

**Management Review  
for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

**PART I. DESK REVIEW** –The Reviewer must complete this section **prior** to the on-site review using all relevant information in project files and HUD database systems. Questions on the desk review, which include category references, are linked to the on-site review. Category references on the desk review that relate to the on-site review must be considered when determining the category rating. Category references are marked following the applicable question (i.e. B3, E14).

If any questions on any given form are not relevant to the program under review or if the information is not available notate with “N/A”.

1. What is the most recent Physical Assessment Subsystem (PASS) score? **B3**

Enter PASS Score \_\_\_\_\_ Date of REAC inspection\_\_\_\_\_

If required, has the project filed a certification that all items listed on the previous REAC inspection have been completed? If more than one inspection is of record, does the reviewer note repetitive defects?

Yes  No

Comments:

2. Were Exigent Health and Safety (EH&S) conditions cited in the report? **B3**

Yes  No

Comments:

3. Have all latent defects been corrected? *(This question applies only to newly constructed projects within the last 24 months.) (This question applies only to HUD Staff/Mortgagees.)*

Yes  No  N/A

If not, list depository and amount of any construction escrows remaining.

Comments:

**Questions 4 through 6 only apply to subsidized family properties or elderly properties housing children under the age of six that were constructed prior to 1978. If the lead based paint inspection has been conducted and the information was documented on the previous management review, proceed to question 7.**

4. Document year of construction for Lead-Based Paint compliance. *(Obtain this information from the Physical Condition/PASS screen in REMS Open REAC Inspection Report, then open the PASS Physical Inspection Report. The year of construction can be found under Buildings/Units .)*

Date of Construction \_\_\_\_\_ **(If constructed after 1977, proceed to question 7.)**

5. Has a lead-based paint inspection been conducted? **4B**

Yes  No  Information Not Available

Comments:

6. What were the results of the Lead-Based Paint Inspection/Evaluation? **4B**

**Lead Found?**

Yes  No

If yes, is there a HUD approved lead hazard control plan?

Yes  No

Comments

7. Is an Annual Financial Statement required? (If no, proceed to question 10). *(This question applies only to HUD Staff.)*

Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

8. What was the most recent Financial Assessment Subsystem (FASS) score? *(This question applies only to HUD Staff)*

Enter FASS Score \_\_\_\_\_

If financial reporting is not required determine why; and record in reviewer comments below.

Comments:

9. Have the following reports been consistently submitted on a timely basis? (Look at multiple periods) Check the appropriate box for reports received and indicate whether or not the report. *(This question applies only to HUD Staff/Mortgagees)*

Annual Audited Financial Statement **Yes**  **No**  **N/A**

Date last report was due: \_\_\_\_\_

Date last report received: \_\_\_\_\_

Monthly Accounting Report **Yes**  **No**  **N/A**

Excess Income Report (HUD-93479, 80, 81) **Yes**  **No**  **N/A**

Quarterly performance report for projects on flexible subsidy, modification, workout, etc. (9813c) **Yes**  **No**  **N/A**

Annual operating budget (cooperatives) **Yes**  **No**  **N/A**

If the reports have been submitted, were they received in acceptable form? **Yes**  **No**

Comments:

10. Has owner corrected all findings on HUD financial and or Inspector General audits? *(This question applies only to HUD Staff/Mortgagees)*  
**Yes**  **No**  **N/A**

List findings outstanding and determine whether remedial action is required to assure correction within established goals:

Comments:

11. Do project operating expenses appear reasonable compared with similar projects? *(This question applies only to HUD Staff)* **D10**  
**Yes**  **No**

Indicate latest OPIIS rating and check problem areas flagged by OPIIS.

Administrative  Maintenance  Utility  Taxes and Insurance  Financial

Also, use OPIIS to conduct an expense comparison.

12. Does annual financial analysis or FASS printout indicate that project is free of actual or potential financial problems? *(This question applies only to HUD Staff)*  
**Yes**  **No**

For each of last 3 years, enter Profit (Loss) before depreciation (from the Statement of Profit & Loss).

Year  
\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_ \$ \_\_\_\_\_

13. If the owner/agent has taken unauthorized distributions, reimbursements, or supervision fees, have these been repaid? *(This question applies only to HUD Staff/Mortgagees)*

**Yes**  **No**

If no, indicate amount due project.

14. If required, have all required deposits to the residual receipts fund been made? *(This question applies only to HUD Staff)*  
**Yes**  **No**

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**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

15. Based on the last FASS submission, are accounts payable reasonably current? *(This question applies only to HUD Staff/Mortgagees)* **D12**

Yes  No

Indicate amount of accounts payable more than 60 days old

16. Does balance in security deposit trust account equal or exceed liability? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

If no, explain how deficit will be funded.

17. If security deposits are invested in an interest-bearing account, is interest passed through to tenants or transferred to project account? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

Comments:

18. Is the management fee paid to the agent in accordance with the management certification? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

Comments:

19. Have the owner and managing agent executed and submitted an appropriate management certification (form HUD-9839A, B, or C) to HUD? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

If yes, please enter date of certification. Determine that the content of certification is consistent with present operations.

