



To: All Owners and Managers
From: Bob Conroy, Director of Asset Management

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I. Asset Management Interns

MaineHousing is interested in hearing from residents about their experiences living in affordable housing.

Elizabeth Kolle, a rising senior at Bowdoin College, is interning at MaineHousing until mid-August. She has been working with our Communication & Planning Unit at MaineHousing on a Resident Experience Survey and is interested in visiting your property and interviewing residents.

If you would like your property to participate, please contact Elizabeth at 207-626-4600, ext. 1734 or Richard Taylor at rtaylor@mainehousing.org to schedule a visit.

Property Management Agents and Resident Service Coordinators across the State may be contacted by Elizabeth for help coordinating interviews between Elizabeth and residents.

II. FAST Act Interim Final Rule

On December 12, 2017, HUD published an [interim final rule](#) in the Federal Register that amends the regulatory language for PIH and Multifamily Housing rental assistance programs. This interim rule went into effect on March 12, 2018. The rule aligns the current regulatory flexibilities with those provided in the Fixing America's Surface Transportation (FAST) Act. In addition, it extends two of the administrative streamlining changes that were adopted in 2016 for the Housing Choice Voucher and Public Housing programs to Multifamily programs.

The interim final rule implements FAST Act provisions that allow public housing agencies (PHAs) and multifamily housing owners to conduct full income recertification for families with 90 percent or more of their income from fixed-income sources every three years instead of annually. This interim final rule also aligns the current regulatory flexibilities with those provided in the FAST Act by modifying the earlier streamlining regulations. This makes the procedures for families meeting the fixed-income threshold as similar as possible to families who do not have 90 percent or more of their income from fixed sources, but still have *some* fixed income.

In addition to streamlining fixed income stipulations, the interim final rule also indicates that an owner may:

- Make utility reimbursements of \$45 or less per quarter (\$15 a month) on a quarterly basis.
- Accept family declaration of assets under \$5,000. Third-party verification of all family assets will be required every 3 years.

Use of streamlined procedures authorized by the rule are all at the option of the owner and not required.

A FAQ file is available on HUD.gov. Additional FAQ's and a supporting Housing Notice are currently being developed. Project owners are encouraged to submit any questions to their assigned Contract Administrator or local HUD office.

III. Tax Credit Training

The National Center for Housing Management “NCHM” will be offering a Tax Credit Specialist (TCS) training on Tuesday, July 17 - Thursday, July 19, 2018 in Portland, Maine. The training will be held at the Avesta Housing Training Room at 307 Cumberland Avenue in Portland.

For further information, visit <http://www.nchm.org/Event-Info/id/TCSPOME071718>.

IV. Kidde Recalls Dual Sensor Smoke Alarms Due to Risk of Failure to Alert Consumers to a Fire

Models Affected: Kidde dual-sensor (photoelectric and ionization) smoke alarms – Models PI2010 and PI9010
Hazard: A yellow cap left on during the manufacturing process can cover one of the two smoke sensors and compromise the smoke alarm's ability to detect smoke, posing a risk of consumers not being alerted to a fire in their home.

Remedy: Replace

Recall date: March 21, 2018

Units: About 452,000 in the U.S. (In addition, about 40,000 were sold in Canada.)

V. REAC Launches Mold Prevention Demonstration

HUD Real Estate Assessment Center (REAC) has published the attached update regarding **a demonstration using moisture meters and infrared cameras to detect the presence of moisture before mold appears.**

REAC will conduct the one-year demonstration starting on June 18, 2018 as a proactive mold preventative or remedial measure. According to REAC's memo, the demonstration will not constitute a change in REAC UPCS inspection protocol and will not slow down the inspection process.

If you have questions, please email them to REACQC@hud.gov. Please see the attached information on the Mold Prevention Demonstration.

VI. Reporting Property Losses

Asset Managers are discovering unreported property losses long after the fact often from auditors who have referenced them in the AFR's.

If a property has a MaineHousing mortgage, Section 5 of the Mortgage and Security Agreement requires the Developer to promptly notify MaineHousing of the occurrence of any loss or injury.

For a Section 8 property, Developers are required to notify the Asset Manager so we can determine if any units do not meet the program standard of decent, safe and sanitary, and whether or not the HAP for a unit should be abated. This would also include a unit that does not have power.

LIHTC units have to meet either UPCS or local codes. Loss of credits may occur if a unit is not habitable at the end of the fiscal year.

For HOME units, Asset Managers would need to know if a unit is off-line or damage has occurred to the property. HOME properties have to annually certify that each building in the project is suitable for occupancy. When a property sustains a loss due to an incident, fire, water damage, the immediate focus for the owner/manager is to ensure that the property is secure and that the tenants are properly informed of the status of the property and assisted with relocation to alternate housing if needed.

