

**Invitation for Submission of Applications: Contract Administrators for
Project-Based Section 8
Housing Assistance Payments (HAP) Contracts**

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1. Introduction

In May 1999, the Department of Housing and Urban Development (HUD) issued a *Request For Proposal (RFP)- Contract Administrators for Project-Based Housing Assistance Payments (HAP) Contracts* under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) ("Section 8"). At that time, approximately 24,200 project-based Section 8 Housing Assistance Payment Contracts were in effect. Approximately 4,200 of those in effect were being administered by Public Housing Agencies (PHAs), pursuant to the Department's Section 8 authority to enter into Annual Contributions Contracts (ACCs) with PHAs to make and administer housing assistance payments. (PHAs who administer Housing Assistance Payment Contracts are commonly referred to as HAP "Contract Administrators" or "CAs"). From the approximately 24,200 project-based Section 8 Housing Assistance Payment (HAP) Contracts, HUD internally administered approximately 20,000. At the conclusion of the RFP process, Contract Administrators were named in 37 states.

In February 2001, to award ACCs in states where Contract Administrators were not selected under the RFP, HUD issued a *Request for Qualifications - Contract Administrators for Project-Based Section 8 Housing Assistance Payments (HAP) Contracts*. Under this *Request for Qualifications*, HUD has awarded ACCs in 5 states. Efforts by HUD are currently underway to select PHAs in the remaining 8 States and the District of Columbia. As with the previously awarded ACCs, when HUD renews the expiring project-based HAP Contracts in these remaining 8 states and the District of Columbia, it generally expects to transfer administration of these HAP Contracts to CAs selected by this competition for the service area where the property is located. HUD now issues this *Invitation for Submission of Application: Contract Administrators for Project Based Section 8 Housing Assistance Payments (HAP) Contracts* ("Invitation") to set forth HUD's requirements and establish the Invitation process that will govern the award of ACC's to Contract Administrators for project-based Section 8 HAP Contracts. This Invitation supplants the RFP, Request for Qualifications, and all prior amendments to RFP and Request for Qualifications.

This Invitation does not apply to the administration of Section 8 projects assisted under the Section 8 moderate rehabilitation program (including the Section 8 moderate rehabilitation single room occupancy program), the Section 8 project-based certificate program, the Section 8 project-based voucher program, HUD-owned projects, projects classified as Mortgagee-in-Possession (MIP), projects in foreclosure pipeline, projects referred to the Enforcement Center, or projects where the owner has advised that they intend to opt-out of the Section 8 contract.

The successful applicants under this Invitation will oversee HAP Contracts, in accordance with HUD regulations and requirements. The CA's responsibilities will be

governed by an Annual Contributions Contract (ACC) entered into with HUD (see **Attachment II**). After execution of the ACC, the CA will subsequently assume or enter into HAP Contracts with the owners of Section 8 properties. The Contract Administrator will monitor and enforce the compliance of each property owner according to the terms of the HAP Contract and HUD regulations and requirements.

Applicants in response to this Invitation may cover an area no smaller than an individual State, U.S. Territory, or the District of Columbia. Applicants may cover one or more HUD Multifamily Hubs or one or more States (or U.S. Territory). Geographic Service Area Jurisdiction (see **Attachment III (a)**) describes the jurisdictions of the Multifamily Hubs. HUD will consider applications submitted by joint ventures and other public/private partnerships between public housing agencies and other public or private, profit or non-profit entities.

Under the Section 8 HAP Contracts this Invitation covers, HUD pays millions of dollars annually to owners on behalf of eligible property residents. HUD seeks to improve its performance of the management and operations of this function through this Invitation.

Specifically, HUD seeks through this Invitation to achieve three programmatic and three administrative objectives.

Programmatic objectives:

- Calculate and pay Section 8 rental subsidies correctly.
- Administer project-based Section 8 HAP Contracts consistently.
- Enforce owner obligations to provide decent housing for eligible families.

Administrative objectives:

- Execute ACCs only with entities that have the qualifications and expertise necessary to oversee and manage affordable housing and that have the capacity to perform the required services with requisite personnel and other resources.
- Get the best value for dollars spent for CA services.
- Permit the development of joint ventures and/or partnerships for contract administration services to obtain the benefit of the best practices of both public and private sectors.

2. Overview of Contract Administrator's Responsibilities

Contract Administrators must administer Section 8 HAP Contracts in accordance with the ACC, Federal law, and HUD regulations and requirements, both current and as amended in the future. The ACC with the CA will specify the area where the CA is required to provide HAP contract administration services (service area). The ACC will specify the Section 8 assisted units under HAP Contracts that HUD assigns to the

Contract Administrator for servicing (covered units). From time to time during the term of the ACC, HUD may add or delete covered units for contract administration under the ACC. The Office of Multifamily Housing Assistance Restructuring (OMHAR) may assign for contract administration some units to Participating Administrative Entities (PAE). On an annual basis, the CA will request funds from HUD to cover the Section 8 funds to be disbursed to owners for eligible units under the HAP Contract.

The **Statement of Work** details core functions (tasks) that the Contract Administrator must perform.

The major tasks of the Contract Administrator under the ACC include, but are not limited to:

- Monitor project owners' compliance with their obligation to provide decent, safe, and sanitary housing to assisted residents.
- Pay property owners accurately and timely.
- Submit required documents accurately and timely to HUD (or a HUD designated agent).
- Comply with HUD regulations and requirements, both current and as amended in the future, governing administration of Section 8 HAP contracts.

2.1 Eligibility for Participation

By law, HUD may only enter into an ACC with a legal entity that qualifies as a "public housing agency" (PHA) as defined in the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.). However, that does not preclude joint ventures or other partnerships between a PHA and other public or private entities to administer HAP Contracts under the ACC between the PHA and HUD.

Under the law, a public housing agency is defined as a:

"...State, county municipality, or other governmental entity or public body (or agency or instrumentality thereof), which is authorized to engage in or assist in the development or operation of public housing." (42 U.S.C. 1437 a (b)(6)).

2.2 Definition of a Public Housing Agency

To qualify as a PHA that may enter into a Section 8 ACC with HUD, the legal entity must be one of the following:

A general or special purpose governmental entity: Such governmental entities include a State, municipality, housing authority, or governmental public benefit corporation.

A multi-state, interstate or regional governmental entity.

An instrumentality entity: Such instrumentality entity must act as an instrumentality of a parent governmental entity or of multiple parent governmental entities. The instrumentality entity may be a for-profit or not-for-profit entity.

HUD may require the submission of legal opinions and organizational documents needed to determine whether an entity qualifies as a PHA.

In addition, the PHA and any related entity must obtain clearance under HUD Previous Participation procedures (see Form HUD-2530) prior to execution of the ACC.

2.3 Instrumentality Entity Eligibility

An instrumentality entity may be an entity that already exists when the applicant submits an application to HUD under this Invitation, or a legal entity specially formed subsequent to applicant submission, and prior to execution of the ACC between the entity and HUD to carry out contract administration under the ACC.

To qualify as an “instrumentality entity,” the relationship between an instrumentality entity and a governmental entity (“parent entity”) must include all of the following characteristics:

The parent entity must have the right to approve the corporate charter or other organic documents of the instrumentality entity, including the right to approve any amendments.

The parent entity must have the right to control, direct and authorize the execution of the ACC between HUD and the instrumentality entity.

The parent entity must have the right to directly or indirectly control operation of the instrumentality entity.

The parent entity must have the right that upon dissolution or termination of the instrumentality entity, title to all real or personal property held by the instrumentality entity must be transferred to the parent entity or an entity designated by the parent entity.

Governmental parent entities may partner with private for-profit or non-profit entities that hold an interest, directly or indirectly, in an instrumentality entity so long as such instrumentality entity is otherwise in compliance with the above stated requirements for eligibility of an instrumentality entity. Private entities may contract directly with an instrumentality entity.

Before execution of the ACC with an instrumentality entity, HUD will, upon submission of appropriate documentation required by HUD, determine whether the private instrumentality entity has been properly established, possesses the required power and

jurisdiction to carry out contract administration in the service area, and qualifies as an instrumentality entity as described above.

The charter or other organic documents of the instrumentality entity (e.g., certificate of incorporation, partnership agreement or certificate) must provide that the instrumentality entity is authorized to “engage in or assist in or assist in the development or operation of low-income housing.”

As stated in the evaluation criteria, an application to provide contract administration services by an instrumentality entity under ACC between HUD and such entity shall specify any services or functions to be provided or performed by the parent entity, or by any other entity which holds a direct or indirect interest in such instrumentality, to carry out or support Section 8 contract administration in accordance with the ACC and this Invitation. If the application is accepted, such parent or other entity shall enter into a contract with the instrumentality entity, prior to execution of the ACC, that specifies all such services or functions.

3. Statement of Work

3.1 Overview

3.1.1 Performance-Based Administration Standards

For work performed under ACCs awarded in response to this Invitation, HUD will apply Performance-Based Administration Standards (PBAS). PBAS is based on the development of a performance work statement, which defines the work in measurable, mission-related terms with established performance standards and review methods to ensure quality assurance. PBAS assigns incentives to reward performance that exceeds the minimally acceptable level and assesses penalties for unsatisfactory performance.

The CA must complete all tasks described in this section of the RFQ, including both “Requirements” and “Incentive Based Performance Standards.” Failure to complete the tasks will result in default of the terms and conditions of the ACC. HUD may terminate the ACC at any time in whole or in part if HUD determines that the CA has committed any default under the ACC.

The specified tasks outlined will provide the applicant with the necessary information to complete the Applicant Submission Form (see **Attachment III**).

3.1.2 Elements of Core Tasks Descriptions

The description of each core task contains the following elements:

- **Outcome:** The required result of the task.
- **Requirements:** A general description of specific tasks the CA must perform.

NOTE: CA's s must perform each task in accordance with all relevant HUD regulations and requirements in effect during the term of the ACC. The Invitation does not set forth the details of such regulations and requirements.

- **Reference:** Current HUD regulations and other HUD requirements related to each task.
- **Incentive Based Administration Standards:** A description of specific elements of each core task. HUD will measure the CA's performance of each such element as the performance standard to determine the CA's earned Administrative and Incentive Fees.
- **Quality Assurance:** A listing of the methods and resources HUD will use to verify the accuracy of the CA's reported performance and accomplishments. HUD may use other methods that it deems appropriate to assure quality.

3.1.3 HUD Regulations and Requirements

All references mentioned in the tasks may be obtained through HUD's website (<http://www.hudclips.org/cgi/index.cgi>.) from which interested parties may obtain HUD handbooks and other directives or through the HUD Multifamily Clearinghouse at 1-800-685-8470. It should be noted that the regulations and directives listed are the current instructions and requirements and may be updated from time to time.

HUD does not represent that the references listed in the Invitation or on the HUD website are a complete listing of current relevant HUD regulations and requirements. In addition, HUD regulations and other requirements may change from time to time during the term of the ACC.

HUD's codified regulations are issued as Title 24 of the Code of Federal Regulations (CFR). Revisions or additions to HUD regulations are initially published in the Federal Register. HUD may also publish Federal Register notices. In addition to publication in the Federal Register and the CFR, HUD issues additional program requirements as HUD "directives", including HUD notices, handbooks and forms.

The CA will be required to carry out the tasks described in this Section, as well as other responsibilities related to contract administration under the ACC, in accordance with all HUD regulations and requirements in effect from time to time, as well as other responsibilities related to contract administration under the ACC.

Equal Employment Opportunity Compliance

The CA shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, handicap or national origin. The CA shall take affirmative action to ensure that applicants and employees are treated without regard to race, color, creed, religion, sex, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or

transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The CA shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this nondiscrimination clause. The CA shall assure in all solicitations or advertisements for consideration for employment without regard to race, color, creed, religion, sex, paragraph in all of its contracts for project work, except contracts for standard commercial supplies or raw material, and will require all of its contractors for such work to incorporate such requirements in all subcontracts for project work.

3.1.4 Core Tasks

The Invitation describes eleven core tasks that the CA, as a qualified PHA, must perform:

- Conduct management and occupancy reviews.
- Adjust contract rents.
- Process HAP contract terminations or expirations.
- Pay monthly vouchers from Section 8 owners.
- Respond to health and safety issues.
- Submit Section 8 budgets, requisitions, revisions and year-end statements.
- Submit audits of the CA's financial condition.
- Renew HAP contracts.
- Report on CA operating plans and progress.
- Follow up on results of physical inspections of Section 8 projects.
- Follow up on Tenant Income Verification (TIV) discrepancies.

3.2 Management and Occupancy Reviews

The CA must conduct an on-site management and occupancy review of each Section 8 property, no less than annually. (Some properties may have multiple HAP contracts.) The review must be a comprehensive assessment of the owner's procedures for directing and overseeing project operations, and the adequacy of the procedures for carrying out day to day, front line activities. Some examples of the areas that the CA must audit are: maintenance, security, leasing, occupancy, certification and re-certification of family income, and determination of the family payments, financial management, Management Improvement and Operating (MIO) Plans, and general maintenance practices. The results of the on-site review must provide adequate documentation to support any enforcement actions proposed against the owner by the CA or HUD.

Outcome: Identify and resolve areas of noncompliance with HUD regulations and other requirements.

Requirements:

- Schedule and conduct annual reviews of each property, using form HUD-9834 or other appropriate documentation.
- Evaluate the owner's operating policies and procedures following guidance in the appropriate HUD directives.
- Verify compliance with HUD regulations and requirements regarding occupancy issues (e.g., resident eligibility and selection, examination and reexamination of family income and assets, household characteristics) and verify that correct documentation is contained in each resident file to support claims for payment under the HAP contract. Use the following resident file random sampling:

Number of Units	Minimum File Sample
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 2,000	34 files plus 1 for each 200 units or part of 200 over 2,200

If the CA's review of the sample indicates a problem, the CA must require the owner/agent to conduct a 100% review of the files and report the results of the review to the CA. The CA will test the review done by the owner/agent to determine its reliability and accuracy.

- Verify owner compliance with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.
- Notify the jurisdictional HUD office by close of next business day of any potential fraud or potential violations of law identified during the reviews.
- Prepare and submit to the owner/agent and jurisdictional HUD office a written report, on form HUD-9834, or other appropriate HUD-required documents, within 30 days of review, outlining any findings and recommendations for corrective action.
- Monitor implementation of corrective action. Notify jurisdictional HUD office within one business day when enforcement action is required.
- Enter required information into HUD data systems.