Comments:

20. Has the owner and management agent executed a management agreement in accordance with the management certification? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

Comments:

21. Does the management agreement reflect HUD's regulations and guidelines? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No  N/A

Comments:

22. Has management entity profile been submitted to HUD? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

If yes, is it relevant to the agent's organization and how it operates?

Yes  No

Date of management entity profile

23. Do the Management Entity Profile and Management Certifications clearly describe the relationships and responsibilities of the owner and agent? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

Determine if any are identity-of-interest contracts and compare the listing to the annual financial report.

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

24. Have the principals and board members listed received HUD-2530 approval? (Request a list of all current principals and board members and check for HUD-2530 approval.). *(This question applies only to HUD Staff.)*

Yes  No  N/A

Comments:

25. Is agent charging project for expenses for which the agreement requires agent to pay? *(This question applies only to HUD Staff/Mortgagees)*

Yes  No

Comments:

**Questions 26 –29 apply to OAHHP restructuring. If not applicable proceed to question 30.**

26. Has the project's mortgage been restructured? *(This question applies only to HUD Staff.)*

Yes  No

If yes, is there a use agreement on the project? Yes  No

If there is a use agreement, does it require any owner certifications? Yes  No

If owner certifications are required, have they been submitted timely? Yes  No

If applicable, has work required under the Rehabilitation Escrow been/is being completed according to schedule? Yes  No

Comments:

27. Is the owner eligible for incentives? *(This question applies only to HUD Staff)*

Yes  No

If yes, has the owner calculated those incentives correctly? (i.e., Capital Recovery Fee (CRF) and/or Incentive Performance Fee (IPF))

Yes  No

Comments:

28. Does the HUD billing statement (HUD-92771) indicate timely and accurate payments toward the Mortgage Restructuring Note? *(This question applies only to HUD Staff)*

Yes  No

Comments:

29. If an owner is in non-compliance with HUD business agreements, has the owner been notified by HUD within the required timeframes? *(This question applies only to HUD Staff)*

Yes  No

Comments:

**Questions 30 through 33 apply to Section 236 projects. If this is not a Section 236 project proceed to question 34.**

30. Does the rental income generate excess income? *(This question applies only to HUD Staff)*

Yes  No  N/A

Comments:

31. Has the owner/agent received approval to retain excess income? *(This question applies only to HUD Staff) D13*

Yes  No

Comments:

32. Was an annual report submitted for usage of retained excess income? *(This question applies only to HUD Staff) D13*

Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

33. Are there any delinquent excess income payments due HUD? *(This question applies only to HUD Staff) D13*

Yes  No

If yes, is there a payment plan? Yes  No

Comments:

34. Are rent increase requests submitted to HUD promptly when needed? *(This question applies only to HUD Staff)*

Yes  No

Review the timing of the last three rent increase requests and the results of the requests (approval, denial or modification to requested amount) and whether the rents are comparable to other neighboring properties. If a wide disparity exists, determine the cause of the difference.

Does owner/agent generally provide sufficient documentation for rent increases? Yes  No

Comments:

35. Are contract renewals submitted to HUD promptly when needed?

Yes  No

Comments:

36. Complete chart below. *(This question applies only to HUD Staff/ Mortgagees)*

| Name of Reserve                    | As of ____/____/____ |          |                 | Held in Interest Bearing Account? |                             |
|------------------------------------|----------------------|----------|-----------------|-----------------------------------|-----------------------------|
|                                    | Total                | Per Unit | Monthly Deposit | Yes <input type="checkbox"/>      | No <input type="checkbox"/> |
| Replacement Reserve                | \$                   | \$       | \$              | Yes <input type="checkbox"/>      | No <input type="checkbox"/> |
| General Operating Reserve (Co-ops) | \$                   | \$       | \$              | Yes <input type="checkbox"/>      | No <input type="checkbox"/> |
| Residual Receipts                  | \$                   | \$       | \$              | Yes <input type="checkbox"/>      | No <input type="checkbox"/> |
| Other                              | \$                   | \$       | \$              | Yes <input type="checkbox"/>      | No <input type="checkbox"/> |

a. Do balances in replacement or general operating reserve accounts appear adequate to meet future needs?

Yes  No  If not, what action is recommended?

b. Is only one account (i.e., the appropriate reserve or operating expense account) being billed for repairs that are eligible for reimbursement from the reserves?

Yes  No

Comments:

37. Has the owner/agent performed analysis to determine future Reserve for Replacement needs when submitting a budget based rent increase?

Yes  No

Comments:

38. If there is a utility allowance, when was the last adjustment approved?

Effective date of last utility allowance adjustment: \_\_\_\_\_

If a utility allowance was approved was it implemented within 75 days as required by HUD? Yes  No

Comments:

39. What is the effective date of the last rent adjustment? Date of last rent adjustment: \_\_\_\_\_

Comments:

40. Is current approved rent schedule sufficient to meet project needs? *(This question applies only to HUD Staff)*

Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

41. Has a special rent increase been approved?

Yes  No  N/A

If yes, please check the appropriate box.  Insurance  Taxes  Utilities  Security  Service Coordinator

Comments:

42. Are monthly rental subsidy vouchers submitted on time?

Yes  No  N/A

Comments:

43. Is the owner/agent submitting tenant certification data to TRACS to support the voucher billings?

Yes  No  N/A

Comments:

44. What is the term of the subsidy contract? Date of contract term: \_\_\_\_\_

Comments:

45. List vacancy activity for the past twelve months and indicate the number for each month. (This information can be obtained from the TRACS Voucher Detail Summary) **C6.**

| JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC |
|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|
|     |     |     |     |     |      |      |     |      |     |     |     |

46. Is there a Neighborhood Networks Center for the project? (Check REMS or other available source) **(If no, answer "N/A" and proceed to 48)**

Yes  No  N/A

Comments:

47. If yes to question 46, does the Neighborhood Networks Center have a Strategic Tracking and Reporting Tool (START) Business Plan?

