

Revised June 2007

**PREOCCUPANCY CONFERENCE
REFINANCE PROJECTS
and 221(d)(4) New Construction**

DATE: _____

PROJECT: _____

A. MANAGEMENT AGENT REQUIREMENTS - HUD Handbook 4381.5 Rev. 2

1. As insurance against loss, the owner must provide a fidelity bond in an amount at least equal to potential collections for two months or \$50,000, whichever is greater. Blanket coverage should extend to all front line employees.

2. The items below should have been completed during the development phase. Resubmission is required only if changes have occurred. Please note any future changes in management would require the resubmission.
 - a. **Previous Participation Certification** on the management entity, HUD-2530, (par. 2.9a., page 2-7). For electronic submission, www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm
Also reference HUD Handbook 4065.1.
 - b. **Management Entity Profile**, form HUD-9832
(par. 2.9b., page 2-7)
 - c. **Management Certification**, form HUD 9839 A, B, or C
(par. 2.9c., page 2-8)
 - d. **List of positions** to be charged against the project account.
(par. 2.9d. (1) & (2), pages 2-7, 2-8 & 2-9)
 - e. **Tenant Grievance policy**
(par. 2.9e., page 2-9 & par. 4.7, pages 4-5, 4-6 & 4-7)
 - f. **Additional information required by HUD Area Office**
(par. 2.9f., page 2-9)
 - g. **Proof of Fidelity Bonding**
(par. 2.14, page 2-17, 2-18 & 2-19)

B. NEIGHBORHOOD NETWORKS - HUD Handbook 4381.5, Chapter 9.

Neighborhood Networks is a community-based initiative that establishes multi-service community technology centers (CTCs) through innovative private/public partnerships that bring digital opportunity and lifelong learning to residents of insured and assisted housing. Tailor-made to fit each local community, Neighborhood Networks centers open the doors – both on-site and via the Internet – to an infinite array of job opportunities, social services, microenterprise possibilities, and educational programs.

Minimum Requirements:

- A HUD-approved Neighborhood Networks Plan.
- At least two computers, one of which is connected to the Internet.
- Been established for the purpose of serving residents of HUD Multifamily properties.
- Be located in a designated area in a HUD Multifamily property (on-site) or in close proximity to it (off-site).

For the Region X Seattle Hub jurisdiction, contact your local Project Manager (PM). To learn more about the program please visit www.neighborhoodnetworks.org. The Neighborhood Networks Strategic Tracking and Reporting Tool (START) information is at www.hud.gov/offices/hsg/mfh/nnw/nnwbusiness.cfm

C. LOCAL INTERNET AND E-MAIL POLICY REQUIREMENTS

HUD information is no longer distributed by printed material. All updates on policy and procedure are now only available on the web. Therefore, the project owner and the property management agent must have regular access to an Internet provider account with World Wide Web (www) and e-mail access capable of sending and receiving information with a graphical interface. This will be needed for quick and current notification of program, market, and procedural changes and policies. You must provide your e-mail contacts to your project manager by e-mail, found at: www.hud.gov/local/shared/working/r10/mf/pmassignment.cfm?state=wa

D. REAC SECURE SYSTEMS REQUIREMENTS

1. Assign Secure Systems Coordinator(s) aka Area Coordinator/s

If an area coordinator and back-up have not been assigned, the primary user should apply for this status. The HUD Secure Systems password is used to access all other REAC subsystems. To apply for a Secure Systems password, go into: www.hud.gov:80/offices/hsg/mfh/trx/trxsum.cfm

The Secure Systems Coordinator (aka Area Coordinator) is responsible for granting your access rights to REAC subsystems that are used on a regular basis.

