

Frequently Asked Questions for Performance-Based Contract Administrators (PBCAs)

About the Line of Credit Control System (LOCCS) for Windows

[Question: What is the meaning of a “scissor” icon in LOCCS for Windows for a newly assigned Section 8 contract?](#)

Answer: Once a Section 8 contract is assigned to the PBCA, it will show up in LOCCS with a “scissor” icon signifying that a cut-over date needs to be established for the contract. The cut-over date opens up the flow of funds from HUD to the PBCA’s account. At the same time, the cut-over date shuts the flow of funds from HUD to the individual owner’s account.

[Question: What are the procedures for establishing cut-over dates for new contract in LOCCS for Windows?](#)

Answer: The procedures are as follows:

1. The PBCA must enter the request to the Contract Administrator Oversight Monitor (CAOM) to approve the cut-over date for each contract. This normally happens on the third month of assignment of the contracts. All entries and approvals are performed in LOCCS for Windows.
2. The CAOM will review the request and approve the request for cut-over dates in LOCCS. Approval will be granted if the tenant baselines are in place and the PBCA has reviewed the vouchers for accuracy.

[Question: Can the PBCA pay service coordinator vouchers through LOCCS?](#)

Answer: No, the PBCA cannot pay service coordinator vouchers. The PBCA can only pay Section 8 vouchers and special claims for vacancies and damages. HUD staff processes service coordinator vouchers.

About annual financial statements

[Question: What is HUD’s policy on delinquent annual financial statements?](#)

Answer: If an annual financial statement (AFS) is not reported in the Real Estate Management System (REMS) as being submitted within 90 days of the property’s fiscal year-end, the PBCA should not process an owner/agent’s request for contract renewal or rent increase. The PBCA should immediately send the owner/agent a letter informing them that of the delinquency and stating that they are precluded by HUD policy from processing their request until the AFS is submitted and accepted by the Real Estate

Assessment Center (REAC) and is noted in REMS. A copy of the letter should also be sent to the HUD field office. The HUD field office will follow-up with the owner/agent to obtain the AFS.

Question: What is HUD's policy on annual financial statements that have compliance flags?

Answer: If the AFS was submitted and resulted in a compliance referral to the Departmental Enforcement Center (DEC) by REAC (which is noted in REMS), then the HUD field office must consult with the DEC to determine if the reason for referral justifies withholding of the PBCA's processing of the contract renewal or rent increase. This should be a joint decision-making process between the DEC and the HUD field office. If the decision is to withhold processing, the HUD field office will inform the PBCA to stop processing and also inform the owner/agent.

The PBCA and the HUD field office should not deny approval or delay processing simply because the AFS has compliance flags assessed by REAC. However, if the HUD field office believes that the problems are so serious that they warrant such actions, then the HUD field office needs to refer the matter to the DEC or get legal concurrence. If approved, then processing is halted and approval denied.

About mixed properties

Question: Who is responsible for processing budget-based rent increases and responding to REAC's findings in mixed properties (properties having both Section 8 & non-Section 8 units)?

Answer: The PBCA is responsible for reviewing and approving (for less than 5% increase from previous year) the entire budget-based rent increase for the property, including the non-section 8 units.

Question: Who is responsible for addressing REAC physical inspection findings on non-section 8 units in mixed properties?

Answer: The PBCA will be responsible for REAC physical inspection findings on subsidized units and on common areas both used by subsidized and non-subsidized residents. The HUD project manager who works with the PBCA (PM-CA) will be responsible for the findings on non-subsidized units.

Question: Who is responsible for tenant complaints from non-subsidized tenants?

Answer: If the resident of a non-subsidized unit calls the PBCA, the PBCA will take the call and information, will notify the property management, and will refer or transfer the case to the HUD PM-CA.

About occupancy issues

Question: Handbook 4350.3 REV-1, Chapter 3, page 3-23, paragraph 3-12 K.1.a. states: "If a unit is available, the family has come to the top of the waiting list, and at least one member of the family has submitted the required documentation in a timely manner, the owner must offer the family a unit and provide prorated assistance to those family members whose documents were received on time." However, Appendix 7, on page 21, Household Assistance Codes, that "F = Verification of eligibility is pending. A family in this status is awaiting verification of eligibility and receives full assistance." Does the family receive **prorated** or **full** assistance when at least one family member has submitted the required documentation in a timely manner?

Answer: The information in Handbook 4350.3 REV-1, at paragraph 3-12 K 1 a is correct: The family would receive **prorated** assistance. The statement in Appendix 7 on page 21 that "F=Verification of eligibility is pending and the family receives full assistance" needs to be corrected. The word "full" should be revised to "prorated".

About non-insured properties

Question: There are a few Section 8 contracts for non-insured properties (having no Regulatory Agreement) that have a requirement to establish and maintain a Reserve for Replacement (R4R) account. There are also non-insured properties whose Section 8 contracts require the submittal of Annual Financial Statements (AFS). Who is responsible for approving and releasing funds from the Reserve for Replacement account? Who is responsible for reviewing the AFS and closing findings?

Answer:

1. HUD project managers are responsible for monitoring and approving R4R releases regardless of where the R4R requirement is (Section 8 contract or Regulatory Agreement).
2. HUD project managers are responsible for reviewing and closing AFS findings regardless of where the AFS requirement is (Section 8 contract or Regulatory Agreement).
3. Functions in items 1 and 2 above are considered governmental and cannot be assigned to the PBCAs under the Performance Based Annual Contribution Contract (PB-ACC).
4. PBCAs are only required to review that the AFS is current. The PBCAs may use the information in the AFS in reviewing budget-based rent increases and other related factors that might affect their rent increase processing.
4. These answers are consistent with the Owner/Agent Quick Reference Chart.