References:

HUD Handbook 4350.1
 HUD Handbook 4350.3

Incentive Based Performance Standards

1. The CA must conduct annual Management and Occupancy Reviews in accordance with the CA submitted and HUD approved work plan according to HUD requirements, document corrective actions taken against Section 8 owners or families, and monitor implementation of necessary corrective action.
2. CA's review must document on the appropriate form Section 8 owner compliance with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973 and forwarded to the owner and the appropriate jurisdictional HUD office within 30 days.

Quality Assurance

On-Site Reviews
Data Systems Reports

3.3 Rental Adjustments

Contract rent under each Section 8 HAP contract must be adjusted during the HAP contract term in accordance with the HAP contract and HUD requirements and subject to HUD approval.

Outcome: The CA must process rent adjustments correctly. Contract rent adjustments are timely and correct.

Requirements:

A. Budget Based Adjustments

Where applicable, the budget based rent adjustment method requires owners to submit an operating budget and supporting documentation for CA review and subject to HUD approval.

The CA will determine budget-based adjustments for contract rent by performing the following tasks:

- Analyze the property's operating budget and supporting documentation for a rent adjustment to determine reasonableness according to guidance in HUD Handbook 4350.1.
- Document rent increases on a Rent Schedule (Form HUD-92458).
- Analyze adjustments of the owner utility allowance schedule if applicable.
- Adjustments to Reserve for Replacement deposits are forwarded to HUD for approval.

- Recommend approval/disapproval to HUD. HUD will notify CA of decision and CA will provide owners written notification.
- Verify accurate, timely completion and submission of adjusted rent schedule by owners.
- Enter data into the appropriate HUD data system within five business days from completion of action.

B. Annual Adjustment Factor (AAF)/Operating Cost Adjustment Factor (OCAF)

This rent adjustment method requires the CA to apply the AAF/OCAF to current contract rents to determine which rents are eligible for an adjustment. AAF's are published annually in the Federal Register and OCAF's are published annually in a Housing Notice. Refer to the current Notice on the HUD Homepage.

The CA will perform the following tasks:

- Determine the amount of annual adjustments in accordance with HUD requirements.
- Analyze adjustments of the owner utility allowance schedule if applicable.
- Analyze adjustment to the monthly Reserve for Replacement Account, if applicable pursuant to the HAP contract and recommend action to HUD.
- Approve/disapprove the amount of rent adjustment and provide owners written notification.
- Validate comparability study if submitted by owners to support rent adjustment request.
- Verify accurate, timely completion and submission of adjusted rent schedule by owners.
- Enter data into the appropriate HUD system within five business days from completion of action.

C. Special Adjustments

For those HAP Contracts with AAF adjusted rents, owners may request special increases in costs for generally applicable increase items such as insurance, taxes and utilities. The appropriate jurisdictional HUD office must approve or deny all special adjustments within 30 days of receipt of properly documented requests from CA.

The CA will process the owner's request for special rent adjustments to determine if the special adjustment should be granted. To accomplish this the CA will perform the following tasks:

- Analyze owners' requests.
- Recommend action to the appropriate jurisdictional HUD office.
- Based on notification from HUD, notify the owner of rent adjustment approval or disapproval.

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.
- Enter data into the appropriate HUD data system within 5 business days from completion of action.

D. Rent Appeals

Owners may appeal rent adjustment decisions. The first level of appeal is to the CA; the second level of appeal is to the appropriate jurisdictional HUD office. CA will review appeals.

The CA will perform the following tasks:

First Level Appeal

- Analyze owner's rent appeal requests.
- Provide owner with written notification of decision and justification within 30 days of receipt of request.

If appeal is approved:

- Verify accurate, timely completion and submission of adjusted rent schedule by owners.
- Enter data into the appropriate HUD data system within 5 business days from completion of action.

If appeal is denied:

Notify owner of Second Appeal rights within 30 days of receipt.

Second Level Appeal

If appeal is approved by HUD:

- Receive approval from jurisdictional HUD office within 30 days after request for second level appeal
- Verify accurate, timely completion and submission of adjusted rent schedule by owners.
- Enter data into the appropriate HUD data system.

References:

HUD Handbook 4350.1

Notice: H-98-34

Notice: H-98-3

Notice: H-98-27

Notice: H-99-08

Notice: H-99-13

Notice: H-99-15

Internal Housing Memorandums dated 2/9/99 and 5/7/99

Incentive Based Performance Standards

3. CA completes processing of owner's request for rent adjustments and all CA approved rent adjustments are executed and finalized within 30 days of receipt of owner's request for a budget-based rent adjustment or on the anniversary date of the HAP contract for an AAF-based rent adjustment.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.4 Opt-Out and Termination

Section 8 Contracts may terminate because:

An owner may choose not to renew an expiring Section 8 contract (opt-out); and Section 8 Contract may be terminated by the CA (with HUD approval).

When Section 8 Contracts will be terminated, the CA must work with HUD to obtain tenant-based rental assistance for eligible residents by notifying the appropriate HUD contact. The CA will coordinate efforts with the jurisdictional HUD office to identify a PHA to administer the tenant-based assistance.

Outcome: Provide ongoing rental assistance to eligible residents in occupancy at the time of the opt-out

Requirements:

A. Notification requirements

- Inform jurisdictional HUD office by close of next business day of notice by owner that the owner has elected to opt-out of the program.
- Inform jurisdictional HUD office of recommendation to terminate HAP Contracts for cause/default under HAP Contract provisions by the close of the next business day.
- Verify owner has complied with HAP and current law on opt-outs.

B. CA must take the following actions when contracts are terminated

- Obtain resident payment/unit size data from owners of properties.
- Provide resident/unit data to jurisdictional HUD office within three (3) business days of receipt from the owner for purpose of obtaining Section 8 vouchers for residents.
- Coordinate efforts with the jurisdictional HUD office to identify a local PHA to administer tenant-based assistance and reserve funds to cover such vouchers
- Assist residents who must be relocated.

References:

Notice: H-98-34

Notice: H-99-18

Notice: H-99-13

Notice: H-99-08

Notice: H-99-15

Internal Housing Memorandums dated 2/9/99 and 5/7/99

Incentive Based Performance Standards

4. CA notifies jurisdictional HUD office, by close of next business day of notice by owner, that the owner has elected to opt-out.
5. CA provides complete resident data to jurisdictional HUD office 90 days prior to contract expiration.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.5 Monthly Vouchers

In Section 108 of 24 CFR, Part 208-Electronic Transmission of Required Data for Certification and Re-certification and Subsidy Billing Procedures for Multifamily Subsidized Projects (a/k/a the Automation Rule) requires property owners to request HAP payments monthly through the Tenant Rental Assistance Certification System (TRACS). Vouchers are due the 10th day of the month preceding the month for which the owner is requesting payment. CAs may not pay owners until vouchers are received and reviewed for accuracy. The Voucher and Re-certification Review (see **Attachment I**) lists the tasks and tools associated with review of vouchers and certifications/ re-certifications.

Outcome: Payments of Section 8 vouchers and claims are only authorized on eligible units. Payments are made to owners by the first calendar day of every month and no later than the first business day of the month.

Requirements:

A. Verify accuracy of monthly Section 8 vouchers (forms HUD-52670 & HUD-52670-A)

The CA must verify and provide written documentation of the accuracy of payment requests by the last day of each month before the CA issues payments for the verified request. To accomplish this task, the CA must:

- Monitor owner's compliance with entry of all resident certification and re-certification data in TRACS.
- Verify voucher submissions by owner through TRACS system by the 10th day of the month preceding the month for which the owner is requesting payment.
- Verify through TRACS that the amount of HAP paid on behalf of each resident is accurate.
- Verify that all re-certifications are completed by the owner agent in a timely manner and entered into TRACS.
- Verify that payment request does not include any units where Section 8 assistance has been abated.
- Analyze adjustments required to prior month's vouchers to determine accuracy and validity.
- Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately.
- Verify pre-approval of Section 8 Special Claims (see item B).
- Notify the owner, in writing, of any corrections required and track corrections.
- Verify that project owners are complying with current HUD rules and regulations.

B. Verify and authorize payment only on valid Section 8 Special Claims for Unpaid Rent, Resident Damages and Vacancy Loss

Property owners may claim reimbursement from the CA for unpaid rent, resident damages, and vacancy losses on eligible units. The claims must be pre-approved by the CA before being submitted with the monthly voucher.

- Analyze, verify and approve/disapprove owner claims in accordance with HUD regulations and other requirements (including program requirements in HUD directives such as handbooks, notices or forms) and using TRACS and information provided by the owner.
- Enter data into a spreadsheet program for monitoring CA payments. (The program must comply with HUD standards and requirements.)

- Approve/disapprove claims, execute forms and return to owner for their submission with next voucher.

C. Disbursement of Section 8 Funds to Owners

Disburse payments to owners through electronic fund transfer (EFT) transaction no earlier than the first calendar day of the month and no later than the first business day of the month after approval of Section 8 voucher (see item A)

Reference:

HUD Handbook 4350.3

Incentive Based Performance Standards

6. CA must promptly review each monthly voucher submitted by an owner, and agree with or modify it, so the monthly payment to the owner is sent no earlier than the first calendar day of the month or no later than the first business day of the month.
7. On a monthly basis CAs will provide written formal notification of voucher discrepancies that result in overpayment to owners within 10 calendar days of verifying and certifying of the voucher. CA will monitor for adequate resolution. Resolution must be completed within 30 days.
8. The CA must submit monthly reports to HUD by the tenth business day of each month on the status of resolution of deficiencies identified by TIV initiative.

Quality Assurance

On-Site Reviews

Data Systems Reports

3.6 Health and Safety Issues and Community/Resident Concerns

CA must accept resident complaints and follow-up with owners to ensure that owners take appropriate action.

Outcome: Resolve health and safety issues and establish positive relations and communications with residents and the community.

Requirements:**A. Respond to Life Threatening Health and Safety Issues**

- Respond to all life threatening health and safety issues immediately.
- Maintain tracking system for inquiries, responses and corrective actions and submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner's response to concerns and implementation of corrective actions.

B. Respond to All Non-Life Threatening Health and Safety and Community/Resident Concerns

- Respond to all non-life threatening health and safety issues within two (2) business days of notification during normal business hours.
- Maintain tracking system for community/resident inquiries, responses and corrective actions and submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner's response to concerns and implementation of corrective actions.

References:

HUD Handbook 4381.5 REV-2

Incentive Based Performance Standards

9. Respond, document and notify owner of life-threatening health and safety issues, inquiries/complaints immediately within an hour or prior to close of business day (whichever is sooner).
10. CA documents their initiatives and actions taken to notify the owner of non-life threatening health and safety issues inquiries/complaints and responds to residents within two business days of notification. CA continues to provide follow-up to residents on actions taken every two weeks until final resolution is reached. Documentation of all action is recorded.

Quality Assurance

On-Site Reviews

Monthly Invoice

3.7 Section 8 Budgets, Requisitions, Revisions and Year-end Statements

To receive monthly ACC payments, Section 8 budgets and requisitions (and revisions as required) must be submitted for each HAP contract at least 90 days before the beginning of the fiscal year. Also to receive monthly ACC payments, Year-end

settlement statements must be prepared and submitted within 45 days of the end of the CA's fiscal year.

Outcome: CA submits financial documents to HUD accurately and timely

Requirements:

- Prepare Section 8 budget at least 90 days prior to the beginning of the CA fiscal year.
- Prepare and submit to HUD through LOCCS Annual Requisitions for Partial Payment of Annual Contributions 90 days prior to the beginning of the CA fiscal year.
- Perform monthly comparison of HAP payments to owners and monthly ACC partial payments from HUD.
- Prepare revised Budget and submit revised Requisition to HUD through LOCCS when/if monthly comparison indicates ACC payments will exceed HAP payments by more than 5%. CAs must complete submissions by their Fiscal Year End date.
- Prepare and submit to LOCCS Year-end Settlement Statement within 45 days of the CA's fiscal year-end.

Reference:

HUD Handbook 7420.7, Chapter 8

Incentive Based Performance Standards

11. CAs must prepare Budgets and submit to HUD (LOCCS) acceptable and accurate Annual Requisition for each HAP contract 90 days prior to the beginning of CA's FY. Where monthly reviews of HAP payments to owners and ACC payments received from HUD indicate that the CA will be overpaid by more than 5%, the CA must prepare a revised Budget and submit a revised Annual Requisition to reduce future payments accordingly. The Revisions (revised Budget and Requisition) must be prepared and/or submitted no later than the 1st day of the month following identification of overpayment.
12. CAs must submit to HUD (LOCCS) the Year-End Statement within 45 days of the end of the CA's fiscal year.

Quality Assurance

Monthly Invoice

3.8 Contract Administrator's Audit

CA is required to maintain complete and accurate financial records covering its contract administration of covered units under the ACC.

Outcome: Contract Administrator's records are complete and accurate.

Requirements:

- Records concerning contract administration under the ACC must be distinct and separate from all other business of the CA.
- Maintain complete and accurate records regarding activities relating to each HAP contract for covered units.

CAs required to submit separate audited financial statements under OMB's Circular A-133 shall provide HUD with an annual financial audit of the CA's activities the earlier of 30 days after receipt of the auditors report or 9 months after the CA's fiscal year end (FYE) (in accordance with OMB Circular A-133). This audit must be performed by an independent public accountant (IPA).

The Contract Administrator shall submit audited annual financial statements that fully comply with the requirements of OMB Circular A-133 within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period. However, in cases where a Contract Administrator submits its audited financial statements more than 60 days after the end of its fiscal, the CA shall submit all financial reports required by HUD in unaudited form within 60 days after the end of its fiscal year.

Submission of financial information shall also be in accordance with the requirements of HUD's Uniform Financial Reporting Standards (24 CFR, Part 5, Subpart H). The audit shall be performed by an independent auditor, procured using the standards set forth in Circular A-133 and other referenced documents in Circular A-133.

In accordance with the ACC, CAs not required to submit separate audited financial statements under OMB's Circular A-133 shall submit annual unaudited financial statements within 60 days of the end of the CA's fiscal year. For-Profit instrumentality entities shall submit audited financial statements within 60 days of the end of the CAs fiscal year.