Yes  No

If yes, date HUD approved:

If no, when will a START Business Plan be completed?

Projected date for START Business Plan:

48. Are there any unresolved findings from previous management reviews? If yes, specify in the comments section.

Yes  No

Comments:

**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

49. Review complaints, congressional inquiries, etc. received within the last 12 months regarding the overall management practices. Provide a general description below or attach applicable documentation. **G22**

| Issue/Complaint | Status |
|-----------------|--------|
|                 |        |
|                 |        |
|                 |        |
|                 |        |
|                 |        |

**Part II - ON-SITE REVIEW – Indicate by marking the appropriate box - Yes, No or N/A if not applicable. Provide comments as needed.**

**A. GENERAL APPEARANCE & SECURITY**

**1. General Appearance**

1. Based on observation, are the project's exterior and common areas (i.e., grounds, landscaping, parking lots, playgrounds, hallways, laundry room, elevator, garbage area, stairwells, management office) clean, free of graffiti, debris and damage?

Yes  No  N/A

If no, provide location and describe condition(s).  
Comments:

**2. Security**

a. Indicate whether any of the events below have been documented in the last twelve months and the frequency.

| Event                                      | Frequency | Event  | Frequency |
|--|-----------|--|-----------|
| <input type="checkbox"/> Break-Ins         |           | <input type="checkbox"/> Arrests                 |           |
| <input type="checkbox"/> Vandalism         |           | <input type="checkbox"/> Drug Activity           |           |
| <input type="checkbox"/> Auto Theft        |           | <input type="checkbox"/> Other (please specify): |           |
| <input type="checkbox"/> Personal Assaults |           | <input type="checkbox"/> None                    |           |

Comments:

b. Indicate which types of security measures, if any, are utilized on site.

- |   |   |   |   |
|---|---|---|---|
| <input type="checkbox"/> Tenant Patrol                | <input type="checkbox"/> Volunteer Organization | <input type="checkbox"/> Paid Car Patrol        | <input type="checkbox"/> Paid on-site Guard |
| <input type="checkbox"/> Police Patrol                | <input type="checkbox"/> TV Monitor             | <input type="checkbox"/> Drug Free Housing Plan | <input type="checkbox"/> Security Cameras   |
| <input type="checkbox"/> Motion Sensors               | <input type="checkbox"/> Crime Prevention Plan  | <input type="checkbox"/> Community Policing     |   |
| <input type="checkbox"/> Other (please specify) _____ |   | <input type="checkbox"/> None                   |   |

Comments:

c. Based on the answers provided in questions a and b above, what corrective actions, if any have been taken by the owner/agent?

Comments:

d. Has the owner/agent requested a rent increase based on increases in security costs?

Yes  No

If yes, indicate security measures taken.

Comments:

**B. FOLLOW-UP & MONITORING OF PROJECT INSPECTIONS**

**3. Follow-Up & Monitoring of Project Inspections and Observations (Sampling is at reviewer's discretion to respond to questions a and b below)**

a. Based on a sampling, if EH&S items were identified have the deficiencies been corrected and documented according to the owner/agent's certification for the most recent REAC inspection?

Yes  No  N/A

If no, provide explanation.

Does the analysis show any repetitive or systemic problems? Yes  No

Comments:

b. Based on a sampling of units and common areas, for all other deficiencies noted in the REAC inspection (other than EH&S), as applicable, verify that corrective actions have been taken. Have the deficiencies been corrected?

Yes  No  N/A

If no, is there a schedule for correcting the deficiencies within a reasonable timeframe to comply with decent, safe, sanitary and good repair standards?

Yes  No

Comments:

**4. Follow-Up & Monitoring of Lead-Based Paint Inspection – The following questions only apply to subsidized family properties or elderly properties housing children under six years of age that were constructed prior to 1978. If constructed after 1977, indicated N/A for question a and b.**

a. Is there a certification on file documenting the project has been certified to be free of lead-based paint or lead hazards?

*Note: If there is a certification, obtain a copy for the project file.*

Yes  No  N/A

Comments:

b. Is the owner in compliance with the HUD approved lead hazard control plan as noted on the desk review?

Yes  No  N/A

Comments:

**C. MAINTENANCE & STANDARD OPERATING PROCEDURES**

**5. Maintenance**

a. Indicate below to confirm that there is a schedule for preventive maintenance/servicing for the items listed that are applicable.