As soon as it is possible for the owner/manager to do so, they should contact the assigned Asset Manager at MaineHousing to report the incident with a follow up written summary of what occurred. Additionally, as information becomes available, MaineHousing should receive copies of any reports issued by local authorities and/or the insurance company.

MaineHousing will arrange for a MaineHousing Technical Service Inspector to visit the site and walk through with the manager.

Attached you will find the Property Loss Procedures for Owner/Managers.

VII. Asset Management Multifamily Section 8 Scoop

In an attempt to address questions and provide information on Section 8 procedures, we will be including the "Scoop" with our AM Notices. You can look forward to great information and clarification of procedures for Section 8 properties with these publications. Attached please find the first Scoop of the year.

Attachments:

- **Mold Prevention Demonstration**
- **Reporting Property Losses**
- **Section 8 Scoop**

Please note that MaineHousing provides notices as a service to our partners. Notices are not intended to replace ongoing training and do not encompass all compliance and regulatory changes that may occur on the wide arrange of housing programs in which we work. MaineHousing recommends partners establish an ongoing training program for their staff.

MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, physical or mental disability, age, familial status or receipt of public assistance in the admission or access to or treatment in its programs and activities. In employment, MaineHousing does not discriminate on the basis of race, color, religion, sex, sexual orientation, national origin, ancestry, age, physical or mental disability or genetic information. MaineHousing will provide appropriate communication auxiliary aids and services upon sufficient notice. MaineHousing will also provide this document in alternative formats upon sufficient notice. MaineHousing has designated the following person responsible for coordinating compliance with applicable federal and state nondiscrimination requirements and addressing grievances: Louise Patenaude, Maine State Housing Authority, 353 Water Street, Augusta, Maine 04330-4633, Telephone Number 1-800-452-4668 (voice in state only), (207) 626-4600 (voice) or Maine Relay 711.





**U.S. DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT**

WASHINGTON, DC 20410-5000

Dear Colleagues,

A consistent trend exists in the observed occurrence of mold/mildew during physical inspections of assisted and insured housing. Based on the potential health risks that mold poses it is imperative that we explore avenues that have a potential of reducing the occurrence of observed mold. Moisture presence is the primary factor that produces conditions that are conducive for mold growth within housing. For mold to develop there must be a moisture source. There are several moisture detection tools that can assist in identifying the presence of moisture on unit walls, ceilings, and floors such as infrared cameras and moisture meters.

REAC will conduct a demonstration starting on June 18, 2018 that involves the use of moisture meters and infrared cameras to determine their usefulness in identifying the presence of moisture possibly before mold appears. The demonstration will be for a period of one year. The demonstration will be done during the normal course of physical inspections conducted by REAC Quality Assurance inspectors on properties throughout the country. The integration of moisture meters and infrared cameras during the demonstration will be seamless as the inspection is conducted. In other words, the demonstration will not slow down the inspection process and at the most will add only minutes to the overall inspection time. Inspectors will record data collected from moisture meters and infrared cameras for the purposes of analyzing, processing, and sharing the data with property owners and executive directors to determine if a reduction in mold occurrence and/or whether preventive measures can be taken based on the data to prevent mold from developing from specific moisture sources.

The demonstration will not constitute a change in REAC UPCS inspection protocol under which a deficiency must be observable for an inspector to record it. If moisture is detected during the demonstration by an infrared camera or moisture meter but is not visible to the naked eye, there will be no point loss during the inspection. However, this information will be shared with project ownership and management in a collaborative manner as a proactive mold preventive or remedial measure.

Your PHA or MF property may be included in the demonstration. If you have questions, please email them to REACQC@hud.gov or call Terry Holcombe at 770-330-2105.

Regards,

Delton Nichols, Director

HUD Real Estate Assessment Center (REAC)

Property Loss Procedures

When a property sustains a loss due to an incident, fire, water damage, the immediate focus for the owner/manager is to ensure that the property is secure and that the tenants are properly informed of the status of the property and assisted with relocation to alternate housing if needed.

As soon as it is possible for the owner/manager to do so, they should contact the assigned Asset Manager at MaineHousing to report the incident with a follow up written summary of what occurred. Additionally, as information becomes available, MaineHousing should receive copies of any reports issued by local authorities and/or the insurance company.

MaineHousing will arrange for a MaineHousing Technical Service Inspector to visit the site and walk through with the manager.