In the event of audit findings that require corrective actions, the CA shall provide HUD with a proposed plan of corrective actions as part of the audit submission package. By the first day of each month, the CA shall provide HUD with a status report of corrective actions being implemented until all actions are completed. Corrective actions must proceed as rapidly as possible. Failure to provide the required audited financial information and/or timely implementation of corrective actions may result in default of the terms and conditions of the ACC.

Reference:

ACC HUD Handbook 7420.7
OMB Circular A-133

Incentive Based Performance Standards

- 13.** The CAs that are required to comply with OMB's Circular A-133 will provide HUD with unaudited financial statements, including supplemental data, within 60 calendar days after the CA's FYE and audited financial statements no later than nine (9) months after the CA's FYE.

CAs that are not required to comply with OMB's Circular A-133 will submit annual unaudited financial statements to HUD within 60 days of the end of the CA's fiscal year.

For-Profit instrumentality entities shall submit audited financial statements to HUD within 60 days of the end of the CAs fiscal year.

Quality Assurance

100% Review of the Audit

3.9 Renewals of Expiring Section 8 Contracts

As HAP contracts come to an end, owners must apply for contract renewals to have units remain with Section 8 project-based assistance. CAs must ensure that owners fulfill their obligations to residents and HUD that are commensurate with owner renewal decisions.

Outcome: Expiring Section 8 Contracts are renewed

Requirements:

- Verify that owners provide the required one-year notice to residents of properties with expiring Section 8 Contracts.
- Monitor owner actions with regard to providing a minimum of 90 days notice to CA of intent to renew or not renew the expiring contract, according to current Housing Notices.
- If the owner opts not to renew, take the actions described in the Opt-Out/Termination Task.
- Maintain copies of owner's notification to residents of expiring contracts.
- If the owner chooses to renew, determine which option (form of renewal) the owner wishes to use and notify the jurisdictional HUD office.
- Review rent comparability analysis submitted in support of contract renewal.
- Review and approval rental adjustments associated with contract renewal.
- Prepare OMHAR referral recommendations and forward to jurisdictional HUD office.
- Prepare HAP renewal contracts.

- After receipt of confirmation of funding for renewal from HUD, ensure the HAP Contract is executed (signed) by the owner and the CA.
- Execute and distribute copies of the HAP within one business week to the owner, jurisdictional HUD office, and CA files.

Reference:

Notice: H-98-34

Notice: H-00-12

Notice: H-99-08

Notice: H-99-13

Internal Housing Memorandums dated 2/9/99 and 5/7/99

Incentive Based Performance Standards

14. Monitor, process and execute HAP contract documents.

Quality Assurance

On-Site Reviews

Data Systems Reports

Monthly Invoice

3.10 General Reporting Requirements

To track the performance of the Section 8 program, monitor and evaluate CA performance, and identify technical assistance needs, HUD requires the CA to regularly report its activities. Consequently, the CA shall provide to HUD jurisdictional offices Monthly, Quarterly, and Annual reports.

Outcome: HUD can monitor and evaluate program and CA performance from CAs accurate, timely reports

A. Monthly Reports

CAs must submit Work Plan Status Reports along with an invoice to the Contract Administrator Oversight Monitor (CAOM) by the 10th business day of each month for the previous month's activities.

The Work Plan Status Report must detail:

- Number of areas reviewed and services performed, including date of review and services; name/s of CA staff performing the review and performing the services.
- Any significant administrative actions that could affect the contract.
- Quality control activities and results

- Major accomplishments, success stories, etc.
- Noteworthy meetings
- Pending issues

The Work Plan Status Report must also identify and detail Hot Topics:

Hot topics – Projects that required special attention due to such matters as, abatement actions, excessive resident complaints, inquiries from governmental officials or general public.

B. Quarterly Reports

CAs must submit an updated Work Plan Status Report (to the designated CAOM.)

C. Annual Reports

By the close of each contract year, CAs must submit to HUD a report that details its progress against the Work Plan for that year. The report should detail all of the CA actions and services with dates, locations, and employee names for that calendar year.

Incentive Based Performance Standards

15. HUD receives CA's (a) Monthly Reports by the 10th business day following the end of the month; (b) Quarterly Reports by the 10th business day following the end of the quarter; (c) Annual Reports by the 20th business day following the end of the CA's contract year.

Quality Assurance

On-Site Reviews

Data Systems Reports

Review of submitted reports

3.11 Physical Inspection

The Department is conducting a baseline physical inspection for every Section 8 property with a HUD-administered HAP contract. The Real Estate Assessment Center's ("REAC") physical inspection software and protocol is being used for all inspections (See <http://www.hud.gov/reac/reaphyin.html>). Once this baseline is completed, HUD will determine frequency of future inspections. HUD may issue a task order under the CA to have the CA perform physical inspections. If such a task order is issued, HUD will negotiate with the CA a fixed-price fee for such services at that time.

Outcome: Verify completion of corrective actions based upon the analysis of the results of the physical inspections conducted on properties included in the ACC. Take legal actions as directed by HUD for enforcement of the HAP contract.

Requirements:

Post Inspection Activities

- Provide follow-up with owner on violations and corrective actions needed.
- Provide owner with time frame to correct violations.
- Work with owner to eliminate the deficiencies.
- Abate payments when owner fails to correct violations within designated time period.
- Notify jurisdictional HUD office of abatement of payments and specific reasons for the action.
- Notify jurisdictional HUD office of the completion of required actions.
- Take legal action as directed by HUD for enforcement of the HAP contract.

References:

HUD Handbook 4350.1
Federal Register, September 1, 1998
Housing Assistance Payments (HAP) Contract

Incentive Based Performance Standards

16. CA monitors the unacceptable performance and compliance indicators. CA continues to provide follow-up to HUD on actions taken every 30 days until final resolution is reached.

Quality Assurance

Data Systems Reports
On-site Reviews

4. Contract Administrator Fee

4.1 Terms

Acceptable quality level (AQL). The required performance level for each IBPS task. The AQL is specified in the Performance Requirements Summary (PRS).

Administrative fee. The monthly fee HUD pays the PHA for each covered unit under HAP contract on the first day of the month. The administrative fee is the total of the basic fee plus the incentive fee. (The maximum basic fee and the maximum incentive fee per unit per month are specified in the ACC.)

Applicant. State, county municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development of operation of public housing.

Basic fee. The sum of the earned Incentive Based Performance Standard (IBPS) fees for a covered unit (per unit per month). HUD pays the earned basic fee to the CA for each covered unit under HAP contract on the first day of the month during the ACC term.

Incentive fee. An additional fee beyond the basic fee that the CA may earn. As reflected in the PRS, HUD will pay an additional payment to the CA for performance on specified Statement of Work tasks that exceeds HUD's acceptable quality level for the IBPS associated with that task (see PRS, pages 31-42). HUD will pay up to a maximum 25% of the total incentive fee pool at the end of each quarter. Each task which has an incentive applied to it also identifies the percentage of the incentive fee pool that applies to that task. The amount of the incentive fee payable to the CA is determined by HUD, based on HUD's evaluation of the CA's performance in administration of covered units. The amount of the incentive fee per unit per month may not exceed the maximum incentive fee stated in the ACC.

Disincentive. Deductions levied against the basic fee for performance that falls below the acceptable quality level. The ACC states the disincentive deduction for each Statement of Work task. The IBPS Performance Requirement Summary specifies the penalty for each IBPS task as a percentage of the basic fee amount.

Earned basic fee. The basic fee amount per unit per month for each IBPS task minus all applicable disincentive fees for any such IBPS task.

Each IBPS task is allocated a specified percentage (IBPS percentage) of the maximum basic fee (per covered unit per month for each FMR area in the CA service area). The Performance Requirements Summary (PRS) states the IBPS percentage for each IBPS task (see column D of the PRS). (During the term of the ACC, HUD may elect to amend the specification of IBPS tasks, the AQL for performance of an IBPS task, or the IBPS percentage for an IBPS task.

Basic Fee Percentage. A percentage used to calculate the amount of the maximum basic fee during the first two years (twenty-four calendar months) of the ACC term. The amount of the basic fee percentage for each subsequent year (twelve calendar months) of the ACC term is specified in Exhibit E of the ACC. For each such year, for each FMR area in the CA service area, the maximum basic fee for each month is calculated by multiplying the basic fee percentage specified in Exhibit E of the ACC times HUD's two-bedroom published FMR (for the FMR area) in effect at the beginning of that year of the ACC term.

4.2 Evaluation of CA Performance

During the ACC term, HUD will conduct a monthly evaluation and rating of the CA's performance in contract administration of the covered units, and shall issue a

performance rating based on such performance. As described below, payment of the fees is based on the HUD rating of the CA's performance.

HUD determines the amount of the earned basic fee for each CA per unit month by review of data submitted in the monthly invoice. HUD determines the amount of the incentive fee earned by the CA per unit per month by quarterly scoring of the CA's contract administration performance during the ACC term. The monthly review and quarterly scoring is based on the CA's performance of the task categories used as incentive based performance standards (IBPS), as described in the Statement of Work of this Invitation. Monthly, HUD rates the CA's performance in completion of the IBPS to determine the earned basic fee by calculating a "percentage completed" for each IBPS task. In a similar manner, HUD will quarterly rate the CA's performance in completing IBPS task to determine the earned incentive fee.

4.3 Basic Fee

In submitting the applications, applicants are advised that, during the term of the ACC, the basic fee per unit month for each FMR area in the CA service area shall not exceed two (2) percent of the local two bedroom existing HUD Fair Market Rents (FMR) published in the Federal Register. The entire national listing of the FMRs is located at <http://www.hud.gov/local/atl/atl42322.html>. For your information, a table that lists by state the total number of units by applicable FMRs with an explanation can be found at <http://www.hud.gov/assist/service.cfm>

In responding to this Invitation, the applicant must specify the basic fee percentage proposed per unit per month (for the initial three year term and for each of the two one year renewal terms). See Applicant Submission Form (**Attachment III**). If the application is accepted, the ACC with the CA will specify the agreed basic fee amount during the ACC term. The fee will simply be stated as a percentage of the FMR as described above. The amount of fee proposed may be considered as part of HUD's selection decision.

As an example, if the FMR for a covered unit were \$400 and the CA's price was 2.0% of the FMR, then the basic fee for each covered unit would be \$8.00. If the CA had an inventory of 10,000 covered units as of the 1st of the month, then the total basic fee available for that month would be \$80,000. Since the PRS indicates that 5% of the fee will be applied to IBPS #1, then \$4,000 would be allocated to IBPS #1. The CA's performance of IBPS #1 is evaluated as described by the AQL to determine if the CA is due the full amount of the basic fee for the month.

4.4 Incentive Fee

In addition to the basic fee, the CA may earn an incentive fee awarded by HUD for CA performance of the contract administration services for designated IBPS items that exceed acceptable quality levels of performance. Determination of the amount of the incentive fee payment is specified in the Performance Based Requirement Summary.

To determine the maximum incentive fee per covered unit per month, HUD will evaluate the CA's performance in providing contract administration services for all covered units under the ACC for earned incentive fee quarterly. This evaluation will determine the portion of the incentive fee that the CA has earned for that quarter. As an example, if the FMR for a covered unit were \$400, then 1% would be \$4. If a CA had 10,000 covered units as of the 1st of the month, then the total incentive pool would be \$40,000 for that month. Due to changes in the number of covered units, the subsequent two months may have provided \$38,000 and \$41,000, which would result in a total of \$119,000 for the quarterly incentive pool. If one IBPS item was to cover 25% of the pool, then up to \$29,750 in incentive fees could be earned for that specific IBPS factor.

HUD may add or modify administration standards during the ACC term, may add or modify the factors used to measure performance, and may specify the amount of the incentive fee for a specified level of performance. However, HUD must notify the CA of any such changes before the rating period for which such changes are used to rate CA performance.

4.5 Fee payment

Each month, the CA shall determine the number of eligible units that were being managed as of the 1st day of the month. The CA shall then apply the accepted basic fee percentage to the covered number of units to establish the total available basic fee and the 1% to determine the amount of the incentive fee pool for that month.

4.5.1 Payment of basic fee

For tasks that are indicated as being paid annually, the CA shall apply the percentage of the IBPS factor to that monthly payment and deduct that from the total available fee. The CA shall then determine their compliance with the acceptable quality levels established in the ACC for tasks to be paid monthly and apply any appropriate reductions to the available fee. The CA must invoice HUD by the 10th business day of each month for the amount of the basic fee earned for the month. Tasks for which annual payments of ongoing basic fees apply, the monthly amounts will be pooled into a total amount available for application of the AQL and the CA must invoice HUD by the 10th business day of the 12th month of the ACC performance period. Each invoice shall be fully supported by documentation of the CA's achievements relating to the required AQL of each IBPS factor. In the event that subsequent HUD quality assurance reviews determine the CA did not meet the AQL established, HUD may adjust the payments of subsequent invoices to reflect the amounts that should have been withheld.

Notwithstanding the reductions in the fee for failing to meet the AQL, failure to complete the tasks may result in default of the CA for failing to comply with the terms and conditions of the ACC. HUD may terminate the ACC at any time in whole or in part if HUD determines that CA has committed any default under the ACC.

4.5.2 Payment of incentive fee

HUD will pay the incentive fee on a quarterly basis. HUD will base the amount of the incentive fee on the CA's performance against the Incentive Based Performance Standards listed in the Statement of Work.

On a quarterly basis, HUD will review the CA's performance relative to its Annual Work Plan Report and the monthly Status Reports submitted with the monthly invoices for the applicable quarter. The HUD findings will be compared to the CA invoice for the incentive fee and adjustments may be made to reflect the results of the HUD findings.

4.6 Availability of Funds

The award of the ACC and subsequent performance periods as well as all fee payments are subject to the availability of appropriated funds on an annual basis.

4.7 Use of Fee Income

The CA may use or distribute payments of the monthly on-going administrative fee that they earn under the ACC for any purpose apart from the use of these fees to reimburse, compensate or transfer any fees to the owners or management agents (or their affiliates) of the projects being serviced by the CA. HUD may reduce or request reimbursement of administrative fees paid if subsequent quality assurance indicates the performance indicated by the CA was not attained.

4.8 Performance Requirements Summary

Each task of the Statement of Work has at least one Incentive Based Performance Standard (IBPS) associated with it. These IBPS are central to the determination of earned basic and incentive fees.