- Heating and A/C Equipment    Water Heaters    Carpets and Drapes    Roof, gutter and Fascia Inspection  
 Major Appliances    Elevators    Motor Vehicles    Sewer lines    Exterior painting    Windows  
 Recreational equipment    Landscaping maintenance    Other (please specify):

Comments:

b. Is there a satisfactory inventory system for accounting for tools, equipment, supplies, and keys (serial numbers, bar codes, etc.)?

Yes  No

Comments:

c. Has the owner/agent secured inventory items, such as appliances and tools, to prevent theft?

Yes  No

Comments:

d. Does the owner/agent have a written procedure that explains the process for inspecting units?

Yes  No

*If yes, review a copy. Identify employee responsible for conducting inspection: Name and Title:*

Comments:

e. How often are units inspected? (At right, indicate the appropriate answer[s].)

- Monthly    Quarterly    Semi-Annually    Annually    Move-In    Move-Out    Other (please specify):

Comments:

f. How are unit inspections documented?

Please Describe:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

g. If deficiencies are noted during unit inspections, what is the procedure for correction?

Please describe:

h. What is the average number of days from move-out until the unit is ready for occupancy?

Average Number of Days:

Comments:

i. Is there a written procedure for completing work orders?

Yes  No

*If yes, review a copy.*

Comments:

j. Is there a procedure in place to handle emergency work orders?

Yes  No

If yes, describe procedure:

k. Is there a backlog of work orders?

Yes  No

If a backlog exists, indicate the current number of work orders:

Number between 1-3 days: \_\_\_\_\_ Number between 4-7 days: \_\_\_\_\_ Number more than one week: \_\_\_\_\_

Comments:

l. Who is provided copies of completed work orders? (Below, indicate all that apply.)

Tenant  Tenant File  Maintenance Staff  Other (please specify) \_\_\_\_\_

Comments:

m. Is there documentation by unit that indicates the date of purchase, manufacturer, model, and serial number for appliance purchases (i.e., ranges, refrigerators, furnaces, air conditioners, hot water heaters, etc.)?

Yes  No

Comments:

**6. Vacancy and Turnover**

a. How many units were vacant on the date of the on-site visit?

Number of Vacant Units: \_\_\_\_\_ Number Ready for Occupancy: \_\_\_\_\_ Average Length of time for unit turnover: \_\_\_\_\_

Comments:

b. Walk through at least two vacant units that are ready for occupancy. Assess and document unit readiness.

Comments:

c. Based on the interview with on-site staff, are any of the factors listed below contributing to vacancy problems? (Below, indicate all that apply.)

Security Problems  Non-competitive Amenities  Inadequate Marketing  Project Reputation  Poor Maintenance  Rents too High  
 Location  Lack of Demand  Tenant/Management Relations  Other (please specify) \_\_\_\_\_  
 Bedroom Mix/Size (If yes, indicate which bedroom sizes are hard to rent) \_\_\_\_\_

Comments:

d. Based on the responses in questions a, b and c, what actions are being taken by the owner/agent to resolve the issue(s)?  
**If not applicable, proceed to question 7.**

Please describe:

**7. Energy Conservation**

Has management attempted to reduce energy consumption?

Yes  No

(Indicate all that apply.)

- Caulking and weather-stripping  Conversion to individual metering  Storm doors and windows  Consumer education  
 Water saver devices  Extra insulation  Assessment of Utility Rate Schedule  
 Other (please specify) \_\_\_\_\_  None

Comments:

**D. FINANCIAL MANAGEMENT/PROCUREMENT**

*(This section applies only to HUD Staff and/or Mortgagees as indicated. CAs may proceed to Section E.)*

**8. Budget Management**

a. Does the owner/agent's staff have access to the current operating budget to monitor and control expenses?

Yes  No  N/A

Comments:

b. Is an operating budget prepared annually and approved by the owner?

Yes  No  N/A

*If yes, obtain a copy of the current year's budget.*

Comments:

c. Are monthly or quarterly reports prepared by the owner/agent indicating variances between actual income and expenses versus budgeted income and expenses?

Yes  No  N/A

Comments:

d. If this is a 202 or 811 project, does the owner/agent maintain a current annual budget? *(This questions applies only to HUD Staff)*

Yes  No  N/A

If yes, is it available on-site? Yes  No

Comments:

**9. Cash Controls**

a. Are collections deposited on the day received or, pending deposit, are they properly controlled?

Yes  No

Comments:

b. Are adequate controls over cash accepted?

Yes  No

Check controls used.

- Pre-numbered rent receipts  Bank collections  Safe  Lock box

Comments:

c. Do different persons handle bank deposits and accounts receivable, or is an alternative safeguard used?

Yes  No

Indicate Names and Titles:

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

d. Are all disbursement checks prenumbered, properly identified with account numbers and supported by vouchers or invoices?  
Yes  No

Comments:

e. Is the supply of unused checks adequately safeguarded or under the custody of persons who do not sign checks manually, control the use of facsimile signature plates, or operate the facsimile signature machine?  
Yes  No

Comments:

f. Are funds (i.e., receipts, disbursements, petty cash, etc.) periodically checked on a surprise basis by a responsible official (other than site employees)?  
Yes  No

Comments:

g. Are bank statements reconciled promptly upon receipt by someone other than check signer and by one who has no cash receipt or disbursement function?  
Yes  No

Comments:

**10. Cost Controls**

a. Are bills (including mortgage payment) paid in sufficient time to avoid late penalties?  
Yes  No  N/A

Comments:

b. Are operating expenses (including taxes and utilities) periodically reviewed to assure that project is paying the lowest possible rate?  
Yes  No  N/A

If yes, give recent example.

