



Maine Real Estate Managers Association



WWW.MREMA.ORG

Summer, 2009

MREMA Quarterly Training Energy Audits and Weatherization

Thursday, June 18
Hilton Garden Inn - Auburn

Please join us for the June quarterly meeting. There will be a continental breakfast and registration at 9:00 AM, with the business meeting starting at 9:15AM. Following the meeting, representatives from HUD, MaineHousing and Rural Development will provide a panel discussion and answer questions from attendees. To get answers to your questions, e-mail them to Gary Crowell (gcrowell@stanfordmanagement.com) prior to the meeting. Lunch will be served on the patio (weather permitting).

The afternoon training for the quarterly meeting will be presented by Curt Lefevbre, Capital Needs Facilitator for Stanford Management and Matt Holden, a licensed engineer and owner of Investment Engineering. The discussion will provide useful information on what to look for when evaluating the energy use of a property and helpful hints to reduce utility consumption. They will highlight the value of an energy audit and show managers how they can use the audit results to lower operating costs.



The registration deadline is June 6. Get your registrations in now so you don't miss this opportunity to learn how to save money at your properties!

Spotlight on the MREMA Web-Site

We have a new address on our links page for you to check out.

For those of you who have LIHTC projects, you might be interested in this website, which includes an archive of LIHTC IRS guidance and newsletters:

http://www.novoco.com/low_income_housing/lihtc/irs_guidance.php

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If you have comments, ideas, or suggestions, please email WWard@midmaine.com.

From the President's Corner by Susan Michaud-Bosse

The 2009 Annual Conference Committee has been hard at work planning another great conference. Please save the dates:

October 19th, 20, and 21st
Sugarloaf Resort and Conference Center

Some of the highlights of this year's conference include:

-  Keynote speaker Toni Blake speaking on "The Butterfly Effect"
-  Legal issues relating to Bed Bug infestations
-  How to survive a Tax Credit audit
-  Assets 201
-  Allowances/Deductions 201
-  Fitness Team Building
-  Legal Roundtable

These are only a few of the great workshops we have planned. You won't want to miss it!

We are accepting nominations for the Susan E. Simpson Award. This award is given to someone in our industry who has demonstrated and shown outstanding commitment and dedication in the field of property management. A candidate for this award must meet the following criteria:

1. Practices excellence in the field of property management or related occupation;
2. A visible force in the industry; educating, leading or guiding;
3. Selflessly contributes their time to a cause that benefits humanity above and beyond responsibilities and expectations of their career;
4. A respected individual who personally and professionally serves as a role model for other aspiring persons within our industry.

If you know of someone who meets the above criteria, please send your written nomination to:

Diane MacDonald
Emerald Management Corp
752 Main St.
Westbrook, ME 04092

The past recipients will review all of the nominations and decide who will receive this award. Past recipients are:

- 2007 Diane MacDonald, Emerald Management
- 2000 Joe Calise, US Department of Housing and Urban Development
- 1997 James Otis, President, Otis, Atwell & Timberlake
- 1996 The late Jacqueline (Jackie) Wagner, The Housing Foundation
- 1995 Rosemary Moeykens, Director of Management, Maine State Housing Authority
- 1994 Kathleen Roberts, President, Coastal Management Company

MREMA Membership News by Cathie Whitney

This year's membership renewals have been very prompt and we have six new members year to date. Our current membership totals 103 organizations. At this time, we have 72 Regular Members and 31 Associate Members. *Welcome to new Associate Members Webber Oil, Benchmark, Sunrise Solutions and Fortin Construction.*

We encourage all members to visit our website at www.mrema.org. By selecting "About Us" and "Membership Listing" you'll be able to see exactly how your organization is listed on our website.



Did you know....the membership list is our source for members' email addresses and is used to send out information about training opportunities and industry updates including legislative activity. If you'd like to confirm or update the email contacts for your organization, please send a note to me at cwhitney@ccrealtymanagement.com



Toys for Tots and Teens - 2009



MREMA's annual fundraising event will be held at the Holiday Inn Portland West on Thursday, December 3, 2009. The quarterly meeting will be on Friday, December 4th. It is never too early to solicit donations, so we are urging you to help us make this one of the most successful fundraisers ever. If you would like more information, please contact Susan Michaud-Bosse, smbosse@midmaine.com.