The table below details for each performance standard:

- the IBPS number
- the task and SOW requirement to which the IBPS applies
- the acceptable quality level
- the percentage of the basic fee that applies to the standard
- any applicable incentive fee and its method of calculation
- any applicable disincentive and its method of calculation
- the method that HUD will use to assure the quality of the CA's reported performance
- the frequency of payments for the basic fee

The information in the table below will govern HUD's payment of CAs for all work performed under the ACC.

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYME
1.	Management & occupancy reviews Section 3.2	Each month, 95% of required reports and data are submitted to HUD on time (within 30 calendar days after scheduled completion of the M&O review) <u>AQL 95% submitted on time</u>	8%	20% of the Incentive fee pool if PHA submits 100% of required reports and data on time	2% deduction for every 1% that the percentage of on time submissions falls below the AQL	On-Site Reviews Systems Data Reports	Monthly
2.	Document Section 8 Owner compliance Section 3.2	Each month, 95% of required civil rights compliance reports are submitted to HUD on time (within 30 calendar days after M&O review completion) <u>AQL: 95% of civil rights reports submitted on time</u>	5%	20% of the Incentive fee pool if PHA submits 100% of required reports on time	2% deduction for every 1% that the percentages of on time submissions falls I below the AQL	On-Site Reviews Systems Data Reports	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
3.	<p>Processing rental adjustments</p> <p>Section 3.3</p>	<p>Each month, 100% of owner requests for rent adjustments and all rent adjustments are correctly processed within 30 calendar days after owner's request for a budget-based rent adjustment, or on the anniversary date of the HAP contract for an AAF based rent adjustment</p> <p><u>AQL:</u> <u>100% of owner rent adjustment requests correctly processed within 30 calendar days</u></p>	5%	N/A	<p>1% deduction for every 1% that performance falls below the AQL, but not below 75%.</p> <p>50% deduction if performance falls below 75%.</p>	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
4.	Owner opt-out notices and Contract Terminations Section 3.4	Each month, 100% of owner opt-out notices or terminations are submitted to HUD within one business day after notice by owner <u>AQL: 100% of owner opt-out notices or terminations submitted within one business day</u>	5%	N/A	1% deduction for every business day that the average time when owner notices or termination announcements are supplied to HUD exceeds the AQL (partial days are rounded to the lowest whole day)	On-site Reviews Systems Data Reports	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
5.	<p>Owner Opt-out and HAP contract termination: Submit resident data to HUD</p> <p>Section 3.4</p>	<p>100% of complete resident data submitted to jurisdictional HUD office 90 calendar days before contract expiration and/or termination.</p> <p><u>AQL:</u> 100% of resident data submitted 90 calendar days before contract expiration and/or termination and/or termination</p>	5%	<p>30% of the incentive fee pool if PHA submits 100% of data to HUD an average of 100 days or more before contract expiration and/or termination</p>	<p>50% deduction if average notification time is from 85-89 calendar days before expiration and/or termination (portions of days are rounded to the nearest whole day).</p> <p>100% deduction if average notification time is less than 85 calendar days before expiration and/or termination</p>	<p>On-site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
6.	<p>Review, verify, and authorize monthly Section 8 vouchers</p> <p>Section 3.5</p>	<p>100% of monthly vouchers are processed so monthly payment to the owner is sent no earlier than the first calendar day of the month and no later than the first business day of the month.</p> <p><u>AQL:</u> 100% of vouchers processed within specified time-frame</p>	15%	N/A	1% deduction for every 1% the processing of vouchers falls below the AQL, except that if performance falls below 75%, a 50% deduction shall apply	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
7.	<p>Notice of corrective actions</p> <p>Section 3.5</p>	<p>In 100% of cases requiring corrective action, PHA notifies HUD of such action within 10 calendar days after PHA verification and certification of voucher.</p> <p>In 100% of overpayments, PHA resolves overpayment issue within 30 calendar days after PHA verification and certification of voucher.</p> <p><u>AQL:</u> 100% of total cases (corrective action cases plus overpayment cases) handled within specified time-frames</p>	3%	N/A	1% deduction for every 1% that the notifications and resolutions combined falls below the AQL of 100%, except that if performance falls below 75%, a 50% deduction shall apply	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY							
A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
8.	<p>Monitoring & reporting owner's follow-up efforts on discrepancies identified as a result of tenant income matching initiatives.</p> <p>Section 3.5</p>	<p>100% of projects with households identified through tenant income-matching discrepancies are monitored and reported to HUD by the tenth business day of each month.</p> <p><u>AQL:</u> Monitoring report to HUD by tenth business day of each month for all projects.</p>	3%	N/A	3% deduction for every day the AQL is exceeded for any project	On-site reviews Systems data reports	Monthly
9.	<p>Life-threatening health & safety issues</p> <p>Section 3.6A</p>	<p>100% of initial PHA responses to life-threatening health and safety issues (notice to owner or other appropriate initial PHA response) are completed within one hour after the PHA knows about the issue.</p> <p><u>AQL:</u> 100% of responses and notifications of life-threatening issues completed within one hour.</p>	7%	N/A	1% deduction for every 1% of responses that exceed the AQL, except that if performance falls below 75% of responses, a 50% deduction shall apply	On-Site Reviews Monthly Invoices	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
10	Non-life- threatening health & safety issues Section 3.6B	PHA responds to 100% of all non-life threatening health and safety inquiries and complaints within two business days follows-up every two weeks until final resolution <u>AQL:</u> 100% of PHA responses within two business days	5%	N/A	10% deduction for every business day, or part of a day, that the average PHA response time exceeds two business days	On-Site Reviews Monthly Invoices	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
11.	Budgets, requisitions, revisions Section 3.7	<p>100% of all budgets & annual requisitions for all HAP contracts are submitted to HUD ninety calendar days before the PHA's fiscal year.</p> <p>100% of revised budgets & annual requisitions to reduce future payments are submitted to HUD by the first day of the month after identification of overpayments.</p> <p><u>AQL:</u> 100% on time submissions</p>	8%	N/A	2% deduction for every 1% of PHA submissions that falls below the AQL	Monthly Invoices FMC Status Reports	Monthly
12.	Year-end statement Section 3.7	<p>The year-end statement is submitted within 45 calendar days after the end of the PHA's fiscal year.</p> <p><u>AQL:</u> Submission within 45 calendar days.</p>	8%	N/A	4% deduction for every day the submission exceeds the AQL	Status Report	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
13.	Public Housing Agency audit Section 3.8	<p>For a PHA that must comply with OMB's Circular A-133, unaudited financial statement is submitted to HUD within 60 calendar days after the PHA's fiscal year end and audited financial statement is submitted to HUD within nine calendar months after the PHA's fiscal year end. For a PHA that is not required to comply with OMB's Circular A-133, unaudited financial statement is submitted to HUD within sixty calendar days after the PHA's fiscal year end.</p> <p>For a For-profit instrumentality PHA, the audited financial statement is submitted to HUD within sixty calendar days after the PHA's fiscal year end</p> <p><u>AQL:</u> 100% of financial statements submitted on time</p>	3%	N/A	2% deduction for every calendar day that the financial statements exceeds the days specified in the AQL	100% Review of Audit	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER- CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
14.	Renewals of expiring HAP contracts Section 3.9	90% of renewal HAP contracts executed and submitted to (HUD) sixty calendar days before contract expiration <u>AQL:</u> 90% of HAP contracts submitted on time	12%	20% of the incentive fee pool to monitor, process, & execute 95% of HAP contract documents. An additional 10% of the incentive fee if 100% is attained.	3% deduction for every 1% of renewal HAP contracts submitted to HUD after the AQL period	On-Site Reviews Data Systems Reports Monthly Invoices	Monthly
15.	General reporting requirements Section 3.10	16 out of 17 required reports submitted to HUD on time <u>AQL:</u> 16 reports submitted to HUD on time	5%	N/A	10% deduction per report not submitted on time	On-Site Reviews; Data Systems Reports; Review of submitted reports	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PERCENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
16.	Monitoring physical inspection results Section 3.11	<p>For 95% of projects with unacceptable physical inspection performance and compliance indicators:</p> <p>PHA notifies owners within thirty days after receipt of inspection results from HUD, and</p> <p>PHA monitors follow-up reports to HUD by the tenth business day of every month until final resolution is reached.</p> <p><u>AQL:</u> 95% of initial notifications and follow up reports completed within required time frames.</p>	3%	N/A	2% reduction for every 1% of notifications and follow-up reports completed after the AQL period	On-Site Reviews Systems Data Reports Monthly Invoices	Monthly

5. GUIDANCE FOR SUBMITTING APPLICATIONS

5.1 Service Areas Designation

Applications in response to this Invitation must clearly designate the intended service area. Applicants must offer to provide contract administration services for areas no smaller than an individual State (or U.S. Territory) and the District of Columbia. HUD will accept applicants covering multiple Multifamily Hubs, individual Multifamily Hubs, or any combination of states, but no smaller than an individual State (U.S. Territory) and the District of Columbia. All multi-state applicants must provide a separate basic fee percentage form for each state within the proposed service area (see **Attachment IV**). HUD will evaluate applications for areas larger than an individual State on a state-by-state basis. Accordingly, the applicant must complete and submit the “Applicant Submission Form” (see **Attachment III**) for each state the CA is offering a bid.

5.2 Application Organization

The information in this section sets forth the procedures applicants must follow to submit applications in response to this Invitation. Failure to comply with these procedures may result in the Applicant being disqualified from award consideration.

Applicants must submit one (1) original and five (5) copies of their applicants. All submissions must include a technical application, which exhibits the applicant’s technical ability to perform the tasks described under the Statement of Work, and a basic fee percentage form, which documents the applicant’s offered price. The technical application should be submitted as a separately bound volume and may not exceed 60 pages. Applicants exceeding the allowable page limits will only have the number of pages specified evaluated. Page limits refer to one side of an 8 1/2 x 11 piece of paper using standard 10-pitch font. Applicants must divide and tab the technical applications into three distinct sections in the conformity with the subject and page specifications, which appear below:

- | | |
|--|------------------|
| 1) Technical Approach | Maximum 30 pages |
| 2) Management Capability and Quality Control | Maximum 20 pages |
| 3) Past Performance | Maximum 10 pages |

Applicants shall include with the technical application, appendices (which do not count toward the page limitation) that include the following:

- 1) Resumes to indicate experience of key personnel. Key personnel are defined as those individuals responsible for monitoring and managing the performance of the core tasks identified within the Statement of Work.
- 2) A statement of possible conflicts of interest which identifies any and all properties in the proposed coverage area in which the applicant has a financial interest.

- 3) A copy of the most recent audit of the Applicant's financial records. (For the purposes of this Section alone, the term "Applicant" includes the PHA and all organizations that form the instrumentality entity.)

Applicants are advised that HUD will review the technical applications. The technical applications shall be divided according to the stated evaluation factors and shall have a physically distinct section for each evaluation factor. Applicants should fully respond to each factor, and are instructed not to rely on information provided under another evaluation factor as part of the basis for responding to a separate evaluation factor. The pages that cover each factor shall be numbered consecutively, including any appendixes.

The applicant shall include an additional page placed before the appendix. This page does not count toward the page limitation. This page shall state whether or not any member of the applicant team has or is currently serving as a Contract Administrator. If the answer is yes, identify the team member or members.

The basic fee percentage form shall include the Contract Administrator's (CA) proposed percentage of the FMR for covered units for each year of the total five (5) year ACC performance period, representing each year of the original three (3) year ACC term and each of the two (2) additional one-year renewal terms (see Attachment IV).

5.3 Amendments and Additional Guidance

HUD may issue amendments to this Invitation. All amendments, or additional guidance, will be posted on HUD's website. Applicants should regularly check the website for any amendments to the Invitation.

Data Systems

CAs should be aware of all processing and reporting requirements applicable to CA functions contained in this RFQ, including requirements for contract administrators outlined in Section 108 of 24 CFR, Part 208—Electronic Transmission of Required Data for Certification and Re-certification and Subsidy Billing Procedures for Multifamily Subsidized Projects (a/k/a the Automation Rule). CAs are expected to have Internet Service Provider access for communication with HUD and must ensure that all systems are virus free. (At this time, HUD plans for most data entry and data transfer with CAs to occur over the Internet).

CAs must be capable of implementing revisions in processing and reporting, as specified by HUD, to conform to changes in present or future policy and procedures pertaining to CA functions. With respect to data systems and automated reporting requirements, HUD will provide reasonable advance notice of the need for such change a minimum of 90 days before CA compliance will be required.

To fulfill the requirements of the ACC, the CAs must provide HUD with data on HAP contracts, rent adjustments, contract renewal processing, management and occupancy reviews, and other documents and information relevant to the tasks and responsibilities outlined in this Invitation. Where automated reporting tools do not already exist, HUD intends to develop specifications for receiving a substantial portion of these data electronically. CAs must have the capability to transmit such data to HUD via the Internet as prescribed by HUD.

CAs must have the facilities to receive resident certification and re-certification data (form HUD 50059) and voucher data (form HUD 52670) electronically from the owners or management agents in a form consistent with reporting requirements specified by HUD for the HUD TRACS System. CAs must have the ability to transmit HUD 50059 data to the HUD TRACS Tenant System and HUD 52670 data to the HUD TRACS Voucher/Payment System, and to receive the messages transmitted in return from TRACS. As part of these requirements, the CA must have an ability, acceptable to HUD, for communicating errors in HUD 50059 and HUD 52670 submissions to the owners or management agents. CAs are expected to comply with requirements applicable to contract administrators in the Automation Rule (24 CFR 208).

Internet access provides the CA with the ability to review the resident and voucher data it has transmitted to HUD to ensure that it is correct and consistent with the data maintained in its own files.

CAs will be required to accept and forward to the owners or management agents the Benefit History Reports from HUD that provide confirmation of Social Security and Supplemental Security Income. Alternatively, the CAs may require the owners or management agents to obtain Internet access to retrieve their own Benefit History Reports from HUD.

Resident reporting requirements specified for HUD's TRACS Tenant System and voucher reporting requirements specified for the TRACS Voucher/Payment System are published on the TRACS Documents Page on the World Wide Web. The CAs are responsible for meeting the requirements specified in these documents. Applicants can access the TRACS Documents Page at <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm>

CAs must have an account with a federally insured financial institution capable of receiving and sending electronic fund transfer (EFT) transactions.