As the process of reconstruction of the property begins, please keep in mind the following key procedural requirements:

- The Insurance check is to be a two-party check made payable to both the Owner and MaineHousing.
- The insurance check needs to be sent to MaineHousing Asset Management. The insurance proceeds will be deposited into a reconstruction escrow.
- If a Public Adjuster is used, payment will be made only from available insurance proceeds and only after reconstruction of the premises has been completed, paid for, and lien waivers signed and notarized if appropriate.
- MaineHousing must review the bid specifications prior to soliciting bids.
- Specifications need to meet all MaineHousing standards for construction.
- Contractors performing work in excess of \$200,000 may be required to obtain a performance and payment bond.
- MaineHousing will need to review the bids before the reconstruction job is awarded.
- The owner will need to sign a “reconstruction agreement” in connection with the escrow.
- The disbursement of insurance proceeds will follow MaineHousing’s standard requisition and retainage process.
- If the property has project based Section 8, certain restrictions on payment of subsidy apply to units that are not habitable.

The above procedures are in place to ensure quality and timely reconstruction of the premises.

June 29, 2018

Asset Management Section 8 Multi-Family Scoop

REAC INSPECTIONS

If the inspector noted any exigent health and safety (EH&S) deficiencies at the time of the inspection, the Owner or their representative received a report listing those deficiencies. HUD requires the deficiencies be immediately corrected or mitigated and actions taken reported within three (3) business days of receipt of the report. The local HUD Office of Housing must be provided with a certification, on your letterhead, that those exigent items have been corrected. You must use the language in the certification enclosed with the REAC report to report completion of the EH&S deficiencies. *Please provide MaineHousing with a copy your certification to HUD reporting completion of the EH&S deficiencies.* As a reminder, do not send your report to REAC

HUD Form 9887 (02/2007) NOTICE AND CONSENT FOR THE RELEASE OF INFORMATION to the U.S. Department of Housing and Urban Development (HUD) and to an Owner and Management Agent (O/A), and to a Public Housing Agency (PHA)

The tenant is not supposed to sign this form if the space for organizations requesting release of information is left blank. In the past the HUD Manchester, NH Field Office was Maine's HUD contact. Staffing assignments have changed. The New England Region HUD contact should be identified as HUD Boston Satellite Office, Attention: Director, Multifamily Division, Thomas P. O'Neill, Jr. Federal Building, 10 Causeway Street (3rd Floor), Boston, MA 02222-109. You do not have to identify your project specific Account Executive. Note, however, that should you need to contact your HUD Account Executive, they are identified in IREMS/Summary. Also, the PHA contact is MaineHousing, Attention: Director, 353 Water Street, Augusta, ME 04330. Please update your records accordingly.

VERIFICATION OF AGE

HUD HANDBOOK 4350.3 Rev-1, Chg. 4, Section 3-28 C.

Owners may need to verify age for several reasons: to determine eligibility for a property restricted to elderly persons or families or to determine whether a person is old enough to sign a legally binding contract. Owners may also need to verify age to determine whether a family is entitled to certain allowances based upon the age of the head, spouse, co-head, or minor. Some examples of family allowances are: dependent deduction; child care deduction for anticipated expenses for the care of children under the age of 13; deduction for disability assistance expense to allow a person age 18 or older to work; and elderly/disabled family deduction. Verification of age may be obtained using any of the documents listed in HUD Handbook 4350.3 Rev-1, Chg. 4, Appendix 3. As a reminder, Appendix 3 is not an exhaustive list of verification documents. For example, a Maine State issued driver's license is acceptable.

HUD RESIDENTS RIGHTS AND RESPONSIBILITIES NOTICE

On March 8, 2018 HUD's Office of Multifamily Housing Programs released an updated Residents Rights and Responsibilities Brochure. *Owner/agents should stop using the old version.* The brochure may be downloaded and printed at https://portal.hud.gov/hudportal/documents/huddoc?id=DOC_12162.pdf or www.hud.gov/sites/dfiles/Housing/documents/resident_rights_brochure_8.pdf.

RECEIVING AND RECORDING AN APPLICATION FOR HOUSING

Upon receipt of an application for tenancy or assistance, the owner must indicate on the application the date and time received. This may be accomplished by either using a date and time stamp or by writing and initializing the date and time received. *MaineHousing staff have been finding several instances where the hand written date and time is not being initialized by the recorder.*

HARDSHIP EXEMPTION

HUD Handbook 4350.3, Rev-1, Chg. 4, Section 5-26, D. 3.a & D.3.b. When a tenant requests a financial hardship exemption, the Owner/Manager must waive the minimum rent. *As part of the management and occupancy review process MaineHousing will ask about Management's policy on notifying tenants of their right to a Hardship Exemption.*

The Section 8 Scoop is brought to you by the Asset Managers from MaineHousing. For further questions, clarifications, or concerns please contact MaineHousing and ask to speak with your Asset Manager.