In memory of Mary Weiss

Submitted by Susan Michaud-Bosse

It is with deep regret that we learned of the death of our friend and colleague, Mary Weiss. Mary passed away on Wednesday, May 13th after experiencing a severe medical crisis.

She will be remembered for her quick wit, enthusiasm, and great sense of humor. Many of us have known her for many years from the training she provided. One of our board members called her an "Icon", which is exactly what she was.

Mary provided training on Boundaries and Sexual harassment at the maintenance seminar in April 2007 and Fair Housing in April 2009. We will never forget her stick people that always made us laugh. Her style of training was like no other and one thing is for sure, no one ever fell asleep while she was talking.

Mary Weiss will be missed by all.

MaineHousing Update

by Bob Conroy, Director of Asset Management

Low-Income Housing Tax Credit - Proposed Data Collection Requirements

The Housing and Economic Recovery Act of 2008 (HERA) requires Housing Finance Agencies to collect and transmit to HUD annually information about Housing Credit tenants, including their race, ethnicity, family composition, age, income, use of rental assistance, disability status, and monthly rental payments. The legislation also states, "Such State agencies shall, to the extent feasible, collect such information through existing reporting processes and in a manner that minimizes the burdens on property owners." Currently, HUD is in the process of creating a process for collection of this data. Comments to HUD are due May 29, 2009. Please stay tuned, these additional requirements may create a significant change for those managing Low Income Housing Tax Credit properties.

MaineHousingSearch.org

Linking People Who Need Housing With the Housing They Need

MaineHousingSearch.org is about to be launched and MaineHousing needs everyone's help!

MaineHousingSearch.org is a free, statewide housing locator service helping landlords of all property types and prospective tenants find each other. This free service is sponsored by MaineHousing and the Department of Health and Human Services, and is a collaboration with 211 Maine. During the month of June, MaineHousing, Rural Development and HUD's multifamily portfolios will be loaded in to this website which is administered by Socialserve.com. Socialserve staff will be contacting all landlords in these portfolios to update individual property information. **Your cooperation in facilitating these updates is greatly appreciated!**

On July 1, 2009, landlords will be able to begin updating their vacancy listings on their own, using the free, 24-7 online service supported by the toll-free call center. Registering each property will allow landlords to update information about available units, photographs of the properties, special features and amenities and much, much more. On August 1, 2009, the website will go live and prospective tenants will be able to commence their searches for housing. More information about the implementation and launch of MaineHousingSearch.org will be coming to each of you.

If you have any questions about the launch of MaineHousingSearch.org, please feel free to contact Daniel Drost at ddrost@mainehousing.org. or Jennifer Boardman at jboardman@mainehousing.org.

FREE Forum for Landlords

June 24, 2009

Augusta Civic Center

To provide additional information about MaineHousingSearch.org, MaineHousing is sponsoring a one-half day landlord forum on June 24, 2009 at the Augusta Civic Center. This forum is free and open to all landlords. The official brochure for this event and registration form will be sent out in early June - so save the date! For the convenience of landlords in the far corners of the state, the forum will also be broadcast on the web. Information about participation via a webcast will be provided with the brochure and registration materials.

MaineHousing Update, cont'd

The forum is also an opportunity to learn more about MaineHousingSearch.org and other programs that will benefit a wide-range of landlords and tenants. Other presentations at this forum include:

Rental Subsidies:

- Housing Choice Vouchers - Section 8
- Bridging Rental Assistance Program - BRAP
- Rental Assistance Coupons Plus Program - RAC+
- Shelter Plus Care

Homeless Prevention and Rapid Re-Housing Program - American Recovery and Reinvestment Act:

Financial Assistance to Tenants

- short and mid-term rental assistance
- security deposits
- utility deposits and payments
- moving expenses

Housing Relocation and Stabilization

- case management
- out reach
- housing search and placement
- legal services
- mediation and credit repair

Lead-Based Paint

- Information regarding recent federal regulatory changes

If you are aware of other landlords in your area who would benefit from this forum, please share this information. Questions may be referred to either Daniel Drost or Jennifer Boardman at the emails provided above.