CAs must have facilities acceptable to HUD for making timely and accurate HAP subsidy payments to project owners with HAP contracts under an Annual Contributions Contract (ACC) contract. CAs also will be required to transmit budget, requisition, and year-end settlement data to HUD via the Internet, as specified by HUD.

5.4 Annual Contributions Contract Term

HUD will award an ACC pursuant to this Invitation for an initial term of three (3) years. The CA is reminded, however, that continued performance beyond the first year of the ACC is contingent upon the availability of appropriated funds. HUD may unilaterally renew the ACC for up to two (2) additional one-year terms. Each such renewal shall be at HUD's sole discretion. The Department will use performance as a paramount factor in renewal determinations.

6. Factors for Award

6.1 Technical Approach

Applicant must demonstrate a sound technical approach to performing the tasks specified under the Invitation's Statement of Work. The applicant must describe the plan and approach the applicant will implement to perform the core tasks under the Statement of Work as well as the general operation requirements. The description of the general operation requirement should include, but is not be limited to: equal opportunity, financial management, communication with HUD, program record requirements, incentive based performance standards, tenant complaints, bank deposits, administrative services, mail, fidelity bond coverage and data requirements.

The applicant shall specify any services or functions to be provided or performed by the parent entity, or by a partner, where applicable. The applicant must also indicate a clear understanding of the processes required to ensure that property owners receive Section 8 HAP payments in a timely fashion.

The applicant must demonstrate its capability to comply with all processing and reporting requirements that are applicable to the CA functions indicated in the Statement of Work. This will include a detailed description of the automated systems that must be used, including the Tenant Rental Assistance Certification System (TRACS) data system requirements, and its management as well as the data requirements of the Real Estate Management System (REMS) that support the core tasks. In addition, the applicant must explain its approach to fulfilling the TRACS and REMS accessibility, and security requirements.

The applicant must provide a plan that details all activities that must be conducted to transfer responsibility from HUD to the CA and start operation 120 calendar days after award of ACC. This may include, but not be limited to, establishing a tenant certification baseline, file transference, hiring and training staff, office space, etc.

6.2 Management Capability and Quality Control Plan (QCP)

The applicant must provide a detailed QCP to ensure Statement of Work requirements are met. The QCP must explain the specific internal control programs that will be implemented to ensure accountability and separation of duties to detect and prevent potential fraud, waste, and abuse of funds. In addition, the QCP must identify processes/procedures to prevent, detect, and resolve actual, or appearances of

conflicts of interest of any staff working with the ACC or associated with the entity. This QCP must be consistent with the requirements of the Statement of Work and include, but is not limited, to:

1. A Work Plan breaking down each core task/sub-task. The Work Plan shall:
 - Specify all areas and services that the CA will review.
 - Include a timeline (duration, start, finish) the CA will review areas/services.
 - Depict the resource name/s and task usage for each task/s.
 - Include an example of the CA's Work Plan quarterly report
 - Identify the methodology CAs will use to conduct reviews.
2. The name(s) and qualifications of the individual(s) responsible for performing the quality control reviews and the specific area/services these individuals will inspect. The information included for each of the individuals should detail how they are qualified to conduct quality control reviews.
3. Identify and describe a system for tracking quality control reviews, identifying performance deficiencies, and tracking corrective action to ensure against unsatisfactory performance.
4. The CA shall establish and maintain files for such documentation through the term of this contract. The filing method shall be such that all information relative to quality control inspections is logically grouped together and readily accessible.
5. Workflow and organizational charts that describe the processes and controls applicant will need to implement and operate its technical approach and to execute the QC plan. If the applicant is located outside the geographic area, workflow and staffing chart indicates clear understanding and special requirements needed to accomplish tasks, e.g., toll free phone number for tenant communication, virtual or field office.

The applicant must provide a detailed training plan to ensure that all staff receive the necessary initial training, cross training, and training updates, needed to perform the contract.

6.3 Past Performance

Applicant must provide documentation that demonstrates that it has successfully performed duties substantially similar to the core tasks the CA will perform under the

Statement of Work. The applicant's application must provide at least five contacts that can document its past performance. Contact information must include:

Project Name
 Period of Performance
 Description of the Work Performed
 Contact Name
 Title
 Address
 E-Mail Address
 Telephone number

If applicable, applicant must provide documented evidence that, during the last two years immediately prior to the deadline for receipt of application, the applicant (including its partner or partners) has successfully performed duties substantially similar to the core tasks that the CA must perform under the Statement of Work.

7. Application Evaluation

HUD will establish one or more panels to review the applications received. HUD will only evaluate, rate and rank complete applications submitted.

HUD will evaluate each application based on the factors for award and the proposed fees. Technical applications will be evaluated in accordance with the technical evaluation factors. The technical evaluation factors appear and will be weighted in descending order of importance. While price has no numerical weight in the factors for award, it may be considered by HUD in making a selection decision. Award may not necessarily be made to the applicant who offers the lowest price.

Consistent with the Invitation, HUD reserves the right to determine the process for the evaluation, rating and ranking of applications.

ATTACHMENTS:

Attachment I	Voucher and Re-certification Review
Attachment II	Annual Contributions Contract
Attachment III	Applicant Submission Form
Attachment III (a)	Multifamily HUBS
Attachment IV	Basic Fee Percentage Form

Attachment I

Voucher and Re-certification Review

The following lists the tasks and tools associated with voucher and certification/re-certification reviews.

Tasks	Tools
Record voucher in project logs	Manual Process
Check voucher header information	Manual Process <ul style="list-style-type: none"> • Check the following data: <ul style="list-style-type: none"> * Project number * Total units * Dates/signed * Voucher month * Usage (declining balance/shortfall)
Check information against previous month's voucher	Manual Process <ul style="list-style-type: none"> • TRACS currently makes no comparisons between HAP requests from one month to the next • Continue to compare HAP amounts for all residents not "changed/added" this month
Check adjustments	Manual Process <ul style="list-style-type: none"> • TRACS is currently not editing or recording adjustments • Check adjustments • Check for unresolved problems from previous month • Make note to notify project of what has to be done
Check voucher calculations	Manual Process <ul style="list-style-type: none"> • TRACS only edits <i>certification</i> calculations • Continue to check the voucher totals (i.e., individual pages totals against total subsidy requested in cover)
Review special claims	Manual Process <ul style="list-style-type: none"> • Special claims will not be incorporated until a future release of TRACS • Continue to manually check signatures and totals using current procedures.

Attachment II

UNITED STATES

Department of Housing and Urban Development

ANNUAL CONTRIBUTIONS CONTRACT

Project-based Section 8 Contract Administration

1 DEFINITIONS

For definitions of terms related to determination of PHA administrative fees, see also § 4.1 of Exhibit A of the ACC.

ACC. Annual Contributions Contract. This contract between HUD and the PHA.

ACCEPTABLE QUALITY LEVEL (AQL). The required performance level for each IBPS task. The AQL for each IBPS task is specified in the performance requirements summary (PRS).

ADMINISTRATIVE FEE. The monthly fee HUD pays the PHA for each covered unit under HAP contract on the first day of the month. The administrative fee (per unit per month) is the total of the basic fee plus the incentive fee.

BASIC FEE. The sum of the earned IBPS fees for a covered unit. HUD pays the basic fee (per unit per month) to the PHA for a covered unit under HAP contract on the first day of the month during the ACC term.

Exhibit E of the ACC specifies the amount of the maximum basic fee per unit per month for each FMR area in the PHA service area. HUD has allocated each task to be performed (IBPS task) a certain percentage of the maximum basic fee amount (IBPS percentage). The performance requirements summary (PRS) (see § 4.7 of Exhibit A of the ACC) states the IBPS percentage for each IBPS task.

HUD may reduce the basic fee earned if HUD determines that PHA performance of IBPS tasks is below the minimum acceptable quality level (AQL). The basic fee earned is reduced by subtracting the disincentive deduction for an IBPS task from the IBPS fee.

BUDGET AUTHORITY. The maximum amount of funds available for payment to the PHA for each HAP contract. Budget authority is authorized and appropriated by the Congress. The amount of budget authority for each HAP contract is listed on Exhibit C.

COVERED UNITS. Section 8 assisted units under HAP contracts assigned to the PHA for contract administration under the ACC during the ACC term. Covered units are listed on Exhibit B. (Covered units are added by HUD notice to the PHA.)

DISINCENTIVE DEDUCTION. A deduction from the per unit per month IBPS fee. For each IBPS task, the disincentive deduction equals the maximum IBPS fee times the disincentive deduction percentage. HUD deducts this amount for PHA performance of an IBPS task that fails to meet the acceptable quality level. Exhibit A of the ACC specifies the performance standard for assessing a disincentive deduction for performance of an IBPS task. (During the term of the ACC, HUD may amend the performance standard or the disincentive deduction percentage by HUD notice to the PHA.)

DISINCENTIVE DEDUCTION PERCENTAGE. A percentage used to calculate the amount of a disincentive deduction from the IBPS fee. The disincentive deduction percentage for each IBPS task is specified in the performance requirements summary (PRS).

EARNED BASIC FEE. The amount of the basic fee earned by the PHA per unit per month (in an FMR area). The earned basic fee equals the sum of the earned IBPS fees for the IBPS tasks.

EARNED IBPS FEE. The amount of the IBPS fee earned by the PHA per unit per month. The earned IBPS fee equals the maximum IBPS fee minus any disincentive deduction.

EARNED INCENTIVE FEE. The amount of an incentive fee earned by the PHA.

FISCAL YEAR. The PHA fiscal year. Exhibit C states the last month and day of the PHA fiscal year.

FMR. Fair Market Rent. HUD establishes an FMR by publication in the Federal Register in accordance with Section 8.

FMR AREA. The area for which HUD has established an FMR.

FUNDING INCREMENT. Each commitment of funding (budget authority) by HUD to the PHA for a HAP contract under the ACC. The funding increments are listed on Exhibit C.

HAP CONTRACT. A Section 8 Housing Assistance Payments Contract.

HUD. The United States Department of Housing and Urban Development.

IBPS. Incentive-based Performance Standards.

IBPS FEE. The maximum fee per unit per month for performance of an IBPS task listed in the PRS. The IBPS fee for an IBPS task equals the maximum basic fee times the IBPS percentage.

IBPS PERCENTAGE. The percentage of the maximum basic fee for PHA performance of each of the IBPS tasks. The IBPS percentage times the maximum basic fee is the maximum IBPS fee per unit per month for each IBPS task. The earned IBPS fee may be reduced by disincentive deductions for PHA performance of an IBPS task that falls below the acceptable quality level.

IBPS TASK. Any of the contract administration core tasks listed in the performance requirements summary (PRS). HUD measures the PHA's performance of each IBPS task to determine the amount of the PHA's earned basic fee or earned incentive fee for each covered unit.

INCENTIVE BASED PERFORMANCE STANDARDS (IBPS): A description of specific elements of each core task. HUD will measure the PHA's performance of each such element as the performance standard to determine the amount of PHA's earned administrative fees (including earned basic fees and earned incentive fees).

INCENTIVE FEE. A per unit per month administrative fee in addition to the basic fee. The incentive fee is paid for PHA performance of an IBPS task that exceeds the acceptable quality level for the IBPS task. HUD determines the amount of the incentive fees earned. The total of incentive fees earned in each quarter is paid quarterly (at the end of the quarter). The total of incentive fees earned for each month of the ACC term may not exceed the amount of the incentive fee pool for the month.

INCENTIVE FEE PERCENTAGE. The percentage of the incentive fee pool for PHA performance of an IBPS task that exceeds the acceptable quality level. Column E of the performance requirements summary (PRS) (see Exhibit A) specifies the incentive fee percentage, and the performance standard for awarding the incentive fee for performance of the task.

INCENTIVE FEE POOL. The maximum amount of incentive fees that may be earned by the PHA for each month of the ACC term. (See fee calculation procedure at § 4.8 of Exhibit A.)

MAXIMUM BASIC FEE. The amount of the maximum basic fee per unit per month for each FMR area in the PHA service area. The amount of the maximum basic fee for each FMR area in the service area (and for each year of the ACC term) is specified in Exhibit E of the ACC.

MAXIMUM IBPS FEE. The maximum basic fee times the IBPS percentage (before any disincentive deduction).

PERFORMANCE REQUIREMENTS SUMMARY (PRS). § 4.7 of Exhibit A of the ACC. (HUD may amend the PRS during the term of the ACC by HUD notice to the PHA.)

PHA. Public Housing Agency.

PORTFOLIO REENGINEERING. FHA-insured multifamily housing mortgage and housing assistance restructuring of an eligible multifamily project.

PROGRAM EXPENDITURES. Amounts which may be charged against program receipts in accordance with the ACC and HUD requirements (including housing assistance payments and administrative fees).

PROGRAM PROPERTY. Program receipts, including funds held by a depository institution, and PHA rights or interests under a HAP contract for covered units.

PROGRAM RECEIPTS. Amounts paid by HUD to the PHA under the ACC, and any other amounts received by the PHA in connection with administration of the Section 8 program under the ACC.

PROJECT RESERVE. An unfunded account established by HUD for a HAP contract from amounts by which the amount of budget authority available for payment under the HAP contract during the owner's fiscal year as determined by HUD exceeds the amount actually approved and paid by HUD. HUD may use this account as the source for additional payments under the program.

PUBLIC HOUSING AGENCY (PHA). The agency that has entered the ACC with HUD. Such agency is a "public housing agency" as defined in Section 3 of the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

SECTION 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

SERVICE AREA. The area where the PHA provides contract administration services under the ACC. The PHA service area is described in Exhibit D of the ACC.

STATEMENT OF WORK (SOW). The description of core contract administration tasks to be performed by the PHA under the ACC (Section 3 of Exhibit A).

2 **ACC**

a **Purpose**

- (1) This ACC is a contract between the PHA and HUD. The ACC was awarded by HUD pursuant to a proposal submitted in response to HUD's published Request for Proposals for PHAs to provide contract administration services for units receiving project-based Section 8 housing assistance (64 Federal Register 27360 (5/19/99), amendment no. 1 (8/2/99) and amendment no. 2 (11/15/99)).
- (2) Under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), HUD is authorized to enter into an annual contributions contract with a PHA that enters a HAP contract with an owner to pay housing assistance payments for housing units occupied by eligible families, including a HAP contract assigned to the PHA by HUD for contract administration under the ACC. Under this ACC, the PHA will provide contract administration services for dwelling units in the service area receiving project-based assistance under Section 8.

b **Exhibits**

This ACC includes the following exhibits:

Exhibit A: PHA Contract Administration Responsibilities

Exhibit B: Covered Units

Exhibit C: Funding

Exhibit D: Service Area

Exhibit E: PHA Administrative Fees

c **HUD revision of ACC exhibits**

- (1) HUD may amend Exhibit B:
 - To add covered units.