**11. Procurement Controls**

a. What is the procedure used to obtain and award contracts?

Describe procedure:

b. Are bids obtained prior to awarding contracts? (Review contracts and determine if bids were obtained and, if the lowest bids were not selected, obtain owner/agent decision for selection).  
Yes  No  N/A

Comments:

c. Is there a written procedure for checking the quality of work performed by a contractor prior to authorizing payment?  
Yes  No

Comments:

d. Is there a procedure to assure that the individual authorizing contracted work/services is not the same individual authorizing payment?  
Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

e. Who is the responsible person charged with inspecting the quality of work performed by contractors prior to payment?

Please indicate name and title:

f. Does the project maintain a list on outside contractors?

Yes  No

Comments:

g. Are vendor bills paid in time to obtain maximum trade discounts?

Yes  No

Comments:

h. Is there any indication that real or personal property has been subtracted from the mortgaged premises without the permission of the Department?

Yes  No

Comments:

i. Below, check services currently contracted with outside contractors and identify name of contractor and annual amount of contract. (Indicate (by asterisk) whether there is an identify-of-interest relationship between the contractor and the owner/agent)

| Service                                     | Name of Contractor | Annual Contract Amount |
|---|--------------------|------------------------|
| <input type="checkbox"/> Elevator           |                    | \$                     |
| <input type="checkbox"/> Exterminating      |                    | \$                     |
| <input type="checkbox"/> Apartment Cleaning |                    | \$                     |
| <input type="checkbox"/> Heating and A/C    |                    | \$                     |
| <input type="checkbox"/> Plumbing           |                    | \$                     |
| <input type="checkbox"/> Security           |                    | \$                     |
| <input type="checkbox"/> Trash Collection   |                    | \$                     |
| <input type="checkbox"/> Decorating         |                    | \$                     |
| <input type="checkbox"/> Grounds            |                    | \$                     |
| <input type="checkbox"/> Other              |                    | \$                     |

Comments:

**12. Accounts Receivable/Payable**

a. Complete the following as of end of last month.

Cash \$ \_\_\_\_\_ Accounts Receivable \$ \_\_\_\_\_ Accounts Payable \$ \_\_\_\_\_

Are tenant accounts receivable within acceptable limits (10% of one month's rent potential)?

Yes  No

Amount of receivables above is \_\_\_\_\_% of monthly rents due from tenants.

Of this amount, \$ \_\_\_\_\_ is more than 30 days past due.

Comments:

b. Does procedure for write-off of bad debts appear reasonable?

Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

c. Has annual "write-off of tenants' accounts receivable for the last two fiscal years been less than 1% of gross rents due from tenants?  
Yes  No

Comments:

d. Are accounts payable reasonably current?

Yes  No

Indicate amount of accounts payable more than 60 days old: \$ \_\_\_\_\_

What are the owner/agent plans to do to reduce outstanding payables?

Comments:

**13. Accounting and Bookkeeping**

a. Are books and records maintained as required by HUD Handbook 4370.2 (Chapter 4) and 24 CFR Part 5?

Yes  No  N/A

Check books of accounts maintained. Indicate where books may be examined.

O – owner's office; A – agent's office; P – project site

General Ledger ( )  Rent Receivable Ledger ( )  General Journal ( )  
 Cash Receipts Journal ( )  Cash Disbursements Journal ( )  Accounts Payable Journal ( )

b. Are all required project accounts in the name of the project in a federally insured account?

Yes  No

Comments:

c. Are operating funds, security deposits, reserve funds, and flexible subsidy funds maintained in separate accounts and properly secured for authorized use?

Yes  No

Comments:

d. Does the mortgagor make frequent postings (at least monthly) to the ledger accounts?

Yes  No

Comments:

e. If applicable is owner adhering to HUD-approved repayment Plan? (i.e., loan from reserve for replacement, 236 excess income, capital improvement loan, etc.)

Yes  No

Comments:

f. Is centralized accounting used for disbursements?

Yes  No

If yes, are only HUD-insured projects in the pool? Yes  No

Comments:

g. If centralized accounting is used, has it been approved by HUD

Yes  No  N/A

Comments:

h. If centralized accounting is used, is it being operated in accordance with HUD's approval?

Yes  No  N/A

Comments:

**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

~~i. If the trust account is part of a centralized disbursement account, are only HUD-insured projects in that account?~~

~~Yes  No~~

~~If yes, is the project's balance transferred to the project account at least once monthly?~~

~~Yes  No~~

~~Comments:~~

~~j. If there are automobiles and/or charge cards charged to the project, are the titles in the name of the project?~~

~~Yes  No~~

~~If yes, do they have HUD approval? Yes  No~~

~~Comments:~~

***E. LEASING AND OCCUPANCY (This Section does not apply to Mortgages)***

**14. Application Processing/Tenant Selection**

a. Does the application form contain sufficient information to determine applicant eligibility?