Certification of Zero Income Form - Best Practices

In Asset Management Notice 2009-08 dated May 11, 2009, MaineHousing provided landlords with a *Certification of Zero Income Form* which may be used at any property type. This form is not mandatory, however it is a good tool to:

- Determine if the household is indeed "zero income";
- Define for the household what constitutes "income";
- Define how certain household expenses are being met; and
- Remind the household that they will be required to re-verify their "zero income" quarterly.

Again, although not mandatory, Asset Management staff encourages the use of this form. The form is in a Word format and can be found on MaineHousing's website at www.mainehousing.org.

Green Retrofit Program for Multifamily Housing

HUD announces the availability of \$250 million under its Green Retrofit Program for Multifamily Housing. The American Recovery and Reinvestment Act of 2009 (ARRA) included \$250 million

MaineHousing Update, cont'd

for HUD to make loans and grants to eligible multifamily property owners to fund installation of utility-saving and other retrofits that will produce environmental benefits in various HUD-Assisted multifamily housing properties. On May 13, 2009, HUD announced its new Green Retrofit Program for Multifamily Housing and made those appropriated funds available. Click here to read the full article on [nixonpeabody.com](http://www.nixonpeabody.com).

http://www.nixonpeabody.com/publications_detail3.asp?ID=2740

For more information, please contact:

- Randall Kelly at 202-585-8760 or rkelly@nixonpeabody.com
- Stephen J. Wallace at 202-585-8714 or swallace@nixonpeabody.com
- Wylie Allen at 213-629-6079 or wallen@nixonpeabody.com

HUD Publishes Notice H 09-02: Green Retrofit Program for Multifamily Housing

By Diana Huot, HUD Sr. Project Manager

The much anticipated Green Retrofit Program details were finally published on May 13th. My excitement regarding the program, however, was dampened significantly when I read (on page 7) that one of the threshold requirements for eligibility is minimum property size:

Sec. 202	32 units
Sec. 811	8
Sec. 515/8	20
P-B Sec 8	72

Unfortunately, these “minimums” do not bode well for Northern New England and other rural areas around the country.

For those of you who have properties that meet the minimum, I hope you do take advantage of this opportunity and I wish you the best. For those of you who have properties that don't, I share your disappointment. For all, please read the notice carefully before putting “pen to paper” or expending any funds in preparation of a submission.

Rural Development Update

by Robert Nadeau, Multi-Family Housing Specialist

Capital Improvements for 2009

Owners and managers should be reviewing the 2009 approved budgets and the capital items listed. You should be obtaining bids and estimates for the work at this time so as to complete planned work in a timely manner and during the short construction season. Better prices may be obtained during this time of year as well, when contractors are lining up their spring/summer work. We've noticed that a lot of the work is being put off until fall; then, everyone is having to hurry to get the work done before cold weather (shouldn't be doing exterior painting in late Oct, paving plants may close early due to weather, etc.). The Maine RD internet website (<http://www.rurdev.usda.gov/me/construction.htm>) has sample specs for doors, windows (along with egress requirements), roofing and siding. Specs should be submitted to RD for review, comments and/or concurrence before putting the projects out to bid.

Replacement Reserve Requests

Form RD 3560-12 "Request for Authorization to Withdraw Reserve Funds," is used for the purpose of Rural Development authorizing the request to proceed with work to be done. After the work is complete and accepted by the owner/manager, a copy of the invoice needs to be submitted to Rural Development along with the check or withdrawal slip for countersignature prior to the funds being withdrawn from the replacement reserve account. It is also extremely important that the requirements of HB-2-3560, Chapter 4, Section 3, 4.17, are followed with respect to bidding requirements for all Identity of Interest (IOI) and non-IOI entities. [Procedure Reference: HB-2-3560, Chapter 4, Section 3 and 7 CFR 3560.306]

All replacement reserve accounts should have a current Depository Authorization form completed and on file that indicates who has authorization to make withdrawals from the reserve account and whose signature is required to accomplish that. If you close out a reserve account and open a new one, a new Depository Authorization must be completed for the new account.

Zero Income Tenants

In cases where an applicant or tenant is claiming they have no household income, nor can the tenant or applicant anticipate a source of income, it will be necessary for the applicant or tenant to demonstrate financial capability to meet other basic living expenses and the rental charge. This amount must include income for essential living expenses such as, food, clothing, diapers, transportation and any nonessentials items being paid such as telephone, cable television, internet service etc. The basis for this income must be documented in the file. Guidance for the verification of zero income is found in Attachment 6-B of HB-2-3560.

The borrower must review the circumstances of the tenant quarterly to ascertain if circumstances have changed. The borrower must remind the tenant that the lease specifically states that it is the tenant's responsibility to immediately report changes in income to management.

If we are reviewing a zero income certification and request supporting documentation from your office, please include all quarterly reviews of the tenant's circumstances described above.



REAC Inspection News

HUD issued Inspector Notice #2009-02 on May 29, 2009 to all HUD Inspectors certified in the use of the Uniform Physical Condition Standards (UPCS) Inspection Protocol. The notice establishes requirements for the inspection of ranges/stoves and ovens during inspections of HUD assisted and insured properties. The inspection is applicable to all ranges/stoves and ovens in units and in common areas and the process is as follows:

- A. Effective July 20, 2009, inspectors will no longer turn ranges/stoves and ovens on and off when inspecting them. Beginning on this date, the property representative that accompanies the inspector throughout the inspection must turn all ranges/stoves and ovens on and off during the inspection of the appliance.
- B. When inspecting ranges/stoves and ovens, all inspectors are to adhere to the following:
 1. The inspector is to observe and determine if the range/stove/oven functions as intended after it is turned on, determining if any deficiencies exist, and recording any observed deficiencies, as applicable.
 2. The inspector must remain in close proximity to the range/stove/oven from the time the property representative turns it on until the property representative turns it off. After the range/stove/oven is turned on and during the time it is heating up, the inspector may inspect other inspectable items in the kitchen.
 3. In the event that the property representative will not or does not turn on the range/stove/oven when asked, the inspector is to inform the property representative that he/she is required to do so.
 4. If the property representative does not turn the range/stove/oven on and off, the inspector is to record a Level 3 deficiency, "inoperable", and inform the property representative.
- C. Initially, inspectors may have to remind property representatives that in addition to providing the inspector with access to ranges/stoves and ovens (by removing any items that may be damaged when the appliance is on), they must now turn these appliances on and off.

Points will not be added back for any technical review or appeal that is submitted based on the property representative's failure to turn on and off ranges/stoves and ovens. In addition, there will be no property re-inspections granted on the basis of a property representative's refusal to turn on and off ranges/stoves and ovens as required.



Seven Essential Resident Screening Tips

Submitted by RentGrow Inc.

Spring is upon us. As the weather heats up, so will the traffic in the leasing office. Now is the perfect time to freshen up your resident screening practices for Spring 2009. Here are some *essential resident screening tips* to help you prepare for peak traffic.

1. Evaluate your criteria. Now is the time to review your occupancy rates and bad debt to determine if you might need to adjust your customized screening criteria. "With the present economic turmoil, being pro-active is the best way to stay ahead of the game," says Mike Lapsley, president and CEO of RentGrow. "It's really key to communicate with your screening provider and make necessary criteria adjustments that form the best results." In many regions of the country today, slower household formation is impacting demand, more applicants have experienced foreclosures or other financial challenges, and the employment market is less stable. You may want to speak with your screening company about your customized screening criteria and make sure your standards are appropriately calibrated with current market forces in your area, as well as your property's traffic flow, occupancy, and bad debt.

2. Run your applicants efficiently. Time is money. It's critical that your screening is thorough, but also critical that the screening workflow is configured in the fastest and most efficient manner possible. Ask yourself: How long does it take to get the results from each component of the screening process? What are the most essential components of the applicant screening process, and where are those components in my workflow? How much am I paying, in terms of both screening report costs and time, for each component of the screening process? Eliminate unnecessary steps and make sure the ordering of the workflow is logical and efficient. A good web-based screening platform will allow you to program customized workflow management rules, saving you time and money while maintaining consistency.

3. Re-train now, before peak traffic months. When the leasing office gets busy this summer, you want everyone to be on top of their game and focused on showing units and signing leases. "Even if you feel the process of screening applicants has become routine, it still makes sense to review internal screening procedures, policies, and fair housing laws with staff members to make sure everyone is on the same page," adds Lapsley.

4. Call the experts when questions arise. When you have a question with a screening report, whether it's a criminal record classification, the details of a credit report, or a challenge from an applicant, contact your screening provider immediately.

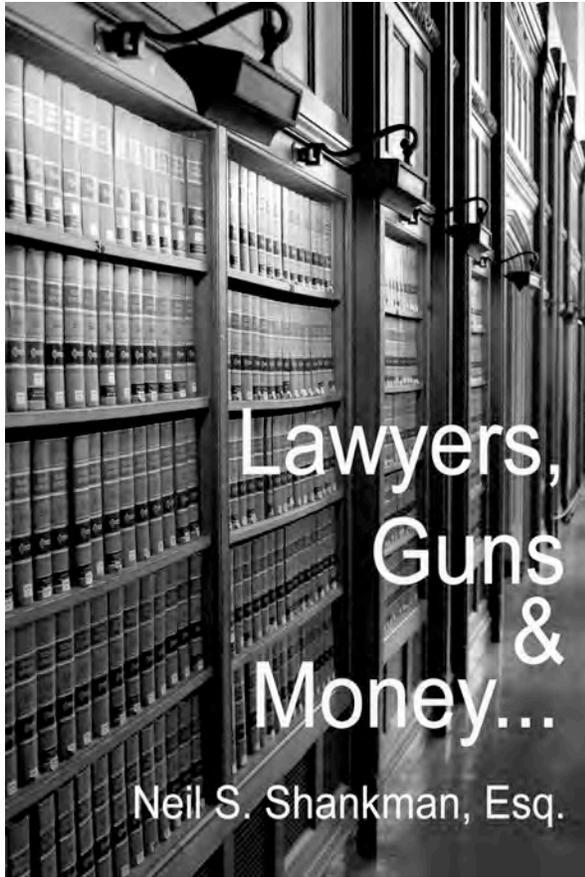
5. Determine if it's necessary to implement new screening services. If you are contemplating adding new screening services, such as address search, landlord & tenant /eviction, rental history records, etc., evaluate and decide whether to implement these services before peak season. Your screening provider can advise you on the best options to help you achieve your screening goals.

6. Keep things simple - have a cheat sheet. Keep your own directory that includes all of your vendor and service providers' contact names, email addresses, and phone numbers that you can reference quickly when questions arise.

7. Consider taking a refresher training class from your screening provider. Retouch on the process of submitting and reviewing an applicant's information and get any lingering questions answered.

In this economic climate, we're all looking forward to warmer weather to kick-start the "busy season." Be prepared and take care of the essentials!

John Kelly is the local sales consultant of RentGrow, Inc., the resident screening experts (www.rentgrow.com). He can be reached at kellyj@rentgrow.com or call 781-332-3356.



Every time the Legislature gets back in session the words of Warren Zevon's 1978 satirical song pops into my mind: "Bring lawyers, guns and money". All sort of unrelated consequences and just plain trouble can arise from good-intentioned Legislators grabbing chainsaws to do surgery. State Government and the Court system constantly throw us all kinds of curve balls. All of this gives us little reassurance as landlords and property managers. The best advice is to try and do our jobs and avoid getting tangled up in the legal system. Because of these concerns, this column will be a bit different from others that I have written. We will focus on four separate issues that deserve your immediate attention.

