forms and verifications are obtained
  - Determine if subsidy was properly paid
  - Determine Owner/Agent compliance with civil rights regulations including Title VI, Title VII, the Americans' with Disabilities Acts, and Section 504 of the Rehabilitation Act of 1973.
  - Complete HUD 9834 Addendum A (See MREMA Toolbox for MaineHousing guide with references.)
  - Appendix 3
  - File sample: Move in, Recertification's (Annual, Interim, and Initial), Applicant Reject File, and Terminated/Move out. Minimum sample based on the number of units in the property (see table below)

Number of Units	Minimum Number of Files to Review
100 or fewer	5 files plus 1 for each 10 units over 50
101-600	10 files plus 1 for each 50 units or part of 50 over 100
601-2000	20 files plus 1 for each 100 units or part of 100 over 600
Over 2,000	34 files plus 1 for each 200 units or part of 200 over 2,200

- Conduct a limited on-site review to examine conditions of common areas, project exterior, grounds, office and vacant units if available.
  - This includes a visual inspection of REAC deficiencies and/or corrections to those deficiencies
- Physical plant: REAC report score and owner actions required. Were exigent conditions noted on REAC and have they been corrected? Have complaints from residents or congressional inquiries about the property's physical condition been received?
  - Owner/Agent must review the deficiencies and identify what is complete/outstanding
- Close out interview to discuss with the Owner/Agent the results of the MOR and any preliminary findings and/or concerns that were identified. MaineHousing may also request copies of property policies and procedures for further view as necessary. The meeting also provides management with the opportunity to explain or comment on findings.

What is the Asset Manager looking at during MOR?
- Protection of Personal Identifiable Information during MOR's
- Completed HUD 9834 questionnaire (MOR Toolbox)
- Completed EIV Monitoring checklist (MOR Toolbox)
- EIV Master Binder
- HUD 9834 Addendum B signed by Owner
- MSHA Document checklist or Documents to be submitted or available checklists (MOR Toolbox)
- Electronic MORs – tenant file submission requirements by certification type (MOR Toolbox)
- Project Data Contact Sheet (This will be sent as part of the MOR confirmation email)
- Security Deposit Ledger
- If applicable – financial records

How can I best prepare for a review?

- EIV Master binder properly maintained/up to date
  - The Owner/Agent's specific EIV policies and procedures dictate how often to run reports
  - Exhibit 9-5
  - EIV Monitoring check list (MOR Toolbox)
- Review your application and waitlist by using the MaineHousing checklist (MOR Toolbox)
- Review your Tenant Selection Plan by using the MaineHousing checklist (MOR Toolbox)
- Proper tenant file maintenance including any information see HUD 9834 Addendum A Tenant File Review Worksheet with citations
  - The file should include enough documentation to "tell a story"
- Best practices
  - Implement checklists (MI, MO, AR, etc.)
  - Organize files in a consistent manner

What happens after the review?

- A written report (Form HUD-9834) - which provides a rating, outlines findings, cites violations and recommends corrective actions, as applicable will be sent within 30 days of the MOR. The report will include target dates for any findings or required correction actions. Note: Some questions only apply to HUD staff.
- Standard MOR response time period is 30 days, ask for extension, if necessary, no later than the response due date.
- Within 30 days of receiving the owner's response, the CA will review the response and advise the owner of appropriate actions and follow-up if required.
- When the overall review rating is below average or unsatisfactory, the owner has the right to appeal within 30 days. This process is outlined in the HUD Handbook 4350.1 Chapter 6.

What are some common issues found during a review?

- Maine Housing's most common findings Section 8 Program (list in the MOR Toolbox)
- Hot topics
  - HUD Annual Compliance Review
  - Findings as discovered from other MORs
  - New requirements
  - Annual inspection process due to Covid-19
  - Notice 2020-10 Electronic Signature Guidance
  - HUD 9887 correct address:
    - 26 Edison Drive, Augusta, ME 04330

How are each of the categories scored and how does that affect the overall score?

- The Contract Administrator (MaineHousing) must assess the impact of all management deficiencies in the findings. Each category on the management review form is aggregated in an overall rating. HUD Handbook 4350.1 Rev-1 Multifamily Asset Management and Project Servicing Chapter 6 provides an overview on four possible ratings: superior, satisfactory, below average and unsatisfactory.

In determining an overall rating, the CA must decide whether the agent demonstrates acceptable management practices. A rating that is less than satisfactory may be reported by HUD in the Previous

Participation and Compliance System (2530). This rating could effect a change in management and have direct impact on the Owner/Agent's ability to participate in HUD programs in the future.

- Performance indicator ratings for form HUD 9834

  - MH scores on the 5's (65 Below Average, 75 Satisfactory, 85 Above Average or 95 Superior)
  - HUD, REAC and if applicable MaineHousing PPI Scoring
  - Resident Services: * No RSC - 75 Satisfactory *RSC on staff - 85 Above Average
    *If no RSC but management provides services through another administrative position and details are provided – 85 Above Average
    *RSC on staff, full time position and numerous other services on site – 95 Superior

  HUD 9834 Categories are weighted as follows:

Category	Percentage of Overall Rating
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%
	100%

Performance Indicator	Performance Indicator Value
Superior	90 - 100
Above Average	80 - 89
Satisfactory	70 - 79
Below Average	60 – 69
Unsatisfactory	<=59

Who can I contact at MaineHousing if I have future questions?
Asset Manager assigned to your project

Additional Resources:
- HUD 4350.3 Appendix 3 Acceptable forms of Verification
- HUD 4350.3 Exhibit 9-5 Use of EIV Reports
- Asset Management Notices
  - Please sign up for the notices if you aren't already receiving them
- The following forms can be found in the MOR Training Toolbox on the MaineHousing Asset Managers Partner page:
  - MH Management Review Process Map
  - Form – HUD 9834 – Questionnaire
  - Form – Documents Checklist to be made available by Owner Agent Site

- o HUD 9834 – Addendum A Reference Guide
- o Form – Tenant File Review Submission Requirements
- o Commonly Used HUD Forms
- o Most Common Findings – Section 8 Program
- o Form – Documents Checklist to be submitted by the Owner Agent
- o Form – Application & Waitlist Checklist
- o Form – EIV Monitoring Checklist
- o Form – Tenant Selection Plan Checklist
- o Other Resources – HUD Handbooks and Web Links

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