Yes  No

Comments:

b. Is there an arms length procedure between the person who denies the applicant and the applicant appeal reviewer?

Yes  No

Comments:

c. Has the owner/agent leased a Section 8 unit to a police officer or security personnel who is over the income limits for the project?

Yes  No

If yes, has HUD or CA authorized the admission? Yes  No

Comments:

d. Does the owner/agent have a written tenant selection plan?

Yes  No

If yes, does the plan include all required criteria as stated in the Handbook 4350.3 REV-1?

Yes  No

Comments:

e. Does the project maintain a waiting list of prospective tenants?

Yes  No  N/A

If yes, does the list include all required elements as stated in Handbook 4350.3 REV-1?

Yes  No

Comments:

f. List number of applicants on the waiting list for the types of units below.

0 BR \_\_\_\_\_ 1 BR \_\_\_\_\_ 2 BR \_\_\_\_\_ 3 BR \_\_\_\_\_ 4 BR \_\_\_\_\_ Other: \_\_\_\_\_

Comments:

g. Were the applicants selected in proper order from the waiting list?

Yes  No

Comments:

**Management Review for Multifamily Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

h. Is documentation available to show that the owner/agent is leasing not less than 40% of the Section 8 units that become available for occupancy in the previous fiscal year to extremely low-income families?

Yes  No  N/A

*If yes, please review and obtain a copy.*

Comments:

i. What steps has the owner/agent taken to market to extremely low-income families?  
(If not applicable, proceed to question j.)

Please describe:

Comments:

j. Does the advertising program comply with the existing affirmative fair housing marketing plan?

Yes  No

Comments:

k. Is the affirmative fair housing sign posted in the rental office?

Yes  No

Comments:

l. Is the fair housing logo included in published advertising materials?

Yes  No

Comments:

**15. Leases and Deposits**

a. Have changes have been made in the model lease?

Yes  No  N/A

If yes, has the lease in use been approved by HUD?

Yes  No

Comments:

b. Aside from rents and security deposits, what other charges are assessed (i.e., replacement keys, lockouts)?

List the type and amount of any of these charges.

Comments:

c. If other charges aside from rents and security deposits are assessed, have they been approved by HUD?

Yes  No

Comments:

d. Are rents collected in accordance with the provisions of the lease?

Yes  No

Comments:

e. Is the policy for late fee assessment in compliance with the Handbook 4350.3 REV-1?

Yes  No

Comments:

f. Are damages properly identified and charged to tenants?

Yes  No

Comments:

**16. Eviction/Termination of Assistance Procedures**

a. Are tenants notified of termination of tenancy in accordance with HUD requirements?

Yes  No  N/A

Comments:

b. Are eviction procedures initiated timely, when warranted?

Yes  No  N/A

Please document the following:

Number of evictions completed during the last 12 months. \_\_\_\_\_

Average cost per eviction \$ \_\_\_\_\_

Eviction handled by:  Owner/Agent  Attorney on staff of Owner/Agent  Attorney on contract  Attorney on call

Comments:

c. Are tenants notified of termination of assistance in accordance with HUD requirements?

Yes  No  N/A

Comments:

d. Is the termination of assistance initiated timely when warranted?

Yes  No  N/A

Reason(s) for termination of assistance:

Comments:

**17. TRACS Monitoring and Compliance**

a. Is the owner/agent using the TRACS queries to review and monitor their transmission?

Yes  No

Comments:

b. Is the owner/agent following up and correcting TRACS deficiencies?

Yes  No

Comments:

**18. Tenant File Security**

a. Are the files locked and secured in a confidential manner?

Yes  No

Comments:

b. Is access to tenant file information limited to only authorized staff?

Yes  No

Comments:

c. Who is authorized to have access to the tenant files?

Indicate Name(s) and Title(s):

Comments:

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

d. Is the owner/agent maintaining tenant files according to HUD’s document retention requirements?  
Yes  No

Comments:

e. Is the owner/agent properly disposing of tenant records (shred, burn, pulverize etc.)?  
Yes  No

Comments:

| <b>19. Summary of Tenant File Review</b>  |  |
|---|--|
| This section applies only to subsidized projects and should be completed after the tenant file reviews (See Addendum A.) <b>The minimum file sample should include review of files for new move-ins, recertifications, at least one Reject Applicant file, and at least one Terminated/Move-out Tenant file. In order to review specific functions (utility reimbursement, pet rules/deposits, minimum rents, etc.) it may be necessary to target a portion of the files reviewed to specific tenant families. The reviewer should adjust the tenant file sample to meet the needs of the review.</b> |  |
| <i>Number of Units</i>  | <i>Minimum File Sample</i>                                   |
| 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 2000   | 34 files plus 1 for each 200 units or part of 200 over 2,200 |
| For each question, only answer “Yes” if the files reviewed are acceptable.<br>Answer “No” if the files are not acceptable and note the number of files with deficiencies utilizing the tenant file worksheet, Addendum A  | <b>Number of Files Reviewed = _____</b>                      |
| <b>(Please note: There is no maximum number of files to be sampled)</b>   |  |

**a. Tenant Files and Records**

i. Are the tenant files organized and properly maintained?  
Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

ii. Do the files contain all documentation as required in Handbook 4350.3 REV-1? (At right, indicate the documents missing in the file.)  
Yes  No

Documents Absent from File:

Comments:

**b. Application/Tenant Selection**

i. Were the applications in the files signed and dated by applicant?  
Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

ii. Was screening conducted in accordance with the Tenant Selection Plan?  
Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iii. Were the unit sizes appropriate for household composition at the time of this tenant file review?  
Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

iv. If a household was ineligible at move in, were exceptions granted?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

**c. Lease**

i. Were the correct model leases used?