Carbon Monoxide Detection Legislation

The Legislature is currently considering LD 550, An Act To Protect Maine Residents from Home Fires and Carbon Monoxide. This proposal requires a nationally certified "carbon monoxide detector" to be installed in all multi-family apartment buildings. In its initial draft, one cannot be clear as to how many detectors will need to be installed, but it is clear that there will be a requirement of at least one in every apartment and an additional one or more in each corridor and hallway on each floor of a three story building. If the tenant is disabled and needs a detector specifically suitable to meet their special needs, a detector that uses light instead of sound can be requested by the tenant. The landlord would be required to absorb this expense and if the landlord fails to act on a timely basis, the tenant is allowed to "deduct the actual cost from the

rent for the dwelling unit".

There are additional specific requirements that must be fulfilled by the landlord each time a unit is rented and at the time of sale or transfer of the property. Failure to comply with the terms and conditions of the proposed law would subject the landlord to a fine of up to \$500.00 for each violation.

The bottom line is that carbon monoxide has caused injury or even death to numerous people over the years. The question is who should bear the responsibility for installation of monitors and who should absorb the cost? At a time when neither landlords nor tenants appear to be a position to spread themselves much thinner, this is a question that people need to ask of their Legislators.

Recent Security Deposit Issues

Most landlords and property management companies routinely require security deposits from their tenants. At the end of the tenancy, the security deposit must be returned on a timely basis, unless there is a legitimate basis for withholding some or all of it. You may not withhold money from a security deposit for "normal wear and tear". This is defined as deterioration based upon use "for which the rental unit is intended, without negligence, carelessness, accident, or abuse of the premises or equipment or chattels by the tenant or members of the tenant's household or their invitees or guests."

If the premises were leased to a tenant in a habitable condition, normal wear and tear does not include sums required to be expended by the landlord to return the rental unit to a habitable condition, including cleaning. Normal wear and tear does not include money paid or labor expended by the landlord in removing personal property or trash left behind by the tenant. Your Lease Agreement should specifically provide that funds can be withheld for unpaid rent, nonpayment of utility charges that were supposed to be paid to the landlord directly, damages to the premises, and even the cost for storing and disposing of unclaimed property that was left behind. If your Lease Agreement includes a provision for recovery for an unauthorized subsidy or any other outstanding obligation, it is fully enforceable.

For those property managers who are permitting new tenants to make security deposit payments on a monthly basis, please be sure that your Lease specifies the consequences of the tenant's failure to make the monthly payment.

The Lease should clearly and definitely state that failure to pay make the security deposit payments is tantamount to failure to pay rent and, as such, will be grounds for eviction.

Don't Let the Bed Bugs Bite

A number of clients have recently raised concerns about their rights and obligations when bed bugs infest a building. Your obligations are no different than with any other insect or rodent. Unless you have a definitive basis for placing blame for infestation on a particular tenant, the landlord's obligation is to arrange for a professional exterminator to address the problem. A tenant's obligation is to cooperate fully so that the problem can be eradicated once and for all. Failure of the tenant to cooperate can and should be a basis for eviction. For more information regarding the non-legal aspects of this problem, check out bedbugger.com.

Housing Discrimination Complaints

We have noted a significant increase in the number of housing discrimination complaints that been brought to our attention over the course of the last couple of months. While some of these complaints are obvious violations of the law that no responsible landlord will undertake, far too many of them are simple mistakes or misunderstandings regarding the law. The law is clear. You cannot discriminate against a potential tenant or a current tenant based on their race, color, sex, sexual orientation, physical or mental disability, religion, ancestry, national origin, familial status or receipt of public assistance.

The problems that having been coming to our attention recently have involved lease provisions or building rules prohibiting children from engaging in certain inappropriate behavior. The fact that the rules apply specifically to "children" rather than all "tenants, family members, guests and invitees" has been an issue in a couple of cases. Building rules need to apply to all individuals regardless of their age. A prohibition on behavior by children is, in and of itself, a violation of the Maine Human Rights Act.

If you have not done so recently, it is very important that you have your Lease, Rental Agreement, or House Rules reviewed by an experienced attorney. The cost is minimal. The financial consequences of having to deal with the Maine Human Rights Commission can be quite substantial.

Neil S. Shankman, ESQ.

www.shankmanlegal.com



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