- To withdraw covered units for which the HAP contract has expired or been terminated.
 - To withdraw covered units in connection with portfolio reengineering.
- (2) HUD may amend Exhibit C:
- To add a funding increment, or
 - To remove a funding increment for which the HAP contract has expired or been terminated
 - To remove a funding increment in connection with portfolio reengineering.
- (3) HUD may amend Exhibit B or Exhibit C of the ACC by giving the PHA written notice of the revised exhibit. The HUD notice constitutes an amendment of the ACC.

d ACC term

- (1) The PHA shall provide contract administration services for the covered units during the ACC term.
- (2) The initial term of the ACC shall be thirty-six calendar months commencing on the first day of the month of HUD's first assignment to the PHA of existing HAP contracts for covered units for contract administration pursuant to the ACC. (The same ACC term shall apply for all covered units, whether such covered units are included in the first HUD assignment of covered units, or are added subsequently.)
- (3) HUD may unilaterally elect to renew the ACC for up to two additional twelve month renewal terms after the initial term. Each such renewal shall be at HUD's sole discretion, and shall be exercised by written notice to the PHA of HUD's election to renew. HUD shall give such renewal notice at least three calendar months before the end of the expiring term (the initial term and the first twelve month renewal term).
- (4) The PHA may unilaterally elect to terminate the ACC term at the end of the last month of the initial ACC term, or at the end of any month of the first or second twelve month renewal term, if the PHA gives HUD written notice of the PHA's election to terminate the ACC term at least twelve calendar months before termination.

3 PHA CONTRACT ADMINISTRATION SERVICES

a Coverage

- (1) The PHA shall enter into or assume HAP contracts with owners of covered units to make housing assistance payments to the owners of such units during the HAP contract term.
- (2) During the ACC term, the PHA shall provide contract administration services for covered units in the service area.
- (3) HUD will assign to the PHA existing HAP contracts for covered units. The PHA agrees to accept all such assignments by HUD for the purpose of administering such HAP contracts in accordance with the ACC during the ACC term. Upon assignment by HUD, the PHA immediately and automatically assumes, during the ACC term, the contractual rights and responsibilities of HUD pursuant to such HAP contracts for covered units in accordance with the ACC and HUD requirements.

b PHA services

- (1) The PHA shall perform all PHA responsibilities under the ACC, in accordance with applicable provisions of:
 - The United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) and other Federal laws. Including any amendments or changes in the law.
 - HUD regulations and other requirements, including any amendments or changes in HUD requirements.
 - The ACC.
 - The HUD-approved proposal submitted in response to the HUD Request for Proposals, and any HUD-approved modifications of the proposal. (However, if any provision of the proposal conflicts with the law, the ACC or any HUD regulation or other requirement, the law, ACC or HUD requirement will govern.)
- (2) The PHA shall perform all the following core tasks as described in the Statement of Work.
 - Conduct management and occupancy reviews.

- Adjust contract rents.
 - Process HAP contract terminations or expirations.
 - Pay monthly vouchers from Section 8 owners.
 - Respond to health and safety issues.
 - Submit Section 8 budgets, requisitions, revisions and year-end statements.
 - Submit audits of the PHA's financial condition.
 - Renew HAP contracts.
 - Report on PHA operating plans and progress.
 - Follow up on results of physical inspections of projects with covered units.
- (3) The PHA shall perform all core tasks in accordance with the SOW core task descriptions.
- (4) The PHA shall require owners to comply with HUD requirements for occupancy of covered units, including requirements governing eligibility for assistance, resident contribution to rent, and examinations and reexaminations of family income.
- (5) The PHA shall determine the amount of housing assistance payments to owners in accordance with the terms of the HAP contracts and HUD requirements. The PHA shall pay owners the amount of housing assistance payments due to owners under such HAP contracts from the amount paid to the PHA by HUD for this purpose.
- (6) The PHA shall take prompt and vigorous action, to HUD's satisfaction, and as required or directed by HUD, to enforce owner compliance with the terms of HAP contracts for covered units. Such actions include requiring actions by the owner to cure a default, termination, or abatement or other reduction of housing assistance payments, termination of the HAP contract, or recovery of overpayments. However, the PHA may not terminate a HAP contract without HUD's prior written consent.

4 FEES AND PAYMENTS

a HUD payments

- (1) HUD will make payments to the PHA for covered units in accordance with HUD requirements.
- (2) For each PHA fiscal year, HUD will pay the PHA the amount approved by HUD to cover:
 - Housing assistance payments by the PHA to owners of covered units.
 - PHA fees for contract administration of covered units.
- (3) The amount approved and paid by HUD for housing assistance payments shall be sufficient for timely payment by the PHA to owners of the amount of housing assistance payments due to the owners under HAP contracts for covered units. If the PHA is unable to make timely payment to owners because of HUD delay in paying the PHA the amount sufficient for such payment by the PHA to the owners (and such HUD delay is not caused by the PHA's action or failure to act), the PHA's failure to make timely payment to owners shall not be a default by the PHA under the ACC.
- (4) The amount of the HUD payment may be reduced, as determined by HUD, by the amount of program receipts (such as interest income) other than the HUD payment.

b Fees

- (1) The PHA earns an administrative fee for each covered unit under HAP contract on the first day of the month. The monthly administrative fee is composed of the basic fee and the incentive fee.
- (2) The amount of earned administrative fees is determined in accordance with Exhibit A and Exhibit E.
- (3) Basic fees earned by the PHA shall be paid monthly. Incentive fees earned by the PHA shall be paid quarterly. Payment of administrative fees is subject to availability of appropriated funds.

- (4) If HUD determines that the PHA has performed below the minimum acceptable quality level in any month, HUD may reduce the amount of the basic fee per unit per month by subtracting the amount of the disincentive deductions determined by HUD in accordance with Exhibit A.
- (5) If HUD determines that the PHA has performed above the minimum acceptable quality level, HUD may award an incentive fee per unit per month, in addition to the basic fee, in the amount determined by HUD in accordance with Exhibit A. The total of earned incentive fees for each month, as determined by HUD, shall not exceed the amount of the incentive fee pool for such month.
- (6) HUD will not pay an administrative fee for any covered units for which the HAP contract has expired or been terminated.
- (7) If HUD determines that the PHA has failed to comply with any obligations under the ACC, HUD may reduce the amount of any administrative fee as otherwise determined by HUD in accordance with Exhibit A if HUD has given the PHA reasonable notice of such failure, and reasonable opportunity to cure such failure prior to such reduction. In determining the length of such HUD notice and the extent or nature of such opportunity to cure, HUD shall have discretion to consider the circumstances of the case, including such factors as prior failure or pattern of failure by the PHA to comply with PHA contract administration obligations under the ACC, and the seriousness of such failures.

5 LIMIT ON PAYMENTS FOR FUNDING INCREMENT

The total amount of HUD payments to the PHA for any funding increment over the increment term shall not exceed the amount of budget authority for the funding increment.

6 REDUCTION OF AMOUNT PAYABLE BY HUD

- a If HUD determines that the PHA has committed any default under the ACC, HUD may reduce to an amount determined by HUD:
 - (1) The amount of the HUD payment to the PHA for any funding increment.
 - (2) The budget authority for any funding increment.
- b HUD shall give the PHA written notice of the reduction.

- c If HUD reduces the amount of the HUD payment below the amount necessary to cover housing assistance payments to owners of covered units, the PHA has no obligation to pay housing assistance payments to owners that exceed the amount paid to the PHA by HUD for this purpose.
- d The HUD notice may include a revision of the funding exhibit (Exhibit C) that reduces the amount of budget authority for a funding increment. The notice of a revised funding exhibit, or of revisions to the funding exhibit constitutes an amendment of the ACC.

7 **PROJECT RESERVE**

HUD may establish and maintain a project reserve account for a HAP contract administered by the PHA under the ACC. The amount in the project reserve is determined by HUD. The project reserve may be used by HUD to pay any portion of the payment approved by HUD for a fiscal year.

8 **BUDGET AND REQUISITION FOR PAYMENT**

- a For each fiscal year, the PHA shall submit to HUD an estimate of the HUD payments for the program and any supporting data required by HUD. The budget estimate and supporting data shall be submitted at such time and in such form as HUD may require, and are subject to HUD approval and revision.
- b The PHA shall requisition periodic payments on account of each annual HUD payment to the PHA. Each requisition shall be in the form prescribed by HUD. Each requisition shall include certification that housing assistance payments have only been paid to owners in accordance with HAP contracts for covered units, and in accordance with HUD requirements.
- c If HUD determines that payments by HUD to the PHA for a fiscal year exceed the amount of the annual payment approved by HUD in the budget for the fiscal year, the excess shall be applied as determined by HUD. Such applications determined by HUD may include, but are not limited to, application of the excess payment against the amount of the annual payment for a subsequent fiscal year. The PHA shall take any actions required by HUD respecting the excess payment, and shall, upon demand by HUD, promptly remit the excess payment to HUD.

9 FINANCIAL MANAGEMENT

a Use of program receipts

- (1) The PHA shall use program receipts in compliance with the U.S. Housing Act of 1937 and all HUD regulations and other requirements.
- (2) The PHA may only use program receipts to pay program expenditures, including administrative fees payable to the PHA, and housing assistance payments payable to owners for covered units.
- (3) Administrative fees earned by and paid to the PHA as program expenditures in accordance with this ACC are no longer subject to HUD requirements governing use of program receipts. The PHA may use or distribute any such earned administrative fee income, including basic fees and incentive fees, for any purpose.
- (4) If required by HUD, program receipts in excess of current needs shall be promptly remitted to HUD or shall be invested in accordance with HUD requirements.
- (5) Interest on the investment of program receipts constitutes program receipts.

b. Depository

- (1) Unless otherwise required or permitted by HUD, all program receipts shall be promptly deposited with a federally insured financial institution selected as depository institution by the PHA in accordance with HUD requirements.
- (2) The PHA shall enter an agreement with the depository institution in the form required by HUD.
- (3) The PHA may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements, including payment of housing assistance payments to owners and payment of administrative fees to the PHA.
- (4) If HUD determines that the PHA has committed any default under the ACC, and has given the PHA notice of such determination, HUD may freeze deposited program receipts held by the depository institution, and may withdraw deposited funds. The PHA agreement with the depository

institution shall provide that if required under a written freeze notice from HUD to the depository:

- The depository institution shall not permit any withdrawal of deposited funds by the PHA unless withdrawals by the PHA are expressly authorized by written notice from HUD to the depository institution.
 - The depository institution shall permit withdrawals of deposited funds by HUD.
- (5) Unless approved by HUD, the PHA may not deposit under the depository agreement monies received or held by the PHA in connection with any contract between the PHA and HUD.

10 FIDELITY BOND COVERAGE

The PHA shall carry adequate fidelity bond coverage, as required by HUD, to compensate the PHA and HUD for any theft, fraud or other loss of program property resulting from action or non-action by PHA officers or employees or other individuals with administrative functions or responsibility for contract administration under the ACC.

11 MANAGEMENT REQUIREMENTS

- a The PHA shall (without any compensation or reimbursement in addition to administrative fees in accordance with § 4.b of the ACC) perform all PHA obligations under the ACC, and provide all services, materials, equipment, supplies, facilities and professional and technical personnel, needed to carry out all PHA obligations under the ACC, in accordance with sound management practices, Federal statutes, HUD regulations and requirements and the ACC.
- b The PHA shall:
- (1) Maintain telephone service during normal and customary business hours.
 - (2) Design and implement procedures and systems sufficient to fulfill all PHA obligations under the ACC.
 - (3) Take necessary actions to maintain good relations with owners, residents and their representatives, neighborhood groups, and local government agencies.

- (4) Respond fully and promptly to inquiries from assisted residents, and refer inquiries from Congress or other governmental entities to HUD.

12 PROGRAM RECORDS

- a The PHA shall maintain complete and accurate accounts and other records related to operations under the ACC. The records shall be maintained in the form and manner required by HUD, including requirements governing computerized or electronic forms of record-keeping. The accounts and records shall be maintained in a form and manner that permits a speedy and effective audit.
- b The PHA shall maintain complete and accurate accounts and records for each HAP contract.
- c The PHA shall furnish HUD such accounts, records, reports, documents and information at such times, in such form and manner, and accompanied by such supporting data, as required by HUD, including electronic transmission of data as required by HUD.
- d The PHA shall furnish HUD with such reports and information as may be required by HUD to support HUD data systems.
- e HUD and the Comptroller General of the United States, or their duly authorized representatives, shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are relevant to PHA operations under the ACC, including the right to examine or audit the records and to make copies. The PHA shall provide any information or assistance needed to access the records.
- f The PHA shall keep accounts and other records for the period required by HUD.
- g HUD may review and audit PHA performance of its responsibilities under the ACC. The PHA shall comply with Federal audit requirements. The PHA shall engage an independent public accountant to conduct audits that are required by HUD. The PHA shall cooperate with HUD to promptly resolve all audit findings, including audit findings by the HUD Inspector General or the General Accounting Office.

13 **DEFAULT BY PHA**

a **Definition of default**

Occurrence of any of the following events is a default by the PHA in performance of its obligations under the ACC:

- (1) The PHA has failed:
 - To comply with PHA obligations under the ACC, or
 - To comply with PHA obligations under a HAP contract with an owner, or
 - To take appropriate action, to HUD's satisfaction or as required or directed by HUD, for enforcement of the PHA's rights under a HAP contract.
- (2) The PHA has made any misrepresentation to HUD of any material fact.

b **Termination of ACC because of PHA default**

- (1) HUD may terminate the ACC at any time in whole or in part if:
 - HUD determines that the PHA has committed any default or pattern of default under the ACC, and
 - HUD has given the PHA reasonable notice of the default to the PHA, and reasonable opportunity to cure the default prior to termination. However, the PHA shall comply with HUD instructions on remedial actions necessary to cure the default.