Yes  No

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

ii. Were the leases signed and dated by all required parties?

Yes  No

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

iii. Were the applicable attachments attached to the lease?

Yes  No

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

iv. Were security deposits collected in the correct amount for the program?

Yes  No

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

v. Were pet deposits within acceptable range and payment installments allowed?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

**d. Certification/Re-Certification Activities:**

i. Were re-certification notices issued in accordance with HUD requirements?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

ii. Were certifications completed on time?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

iii. Were all necessary verifications completed and properly documented?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

iv. Were income and deductions calculated correctly prior to data entry?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

v. Did income information on the tenant certifications agree with verified file information?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

vi. If tenants were granted a hardship exemption as part of the minimum rent, was the exemption applied correctly?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

vii. Were notices provided to tenants when their portion of rent increased in accordance with HUD tenant notification requirements?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

viii. Were the correct contract rents used for determining subsidy paid on behalf of tenants?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

ix. If tenants are paying their own utilities, were the current certifications reflecting the correct utility allowances?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

x. Were utility reimbursement checks distributed within 5 business days of receipt of the housing assistance payments?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

***e. Voucher Billing***

i. Were there any deficiencies noted in the tenant file review that resulted in over payment or under payment of subsidy?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

ii. For the move-in/ move-out tenant file review, did the owner/agent make the appropriate voucher adjustments?

Yes  No  N/A

**Number of Files with Deficiencies:** \_\_\_\_\_

Comments:

**Management Review for Multifamily  
Housing Projects**

**U.S. Department of Housing and Urban Development**  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

***f. Move-In Files***

i. Were proper income limits used for determining eligibility at move-in?

Yes  No  N/A

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

ii. Did the files contain move-in inspections?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iii. If the files contained move-in inspections, did the owner/agent and tenant sign and date?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

***g. Move-Out Files***

i. Did tenants provide written notice of intent to vacate in accordance with the HUD model lease?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

ii. Were move-out inspections conducted?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iii. Were security deposits refunded in 30 days or less if required by state law?

Yes  No  N/A

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iv. Were tenants provided an itemized listing of charges against the security deposits?

Yes  No  N/A

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

v. If charges exceeded the security deposits, were the tenants billed for the balances?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

***h. Application Rejection Files***

i. Were applicants denied admittance in accordance with the Tenant Selection Plan?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

ii. Did rejection letters provide applicants the right to appeal?

Yes  No

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iii. If applicants appealed application rejections, were appeals reviewed by someone other than person who made the original decision?

Yes  No  N/A

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

iv. Were appeals processed and applicants notified of appeal decision within 5 days of meeting?

Yes  No  N/A

Number of Files with Deficiencies: \_\_\_\_\_

Comments:

**F. TENANT/MANAGEMENT RELATIONS (This Section does not apply to Mortgagees)**

**20. Tenant Concerns**

a. Is there a written procedure to resolve tenant complaints or concerns?

Yes  No

*If yes, review a copy.*

Comments:

b. Does the procedure adequately cover appeals?

Yes  No

Comments:

c. Is there an active formal tenant organization at this project?

Yes  No

Comments:

d. Is tenant involvement in project operations encouraged?

Yes  No

Comments:

**21. Provision of Tenant Services**

a. What social services are provided by either project or neighborhood, which meet the tenants' needs? (Below, indicate services available and identify entity providing the service (i.e., city/county/state, church/school, community groups, etc. and any cost to project.)

| Service   | Provider | Financial Source |
|---|----------|------------------|
| <input type="checkbox"/> Child Care                       |          |                  |
| <input type="checkbox"/> Recreation                       |          |                  |
| <input type="checkbox"/> Health Care                      |          |                  |
| <input type="checkbox"/> Energy Conservation              |          |                  |
| <input type="checkbox"/> Vocational Training/Job Training |          |                  |
| <input type="checkbox"/> Meals                            |          |                  |
| <input type="checkbox"/> Financial Counseling             |          |                  |
| <input type="checkbox"/> Substance Abuse Counseling       |          |                  |
| <input type="checkbox"/> Service Coordinator              |          |                  |
| <input type="checkbox"/> Neighborhood Networks Center     |          |                  |
| <input type="checkbox"/> Other (please specify)           |          |                  |

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

b. Is there a Service Coordinator for the project? (If there is no Service Coordinator, proceed to question f)  
Yes  No  N/A

Comments:

c. Is the Service Coordinator's office clearly identifiable and private?  
Yes  No