2. Assign User Roles
 - a. Physical Inspection Viewer
 - b. FASS Submitter and Viewer
 - c. CPA Certified

E. FINANCIAL SETUP REQUIREMENTS

1. Accounting is on the accrual accounting system.
2. Revised Chart of Accounts must be established in accordance with the HUD Chart of Accounts (or one that can be easily converted at FYE.) – Multifamily Financial Reporting Revisions of January 26, 2000. www.hud.gov/offices/reac/library/lib_famf.cfm
3. The agent may not bill management expenses, other than the management fees, to the project. (par. 6.37, 6.38, 6.39, Figure 6-2, page 6-30)
4. All cash receipts must be deposited in an Operating Account in the name of the project in a bank whose deposits are federally insured. This Account must be operable when you receive funds from the first tenants.
5. Funds collected as security deposits must be kept separate and apart from all other project funds in an account maintained in the name of the project. The account must be funded at all times.
6. If there is a secondary note, for example a Residual Receipts Note, that note can only be prepaid from surplus cash; not operating funds.
7. Owners Distributions: Owner can distribute surplus cash twice a year, based on the Computation of Surplus Cash computed at June 30 and December 31. Management Agent must keep a copy of that computation to support the check written to the owner.
8. Promissory notes/surplus cash note (profit motivated)/Residual Receipts notes (non profit):
List the notes:
 - 1.
 - 2.
 - 3.
 - 4.

References:

- HUD Handbook 4370.2 REV-1 (under revision) –“Financial Operations and Accounting Procedure”
- HUD Handbook 4370.1 – “Reviewing Annual and Monthly Financial Reports”
- HUD Handbook 4370.4 – “Basic Accounting Desk Reference for HUD Loan Servicers”
- IG Handbook 2000.4, REV-2 (revised 12/2001) – “Consolidated Audit Guide for Audits of HUD Programs”
- Federal Register dated 9/1/1998 “Uniform Financial Reporting Standards Rule” (UFRS), implementing 24CFR, Part 5, Subpart H

F. RESERVE ACCOUNTS

HUD Handbook 4350.1, Chapter 4 and HUD Notice 99-13

1. Owners must establish:
 - a. A separate Reserve for Replacement Account.
2. Deposits to the above accounts must be made on a monthly basis.
3. These accounts must be invested in interest bearing and insured or government- backed accounts.
4. Non Critical Repair Escrow Account: List the amount of the non critical repair escrow. When work is completed, the owner must submit his request for release to the mortgagee, who then will send the request to HUD for approval.

G. SUBMISSION REQUIREMENTS - HUD Handbook 4350.1, Chapter 7

1. Monthly Accounting Reports (HUD-93479, HUD-93480 & HUD 93481) are required from the first month of occupancy for a minimum of 1 year.
2. Electronic submission of the Audited Annual Financial Statement required annually, 60 days after FYE, per the Regulatory Agreement. An additional 30 days have been granted for the electronic submission for a total of 90 days, until further notice.

H. INSURANCE REQUIREMENTS Form HUD-90164-CA & HUD-92329

The Owner shall provide a certified duplicate copy of the following hazard insurance and fidelity bond coverages:

- (a) Fire and Extended Coverage Insurance
- (b) Use and Occupancy (Rental Value) Insurance
- (c) Public Liability Insurance on a Commercial General Liability
- (d) Blanket Fidelity Bond
- (e) Vehicle Liability Insurance (If Applicable)
- (f) Boiler Insurance and Inspections (If Applicable)
- (g) Flood Insurance (If Applicable)
- (h) Director and Officers (D&O) Liability Insurance
- (i) Burglary and Robbery Insurance (Optional)
- (j) Workers' Compensation and Employers' Liability (statutory or voluntary)

I. PHYSICAL INSPECTIONS

See <http://www.hud.gov/offices/reac/products/prodpass.cfm>

FYI - IMPORTANT PHONE NUMBERS AND ADDRESSES:

Handbooks and forms may be obtained by calling 1-800-767-7468

To order 2000.4 Audit Guide - \$21 (206) 553-4270 (will accept credit card orders)

REAL ESTATE ASSESSMENT CENTER (PHYSICALS AND FINANCIALS)

1 (888) 245-4860

The Portals Building MF FASS Team

1280 Maryland Avenue, SW Suite 800

Washington, DC 20024

WEBSITE ADDRESSES:

[HUD's Washington State Homepage](#)

[Region X Multifamily Hub Program Information](#)

[Region X What's New In Multifamily Housing](#)

[HUD's National Multifamily Business Page](#)

[General Accounting Office](#)

[TRACS HOMEPAGE](#)

Signed by: _____ Date: _____