- (2) In determining the length of such HUD notice and the extent or nature of such opportunity to cure, HUD shall have discretion to consider the circumstances of the case, including such factors as prior failure or pattern of failure by the PHA to comply with PHA contract administration obligations under the ACC, and the seriousness of such failures. If HUD determines that urgent or other exigent circumstances require immediate termination of the ACC, HUD may terminate the ACC at any time, without allowing any opportunity to cure. Such circumstances include diversion or misuse of program receipts, PHA misrepresentation to HUD of any material facts, or failures of program administration that affect or may affect the welfare of assisted families.
- (3) If HUD elects to terminate the ACC, HUD shall terminate the ACC by written notice to the PHA, which shall state:
- The reason for termination.
 - The date of termination.

c Other remedies

- (1) HUD may take title or possession to any or all program property:
- Upon occurrence of a default by the PHA, or
 - Upon termination of the ACC in whole or in part, or
 - Upon expiration of the ACC term.
- (2) HUD's exercise or non-exercise of any right or remedy for PHA default under the ACC is not a waiver of HUD's right to exercise that or any other right or remedy at any time.

14 CONFLICT OF INTEREST

- a Neither the PHA, nor any PHA contractor, subcontractor or agent for operations under the ACC, nor any other entity or individual with administrative functions or responsibility concerning contract administration under the ACC, may enter into any contract, subcontract, or other arrangement in connection with contract administration under the ACC in which any covered individual or entity has any direct or indirect interest (including the interest of any immediate family member), while such person is a covered individual or entity or during one year thereafter.

- b “Immediate family member” means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.
- c “Covered individual or entity” means an individual or entity that is a member of any of the following classes:
- (1) A member, officer or director of the PHA, or other PHA official with administrative functions or responsibility concerning contract administration under the ACC.
 - (2) If the PHA is an instrumentality of a governmental body:
 - A member, officer or director of such governmental body.
 - A member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.
 - (3) An employee of the PHA.
 - (4) A PHA contractor, subcontractor or agent with administrative functions or responsibility concerning contract administration under the ACC, or any principal or other interested party of such contractor, subcontractor or agent.
 - (5) An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a PHA contractor, subcontractor or agent.
 - (6) A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.
- d The PHA shall require any covered individual or entity to disclose his, her or its interest or prospective interest in any contract, subcontract or other arrangement in connection with contract administration under the ACC to the PHA and HUD.
- e During the term of the ACC, the PHA shall not own or otherwise possess any direct or indirect interest in any covered unit (including a unit owned or possessed, in whole or in part, by an entity substantially controlled by the PHA), and shall not claim or receive any administrative fee for contract administration of a unit in which the PHA has any such interest.

- f Notwithstanding paragraph e, if the PHA is a State, or an agency or instrumentality of a State (not including a municipality, county or other agency of local government), and provides or has provided financing for development, repair or improvement of covered units, and holds a mortgage of the real property to secure such financing:
- (1) The existence of such mortgage or interest shall not be considered a conflict of interest under paragraph e, (provided that the PHA has not obtained any other ownership interest in the property, by exercise of its remedies as mortgagee or otherwise), and in such case, paragraph e shall not bar the PHA from claiming or receiving an administrative fee for contract administration of such covered units.
 - (2) The PHA shall fully disclose such mortgage or interest to HUD, including any defaults by the mortgagee or borrower under such mortgage, and any actions considered or taken by the PHA to enforce the mortgage or the terms of such financing against the owner or the real property. HUD may require the PHA to take measures or actions necessary to assure that the PHA's interest as lender or mortgagee does not prejudice the PHA's full and vigorous performance of contract administration services for the covered units in accordance with the ACC, or may amend Exhibit B and C of the ACC to withdraw such covered units, and the funding for such units, from the scope of the ACC.
- g HUD may waive the conflict of interest requirements for good cause. Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP contract under which such individual is or may be assisted, or with respect to a HAP contract in which such individual or entity is a party or has any interest.
- h No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of the ACC or to any benefits which may arise from it.

15 **EQUAL OPPORTUNITY**

- a The PHA shall comply with all equal opportunity requirements imposed by Federal law, including applicable requirements under:
- (1) The Fair Housing Act, 42 U.S.C. 3601-3619 (implementing regulations at 24 CFR parts 100 et seq.).

- (2) Title VI of the Civil rights Act of 1964, 42 U.S.C. 2000d (implementing regulations at 24 CFR part 1).
 - (3) The Age Discrimination Act of 1975, 42 U.S.C. 6101-6107 (implementing regulations at 24 CFR part 146).
 - (4) Executive Order 11063, Equal Opportunity in Housing (1962), as amended, Executive Order 12259, 46 FR 1253 (1980), as amended, Executive Order 12892, 59 FR 2939 (1994) (implementing regulations at 24 CFR part 107).
 - (5) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 (implementing regulations at 24 CFR part 8).
 - (6) Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.
- b The PHA shall submit a signed certification to HUD that the PHA shall carry out its responsibilities under the ACC in accordance with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act.
 - c The PHA shall cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to applicable civil rights statutes, Executive Orders, and related rules and regulations.

16 **COMMUNICATION WITH HUD**

The CA shall communicate with HUD through the official or officials designated by HUD.

17 **EXCLUSION OF THIRD PARTY RIGHTS**

- a A family that is eligible for housing assistance under the ACC is not a party to or a third party beneficiary of the ACC.
- b Nothing in the ACC shall be construed as creating any right of any third party to enforce any provision of the ACC, or to assert any claim against HUD or the PHA.

PUBLIC HOUSING AGENCY

Lousiana Housing Finance Agency
Name of PHA (print)

Signature of authorized representative

Name and official title (print)

Date

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

Signature of authorized representative

Deputy Assistant Secretary for Multifamily Office of Housing

Name and official title (print)

Date

EXHIBIT A
PUBLIC HOUSING AGENCY RESPONSIBILITIES

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INTRODUCTION

The Public Housing Agency (PHA) has entered this Annual Contributions Contract (ACC) with HUD. Under the ACC, the PHA will provide contract administration services for project-based Housing Assistance Payments Contracts (HAP contracts) entered under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) (Section 8).

The ACC does not apply to contract administration of Section 8 projects assisted under the Section 8 moderate rehabilitation program (24 CFR part 882) (including the Section 8 moderate rehabilitation single room occupancy program), or to contract administration of projects assisted under the Section 8 project-based voucher program or project-based certificate program (24 CFR part 983).

During the ACC term, the PHA will oversee HAP contracts for Section 8 projects in accordance with HUD regulations and requirements. The PHA's responsibilities are governed by the ACC between HUD and the PHA. HUD will assign HAP contracts for Section 8 projects to the PHA for contract administration during the term of the ACC. Upon HUD assignment of HAP contracts with the owners of Section 8 projects, the PHA immediately and automatically assumes, during the ACC term, the obligations of HUD under the HAP contracts. The PHA will monitor and enforce the compliance of each Section 8 owner with the terms of the HAP contract and HUD regulations and requirements.

HUD seeks to achieve three programmatic and three administrative objectives.

Programmatic objectives:

- Calculate and pay Section 8 rental subsidies correctly.
- Administer project-based Section 8 HAP contracts consistently.
- Enforce owner obligations to provide decent housing for eligible families.

Administrative objectives:

- Execute an ACC only with a PHA that has the qualifications and expertise to oversee and manage affordable housing, and that has the capacity to perform the required contract administration services, including necessary personnel and other resources.
- Get the best value for dollars spent for PHA services.
- Encourage the development of joint ventures and or partnerships for contract administration services to obtain the benefit of the best practices of both public and private sectors.

PUBLIC HOUSING AGENCY

Overview of Public Housing Agency responsibilities

The PHA must administer Section 8 HAP contracts in accordance with the ACC, Federal law, and HUD regulations and requirements, both current and as amended in the future. The ACC with the PHA specifies the area where the PHA is required to provide contract administration services (service area).

The ACC specifies the Section 8 assisted units under HAP contracts that HUD assigns to the PHA for contract administration under the ACC during the ACC term (covered units). From time to time during the ACC term, HUD may add or delete covered units for contract administration under the ACC. Each fiscal year, the PHA will request funds from HUD to cover PHA administrative fees and housing assistance payments to owners of covered units.

The Statement of Work (SOW) (Section 3 below) details core functions (tasks) that the PHA must perform.

The major tasks of the PHA include, but are not limited to the following:

- Monitor compliance of Section 8 project owners with their obligation to provide decent, safe, and sanitary housing to assisted residents.
- Pay Section 8 project owners accurately and timely.
- Submit required documents accurately and timely to HUD (or as required by HUD).
- Comply with HUD regulations and requirements, both current and as amended in the future, governing administration of Section 8 HAP contracts.

Qualification as Public Housing Agency

By law, HUD may only enter into an ACC with a legal entity that qualifies as a “public housing agency” (PHA) as defined in the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.). However, that requirement does not preclude joint ventures or other partnerships between a PHA and other public or private entities to carry out the PHA’s contract administration responsibilities under the ACC between the PHA and HUD.

Under the law, a public housing agency is defined as a:

“...State, county, municipality, or other governmental entity or public body (or agency or instrumentality thereof) which is authorized to engage in or assist in the development or operation of low-income housing.” (42 U.S.C. 1437a(b)(6)).

To qualify as a PHA that may enter into a Section 8 ACC with HUD, the legal entity must be one of the following:

- A general or special purpose governmental entity: Such governmental entities include a State, municipality, housing authority, or governmental public benefit corporation.
- A multi-state, interstate or regional governmental entity.
- An instrumentality entity: Such instrumentality entity must act as an instrumentality of a parent governmental entity, or multiple parent governmental entities. The instrumentality entity may be a for-profit or not-for-profit entity.

The entity that has entered the ACC with HUD affirms and certifies that it is a Public Housing Agency (PHA) as required by Federal law, and that it has jurisdiction and authority to carry out Section 8 contract administration services in the agreed service area in accordance with the ACC.

Instrumentality Entity eligibility

If the PHA has qualified as an “instrumentality entity”, the relationship between an instrumentality entity and a governmental entity (“parent entity”) must include all of the following characteristics:

- The parent entity must have the right to approve the corporate charter or other organic documents of the instrumentality entity, including the right to approve any amendments.
- The parent entity must have the right to control, direct and authorize the execution of the ACC between HUD and the instrumentality entity.
- The parent entity must have the right to directly or indirectly control operation of the instrumentality entity.
- The parent entity must have the right that upon dissolution or termination of the instrumentality entity, title to all real or personal property held by the instrumentality entity must be transferred to the parent entity or an entity designated by the parent entity.

The charter or other organic documents of the instrumentality entity (e.g., certificate of incorporation, partnership agreement or certificate) must provide that the instrumentality entity is authorized to “engage in or assist in the development or operation of low-income housing.”

Governmental parent entities may partner with private for-profit or non-profit entities that hold an interest, directly or indirectly, in an instrumentality entity so long as such instrumentality entity is otherwise in compliance with the above stated requirements for eligibility of an instrumentality entity. Private entities may contract directly with an instrumentality entity.

STATEMENT OF WORK

Overview

Performance-based Service Contracting

For work performed under the ACC, HUD has used Performance-based Service Contracting (PBSC). PBSC is based on the development of a performance work statement, which defines the work in measurable, mission-related terms with established performance standards and review methods to assure quality performance of the work. PBSC assigns incentives to reward performance that exceeds the minimally acceptable and assesses disincentives for unsatisfactory performance.

The PHA must complete all tasks described in Exhibit A of the ACC, including both requirements specifically designated as “incentive-based performance standards” and all other “requirements.”

PHA failure to complete the tasks or comply with other PHA obligations under the ACC will constitute a default under the ACC. HUD may terminate the ACC at any time in whole or in part if HUD determines that the PHA has committed any default under the ACC.

Elements of core task descriptions

The description of each core task contains the following elements:

- **Outcome:** The required result of the task.
- **Requirements:** A general description of specific tasks the PHA must perform.
 - NOTE:** The PHA must perform each task in accordance with all relevant HUD regulations and other requirements in effect during the term of the ACC. The ACC does not set forth the details of such regulations and requirements.
- **Reference:** Current HUD regulations and other HUD requirements related to each task.
- **Incentive-based Performance Standards (IBPS):** A description of specific elements of each core task. HUD will measure the PHA’s performance of each such element as the performance standard to determine the PHA’s earned administrative fees (including earned basic fees and earned incentive fees).
- **Quality Assurance (QA):** A listing of the methods and resources HUD will use to verify the accuracy of the PHA’s reported performance and

accomplishments. HUD may use other methods that it deems appropriate to assure quality.

HUD regulations and requirements

All references mentioned in the description of the tasks are generally available on HUD's website (<http://www.hudclips.org/cgi/index.cgi>). Interested parties may order copies of HUD handbooks and other directives through the HUD website, or through the HUD Multifamily Clearinghouse at 1-800-685-8470. The regulations and directives listed may be updated from time to time.

HUD does not represent that the references listed in the ACC, or on the HUD website are a complete listing of current relevant HUD regulations and requirements. In addition, HUD regulations and other requirements may change from time to time during the term of the ACC.

HUD's codified regulations are issued as Title 24 of the Code of Federal Regulations (CFR). Revisions or additions to HUD regulations are initially published in the Federal Register. HUD may also publish Federal Register notices. In addition to publication in the Federal Register and the CFR, HUD issues additional program requirements as HUD "directives", including HUD notices, handbooks and forms.

The PHA must carry out the core tasks described in the Statement of Work (ACC Exhibit A, § 3), as well as other responsibilities related to contract administration under the ACC, in accordance with all HUD regulations and requirements in effect from time to time, as well as other responsibilities related to contract administration under the ACC.

Core tasks

This section describes ten core tasks that the PHA must perform:

1. Conduct management and occupancy reviews.
2. Adjust contract rents.
3. Process HAP contract terminations or expirations.
4. Pay monthly vouchers from Section 8 owners.
5. Respond to health and safety issues.
6. Submit Section 8 budgets, requisitions, revisions and year-end statements.
7. Submit audits of the PHA's financial condition.
8. Renew HAP contracts.

9. Report on PHA operating plans and progress.
10. Follow up on results of physical inspections of Section 8 projects.

Management and occupancy reviews

The PHA must conduct an on-site management and occupancy review of each Section 8 project, no less than annually. (Some projects may have multiple HAP contracts.) The review must be a comprehensive assessment of the owner's procedures for directing and overseeing project operations, and the adequacy of the procedures for carrying out day to day, front-line activities. Some examples of the areas that the PHA must audit are: maintenance, security, leasing, occupancy, certification and recertification of family income, and determination of the family payments, financial management, Management Improvement and Operating (MIO) Plans, and general maintenance practices. The results of the on-site review must provide adequate documentation to support any enforcement actions proposed against the owner by the PHA or HUD.