Comments:

d. Are the Service Coordinator's files kept secure and confidential?  
Yes  No

Comments:

e. Does the Service Coordinator maintain a directory of service agencies and contacts and made available to all parties?  
Yes  No

Comments:

f. If there is a Neighborhood Networks Center as indicated on the Desk Review, what is the status of operations?  
(If there is no Neighborhood Networks Center, question h)

- Open for Business
- Temporarily Closed – State the date the center will reopen:
- Permanently Closed – State the date the center closed:

Comments:

g. What types of programs are offered at the Neighborhood Networks Center?  
 GED  Adult Basic Education  Computer Classes  Job Training  Job Placement  
 Homework Assistance  English as a Second Language  Other (please specify)

Comments:

h. The Department allows owners and their agents to provide services related to renter's insurance products. Does the owner/agent offer such services?  
If the owner/agent offers no such service, proceed to Section 22.

Yes  No

Comments:

i. HUD policy prohibits an owner/agent from evicting tenants if delinquent in renter's insurance payments.  
How does the owner/agent deal with unpaid renter's insurance?

Please explain the process:

Comments:

j. Review the renter's insurance information provided to tenants. Does the information provided to tenants clearly indicate that purchasing insurance is optional and not required as a condition of occupancy?

Yes  No  N/A

Comments:

**G. GENERAL MANAGEMENT PRACTICES**

**22. General Management Operations**

a. Have the complaints, as noted on the Desk Review, been satisfactorily resolved?  
Yes  No  N/A

Comments:

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

b. Is the project staff able to adequately perform management and maintenance functions?  
Yes  No

Comments:

c. How does the owner/agent implement HUD changes in policies and procedures?  
Describe the process:  
Comments:

d. Does owner/agent have a formal ongoing training program for its staff?  
Yes  No  N/A

If yes, indicate types of training used and the frequency.

| Type   | Frequency |
|--|-----------|
| <input type="checkbox"/> On-Site                       |           |
| <input type="checkbox"/> HUD Seminars                  |           |
| <input type="checkbox"/> Energy Conservation           |           |
| <input type="checkbox"/> Industry/Association Training |           |
| <input type="checkbox"/> Local Colleges                |           |
| <input type="checkbox"/> Other (please specify)        |           |

Comments:

~~e. Are reports submitted to the owner from the management agent? (This question applies only to HUD Staff/Mortgagees)  
Yes  No~~

~~Comments:~~

f. Are there signs enabling persons to locate the office?  
Yes  No

Comments:

g. Are after hours/emergency telephone numbers posted?  
Yes  No

Comments:

~~h. List current insurance coverages (property, liability, Directors and Officers, workman's compensation, automobile). (Check to make sure that HUD is listed as an additional loss payee, if applicable. Also, check to make sure that the insurance policy is in the name of the mortgagor entity.)  
(This question applies only to HUD Staff/Mortgagees)~~

| Type                   | Basic Coverage | Annual Premium |
|------------------------|----------------|----------------|
| Property               |                |                |
| Liability              |                |                |
| Other (please specify) |                |                |
| Other (please specify) |                |                |

~~Comments:~~

**Management Review for Multifamily Housing Projects**

U.S. Department of Housing and Urban Development  
Office of Housing – Federal Housing Commissioner

OMB Approval No. 2502-0178  
Exp. 11/30/2011

i. Does the owner/agent have a fidelity bond? *(This question applies only to HUD Staff/Mortgagees)*  
Yes  No  N/A

Comments:

**23. Owner/Agent Participation** *(This section applies only to HUD Staff/Mortgagees. CAs may proceed to 24.)*

a. If project is owned by a cooperative or nonprofit entity, does Board of Directors meet regularly and provide minutes?  
Yes  No  N/A

Comments:

b. Review copies of the minutes. Does a review of the minutes indicate compliance with HUD's business agreements?  
Yes  No  N/A

Comments:

c. Does owner/agent have a system of procedure for providing field supervision of on-site personnel?  
Yes  No  N/A

Comments:

**24. Staffing and Personnel Practices**

a. Has management made an effort to employ tenants in accordance with Section 3 of the Housing and Community Development Act of 1968?  
Yes  No

Comments:

b. List all on-site staff charged to the project. (Use additional sheets if necessary).

| Staff Person | Date Hired | % of Time Charged to Site | Annual Salary | Unit Size | Is the Employee Receiving Subsidy?<br>Yes <input type="checkbox"/> No <input type="checkbox"/> | Is the Employee occupying a Non-Income Producing Unit?<br>Yes <input type="checkbox"/> No <input type="checkbox"/> |
|--------------|------------|---------------------------|---------------|-----------|--|--|
|              |            |                           |               |           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                       | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|              |            |                           |               |           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                       | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|              |            |                           |               |           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                       | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|              |            |                           |               |           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                       | Yes <input type="checkbox"/> No <input type="checkbox"/>   |
|              |            |                           |               |           | Yes <input type="checkbox"/> No <input type="checkbox"/>                                       | Yes <input type="checkbox"/> No <input type="checkbox"/>   |

Comments:

c. Does the staffing chart above match Part D of the Rent Schedule, form HUD-92458 as it relates to non-income producing units? **(HUD staff only)**  
Yes  No

Comments: