



**MSHA ASSET MANAGEMENT NOTICE: 2006-05
ISSUED: March 21, 2006**

To: All Owners and Manager of MSHA Financed and/or Administered Properties

From: Donna Baker, Director of Asset Management

Topic: Implementation of the Revised Form HUD-9834: Management Review for Multifamily Housing Projects

MSHA Notice Process and Policy:

In order to significantly reduce the consumption of paper, notices are now sent via email to those who have e-mail addresses and, for the time being, via conventional mail for those who do not have e-mail capability. A great deal of information pertaining to the affordable housing industry can be found online and can be disseminated via e-mail. We strongly encourage all of our partners to acquire e-mail capability so as to make the sharing of information timely and efficient. It is also imperative that owners and managers who do have e-mail capability inform MSHA of any changes in the name of the contact person or e-mail address. Changes in contact information may be sent to the Asset Manager assigned to the property.

Each notice identifies the date issued and is assigned a notice number for future reference. The number of this particular notice is **2006-05**. The notices are posted on MSHA's website at www.mainehousing.org and can be located by notice number. To access this section, select the "partner information" tab at the left of the screen and then select "Asset Management Department Notices" at the right of the screen. The notice number is followed by a list of subjects addressed in the particular notice and a listing of attachments which can be accessed through the website.

Each notice is sent to all owners and managers of record. Although not all of the content of each notice affects all property and program types, MSHA believes it is most efficient to send the information to all partners. The notices are divided into sections based on subject matter and each section identifies the intended audience. Notices are also accompanied by attachments related to the various topics addressed, if any. We strongly encourage recipients of the notices to review each section to determine if the information provided is pertinent to their type of property or program. If a recipient is unsure of how or if the information provided affects their particular property type, they should consult the Asset Manager assigned to their particular property or management company for clarification.

To: All Owners and Managers of Project-Based Section 8 Properties

Re: Implementation of the Revised Form HUD-9834: Management Review for Multifamily Housing Projects

Effective February 1, 2006, pursuant to the direction of the U.S. Department of Housing and Urban Development, the form HUD-9834 (*a copy of which is attached hereto*) is to be used to conduct Management and Occupancy Reviews (MORs) for **all Section 8 properties**. Since assuming monitoring responsibilities for Performance-Based Contract Administration (PBCA) properties in 2000, MSHA used a similar version of this form only for PBCA reviews. Many of our owners/agents are familiar with the format and reporting procedures associated with the HUD-9834. This form now will be used for all “traditional” contracts for which MSHA may or may not have financing. It is important to note that this form was designed by HUD to not only be used by Contract Administrators (CAs) like MSHA, but also to be used by HUD field staff. Certain portions of the revised monitoring tool are specific to HUD field staff and are omitted in MSHA’s review. These areas have been identified on the form. A Response Matrix was also created for the convenience of the reviewer and the owner/agent which shows exactly which questions are to be completed and by whom.

The MSHA Asset Management staff is now in the process of scheduling MORs for 2006 for both PBCA properties and traditional CA properties. Prior to conducting these MORs, it is important to review the new format of the monitoring tool and to understand the changes and how they affect responses and the gathering of information. Below is an outline of the new format.

Cover Page: The cover page provides instructions for the completion of the form, who is responsible for completing the specific sections of the form and to whom the form is sent upon completion. These instructions are primarily for the role of the CA or HUD field staff person completing the form.

Summary Report: The Summary Report is very similar to that of the earlier version of the form. The most noticeable difference is the inclusion of a new rating level: **Above Average**. As in the past, properties receiving “below average” or “unsatisfactory” ratings on any specific category or on the overall rating may appeal their ratings within 30 days of the date of the report.

Summary Report Findings: This section of the report will identify any problems and/or deficiencies and the corresponding section of the report that relates to the issues, citations for regulatory requirements, the impact of the problem and/or deficiency, corrective actions that are required and the timeframe in which the actions must occur.

Part I – Desk Review: The Desk Review will be completed by the reviewer prior to the on-site visit. Several of the items in this section are to be completed by HUD staff only.

Part II – On-Site Review: The On-Site Review is to be conducted by the MSHA Asset Manager assigned to the property/management company or their designee. As is true with the Desk Review, certain sections of this portion of the review are only completed by HUD staff. Those sections which are to be completed by HUD staff only will have an “X” in each possible answer box and in the comment section. The accompanying Response Matrix also indicates which items are to be completed by the reviewer, the owner/agent and HUD staff. It will be invaluable to the reviewer to have as many of the sections completed as possible prior to the on-site review and to have all information requested available.

Addendum A - Tenant File Review Worksheet: This section of the review will be conducted by the MSHA Asset Manager or their designee. All current tenant files, recent move-outs, rejected applications and waiting lists will need to be made available at the time of the on-site review in order to complete this section.

Addendum B – Part A: Section I – Occupancy: This section is to be completed by the owner/agent and made available to the reviewer at the time of the on-site review. This portion of the addendum must be signed and dated by the owner/agent. Instructions for the completion of this section can be found on pages 6-8 of Addendum B. Addendum B is attached hereto as a separate document for your convenience.

Addendum B – Part A: Section II – Accessible Units: This section also is to be completed by the owner/agent and made available to the reviewer at the time of the on-site review. This portion of the addendum must be signed and dated by the owner/agent. Instructions for the completion of this section can be found on pages 6-8 of Addendum B. Addendum B is attached hereto as a separate document for your convenience.

Addendum B – Part A: Section III – Program Accessibility: This section also is to be completed by the owner/agent and made available to the reviewer at the time of the on-site review. This portion of the addendum must be signed and dated by the owner/agent. Instructions for the completion of this section can be found on pages 6-8 of Addendum B. Addendum B is attached hereto as a separate document for your convenience.

Addendum B – Part B: On-Site Limited Monitoring Review: This section is to be completed by the reviewer and the owner/agent at the time of the on-site review. To expedite the process of completing this section of the addendum, information can be gathered by the owner/agent prior to the on-site review. Addendum B is attached hereto as a separate document for your convenience.

Addendum B – Part C: Section 504 Review: This section is to be completed by the reviewer at the time of the on-site review. To expedite the process of completing this section of the addendum, information can be gathered by the owner/agent prior to the on-site review. Addendum B is attached hereto as a separate document for your convenience.

Addendum B – Part D: Documents Reviewer Should Obtain from Owner/Agent: All documents for this section are to be brought back by the reviewer after the initial use of the form HUD-9834. Those documents that are unavailable are to be indicated as such in **column d**. Those documents that will be sent to FHEO (Fair Housing and Equal Opportunity) directly by the owner/agent are to be sent to the address provided on the Response Matrix. To ensure that documents are properly recorded as having been received, it is important that the Project Name, FHA/Project Number and the Section 8 Number (HAP) be clearly identified on the submission. For subsequent reviews, the reviewer may be asked by FHEO to bring back certain documents that were not gathered at the time of the initial review. Addendum B is attached hereto as a separate document for your convenience.

Addendum C – Documents To Be Made Available By Owner/Agent: Those items with an “x” are to be made available for the reviewer at the time of the on-site review. Form HUD-9834 is to be used for the occupancy review of all Section 8 properties and those sections pertaining to HUD financial management and reporting requirements are omitted. However, many non-PBCA properties are MSHA financed and require financial reviews for bond and programmatic compliance. A separate monitoring tool will be used for this portion of the on-site review and the required documentation will

be outlined in the confirmation letter. Addendum C is attached hereto as a separate document for your convenience.

All of these documents may be found on MSHA's website at www.mainehousing.org. To access these forms, select the "partner information" tab at the left of the screen and then select the desired form. The new version of form HUD-9834 is in Microsoft Word, therefore no special software or reader will be necessary to use the form.

Also accompanying this notice is a set of **MOR Frequently Asked Questions (FAQs)** published by HUD. This is a compilation of questions raised by a variety of entities within the housing industry. Hopefully, this information will help answer some of your questions that may arise. Additional sets of FAQs will be compiled and forwarded to you as they become available.

As is true with any change in procedure, the period of transition will be fraught with confusion and questions. We ask your patience during this time of transition and we will gladly provide any information and support needed. If you have any questions about the use of the new form HUD-9834, please contact the Asset Manager assigned to your properties/management company. Please feel free to also contact Daniel Drost, Senior Asset Manager at 626-4623, 1-800-452-4668 (toll free in state only) or by email at ddrost@mainehousing.org.

Attachments (via email only):

Form HUD-9834: Management Review for Multifamily Housing Projects (Entire Form)

***Form HUD-9834: Addendum B, Parts A, B, C & D – Check List for On-Site Limited
Monitoring and Section 504 Reviews***

***Form HUD-9834: Addendum C – Documents To Be Made Available by Owner/Agent
MOR (Management and Occupancy Review) Frequently Asked Questions***

Form HUD-9834: Response Matrix