Outcome: Identify and resolve areas of noncompliance with HUD regulations and other requirements.

Requirements:

- Schedule and conduct annual reviews of each project, using form HUD-9834 or other appropriate documentation.
- Evaluate the owner's operating policies and procedures following guidance in the appropriate HUD directives.
- Verify compliance with HUD regulations and requirements regarding occupancy issues (e.g., resident eligibility and selection, examination and reexamination of family income and assets, household characteristics), and verify that correct documentation is contained in each resident file to support claims for payment under the HAP contract. Use the following resident file random sampling:

Number of Units	Minimum File Sample
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 2,000	34 files plus 1 for each 200 units or part of 200 over 2,200

If the PHA's review of the sample indicates a problem, the PHA must require the owner to conduct a 100% review of the files and report the results of the review to the PHA. The PHA must test the review done by the owner to determine its reliability and accuracy.

- Verify owner compliance with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973.
- Notify the jurisdictional HUD office by close of next business day of any potential fraud or potential violations of law identified during the PHA review.
- Prepare and submit to the owner and jurisdictional HUD office a written report, on form HUD-9834, or other appropriate HUD-required documents, within 30 days of the PHA review, outlining any findings and recommendations for corrective action.
- Monitor implementation of corrective action. Notify jurisdictional HUD office within one business day when enforcement action is required.
- Enter required information into HUD data systems.

References:

HUD Handbook 4350.1

HUD Handbook 4350.3

Incentive-based Performance Standards

1. The PHA must conduct annual Management and Occupancy Reviews in accordance with the PHA submitted and HUD approved workplan according to HUD requirements, document corrective actions taken against Section 8 project owners or families, and monitor implementation of necessary corrective action.
2. The PHA review must document on the appropriate form compliance by Section 8 owners with civil rights regulations, including Title VI, Title VIII, the Americans with Disabilities Act, and Section 504 of the Rehabilitation Act of 1973 and forward to the owner and the appropriate jurisdictional HUD office within 30 days.

Quality Assurance:

On-Site Reviews

Data Systems Reports

Rental adjustments

Contract rent under each Section 8 HAP contract must be adjusted during the HAP contract term in accordance with the HAP contract and HUD requirements.

The PHA must process contract rent adjustments correctly.

If applicable, the PHA must analyze adjustments of the owner utility allowance schedule.

Outcome: Contract rent adjustments are timely and correct.

Requirements:**A. Budget-based adjustments**

Where applicable, the budget-based rent adjustment method requires a Section 8 owner to submit an operating budget and supporting documentation for PHA review. The rent adjustment is subject to HUD-approval.

The PHA must determine budget-based adjustments of contract rent by performing the following tasks:

- Analyze the project's operating budget and supporting documentation for a rent adjustment to determine reasonableness according to guidance in HUD Handbook 4350.1.
- Document contract rent increases on a rent schedule (Form HUD-92458)
- Analyze adjustments of the owner utility allowance schedule, if applicable.
- If the HAP contract requires the owner to maintain a reserve for replacement, analyze adjustment to the monthly reserve for replacement deposit as required and recommend action to HUD.
- Recommend approval or disapproval to HUD. HUD must notify PHA of the decision and the PHA must provide written notification to the owner.
- Verify accurate, timely completion and submission of the adjusted rent schedule by the owner.

- Enter data into the appropriate HUD data system within five business days from completion of action.

B. Annual Adjustment Factor (AAF)

This rent adjustment method generally requires the PHA to apply the AAF to current contract rents. AAFs are published annually in the Federal Register.

The PHA must perform the following tasks:

- Determine the amount of annual adjustments in accordance with HUD requirements.
- Analyze adjustments of the owner utility allowance schedule, if applicable.
- If the HAP contract requires the owner to maintain a reserve for replacement, analyze adjustment to the reserve for replacement, and recommend action to HUD.
- Approve or disapprove the amount of rent adjustment and provide written notification to the owner.
- Validate comparability study if submitted by the owner to support a rent adjustment request.
- Verify accurate, timely completion and submission of adjusted rent schedule by the owner.
- Enter data into the appropriate HUD system within five business days from completion of action.

C. Special adjustments

For HAP contracts which provide for AAF-adjusted rents, the Section 8 owner may request a special adjustment for cost increases generally applicable to housing in the locality, such as increases in cost items such as insurance, taxes or utility rates. The appropriate jurisdictional HUD office must approve or deny all special adjustments within 30 days of receipt of a properly documented request from the PHA.

The PHA must process the owner's request for a special rent adjustment to determine if the special adjustment should be approved by HUD. To accomplish this, the PHA must perform the following tasks:

- Analyze a special adjustment request from the owner.
- Recommend action to the appropriate jurisdictional HUD office.

- Based on notification from HUD, notify the owner of rent adjustment approval or disapproval.
- Verify accurate, timely completion and submission of an adjusted rent schedule by the owner.
- Enter data into the appropriate HUD data system within 5 business days from completion of action.

D. Rent appeals

A Section 8 owner may appeal the PHA rent adjustment decision. The first level of appeal is to the PHA; the second level of appeal is to the appropriate jurisdictional HUD office. The PHA must review owner appeals.

The PHA must perform the following tasks:

First level appeal

- Analyze the owner's rent appeal request.
- Provide the owner with written notice of PHA decision and justification within 30 business days of receipt of the owner's request.

If the appeal is approved:

- Verify accurate, timely completion and submission by the owner of the adjusted rent schedule.
- Enter data into the appropriate HUD data system within 5 business days after completion of action.

If the appeal is denied:

- Notify the owner of opportunity for second level appeal with notice of PHA decision and justification.

Second level appeal

If the appeal is approved by HUD:

- Receive approval from jurisdictional HUD office within 30 days after request for second level appeal
- Verify accurate, timely completion and submission of adjusted rent schedule by the owner.
- Enter data into the appropriate HUD data system.

References:

HUD Handbook 4350.1

Notice: H-98-34

Notice: H-98-3

Notice: H-98-27

Housing Notices H-99-08, H-99-13, H-99-15

Incentive-based Performance Standards

3. PHA completes processing of owner's request for rent adjustment, and all PHA approved rent adjustments are executed and finalized within 30 days of receipt of owner's request for a budget-based rent adjustment or on the anniversary date of the HAP contract for an AAF-based rent adjustment.

Quality Assurance:

On-Site Reviews

Data Systems Reports

Opt-out and HAP contract termination

A Section 8 HAP contract may terminate because:

- The HAP contract term expires and the owner chooses not to renew the expiring contract (opt-out); or
- The HAP contract is terminated by the PHA for owner default (after HUD approves the termination).

When a Section 8 HAP contract will terminate, the PHA must notify HUD, and must work with HUD to obtain tenant-based voucher assistance for eligible residents. The PHA must coordinate efforts with the jurisdictional HUD office to identify a PHA to administer the tenant-based assistance.

Outcome: Provide ongoing rental assistance to eligible residents in occupancy at the time of the opt-out.

Requirements:**A. Notification requirements**

The PHA must:

- Inform the jurisdictional HUD office by close of next business day after notice by the owner that the owner has elected to opt-out of the HAP contract.
- Inform the jurisdictional HUD office of the PHA's recommendation to terminate a HAP contract because of owner default.
- Verify that the owner has complied with the HAP contract and current law on opt-outs.

B. PHA actions when HAP contract terminates

The PHA must:

- Obtain resident payment and family unit size data from the owner.
- Provide resident payment (family income and total tenant payment) and family unit size data (family size and composition, and size of Section 8 unit currently occupied by family) to jurisdictional HUD office within 3 business days after receipt of such information from the owner, and at least 90 days before HAP contract termination, for the purpose of obtaining Section 8 vouchers for residents.
- Coordinate efforts with the jurisdictional HUD to identify a PHA to administer tenant-based voucher assistance for residents.
- Help residents who must move from the project arranging to receive tenant-based voucher assistance from the PHA that will administer such assistance.

References:

Notice: H-98-34

Housing Notices H-99-08, H-99-13

Incentive-based Performance Standards

4. PHA notifies jurisdictional HUD office, by close of next business day after notice by owner, that the owner has elected to opt-out.
5. PHA provides complete resident data to jurisdictional HUD office at least 90 days before HAP contract expiration.

Quality Assurance:

On-Site Reviews

Data Systems Reports

Monthly vouchers

The “Automation Rule” (24 CFR Section 108, Part 208 - Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects) requires Section 8 project owners to request housing assistance payments by vouchers submitted monthly through the Tenant Rental Assistance Certification System (TRACS). Vouchers are due the tenth day of the month preceding the month for which the owner is requesting payment. A PHA may not pay owners until owner vouchers are received and reviewed for accuracy.

Outcome: Payments of Section 8 vouchers and claims are only authorized and paid for eligible covered units. Payments are made to owners by the first day of every month.

Requirements:

A. Verify and certify accuracy of monthly Section 8 vouchers (forms HUD-52670 & HUD-52670-A)

The PHA must verify and provide written documentation certifying the accuracy of owner payment requests by the last day of each month before the month when payment is due to the owner in accordance with the HAP contract. The PHA disburses housing assistance payments to the owner in response to the owner’s payment request as verified by the PHA. To accomplish this task, the PHA must:

- Monitor owner follow-up efforts on discrepancies identified as a result of any income matching initiatives. HUD will provide discrepancy reports to the PHA.
- Monitor compliance by owners with requirements for entry of all resident certification and recertification data in TRACS.
- Verify voucher submissions by owner through the TRACS system by the tenth day of the month preceding the month for which the owner is requesting payment.
- Verify through TRACS that the amount of the housing assistance payment paid on behalf of each resident family is accurate.
- Verify that all recertifications are completed by the owner in a timely manner and entered into TRACS.
- Verify that the owner’s payment request does not include any covered units for which Section 8 assistance has been abated.

- Analyze required adjustments prior month's vouchers to determine accuracy and validity.
- Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately.
- Verify pre-approval of Section 8 Special Claims (see paragraph B of this section).
- Notify the owner, in writing, of any corrections required and track corrections.
- Verify that owners are complying with current HUD rules and other requirements.

B. Verify and authorize payment only on valid Section 8 Special Claims for unpaid rent, resident damages or vacancy loss.

A Section 8 project owner may claim reimbursement from the PHA --to the extent provided in the HAP contract -- for unpaid rent, resident damages, and vacancy losses on covered units. Eligible claims must be pre-approved by the PHA before being submitted with owner's monthly voucher. The PHA must:

- Analyze, verify and approve or disapprove owner claims in accordance with HUD regulations and other requirements (including program requirements in HUD directives such as handbooks, notices or forms); and using TRACS and information provided by the owner.
- Enter data into a spreadsheet program. for monitoring PHA payments. (The program must comply with HUD standards and requirements.)
- Return the HUD-approved claim to the owner for owner submission with the next owner voucher.

C. Disburse Section 8 payments to owners

After the PHA has approved the owner's Section 8 voucher (see paragraph A of this section), the PHA must disburse housing assistance payments to the owner by an electronic fund transfer (EFT).

The PHA must disburse each monthly housing assistance payment to the owner no earlier than the first of the calendar month for which payment is due, and no later than the first business day of that month.

Reference:

HUD Handbook 4350.3

Incentive-based Performance Standards

6. PHA must promptly review and verify each monthly payment voucher submitted by an owner, and either approve or modify the voucher, so the monthly payment to the owner is sent no earlier than the first of the calendar month for which payment is due to owner, and no later than the first business day of the calendar month.
7. Each month, the PHA must provide written formal notification to HUD of corrective actions by the PHA, including corrective action as a result of PHA verification that shows overpayment to an owner. The PHA must provide such notification to HUD within ten days after the PHA's verification and certification of the owner's vouchers, and determination of discrepancies in payments to the owner. The PHA must monitor cases of overpayment or other discrepancies for adequate resolution, and must complete resolution of such cases within 30 days after PHA verification of overpayment to the owner, or determination of other discrepancies in payments to the owner.
8. The PHA must monitor and report owner's follow-up efforts on discrepancies identified as a result of tenant income-matching.

Quality Assurance:

On-Site Reviews

Data Systems Reports

Health and safety issues and community/resident concerns

The PHA must accept resident complaints and follow-up with owners to ensure that owners take appropriate action.

Outcome: Resolve health and safety issues and establish positive relations and communications with residents and the community.

Requirements:

A. Respond to all life threatening health and safety issues

- Respond immediately to all life threatening health and safety issues.
- Maintain tracking system for inquiries, responses and corrective actions and submit log to jurisdictional HUD office with monthly invoices.

- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner response to concerns and implementation of corrective actions.

B. Respond to all non-life threatening health and safety and community/resident concerns

- Respond to all non-life threatening health and safety issues within two business days of notification during normal business hours.
- Maintain tracking system for community and resident inquiries and complaints, PHA responses, and corrective actions by owner. Submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of all concerns and determine appropriate corrective action.
- Monitor owner response to concerns and owner implementation of corrective actions.

References:

HUD Handbook 4381.5 REV-2

Incentive-based Performance Standards

9. Respond, document and notify owner of life-threatening health and safety issues within an hour of receipt of complaint or inquiry or other knowledge of the issue, or before close of business day (whichever is sooner).
10. PHA documents PHA initiatives and actions taken to notify the owner of non-life threatening health and safety issues, inquiries or complaints, and responds to residents within two business days after notification to the owner. Until final resolution of issue, PHA continues to provide follow-up information to residents every two weeks. Documentation of all action is recorded.

Quality Assurance:

On-Site Reviews

Monthly Invoice

Section 8 budgets, requisitions, revisions and year-end statements

In order to receive monthly ACC payments, the PHA must:

- Prepare and submit Section 8 budgets and requisitions (and revisions as required) for each HAP contract at least 90 days before the beginning of the PHA fiscal year.
- Prepare and submit year-end settlement statements within 45 days after the end of the PHA fiscal year.

Outcome: PHA submits accurate financial documents on time to HUD on time.

Requirements:

- Prepare and submit annually to HUD Section 8 budget (HUD Forms 52672 and 52673) at least 90 days before the beginning of the PHA fiscal year.
- Prepare and submit annually to HUD annual requisition for partial payment of Annual Contributions (HUD Form 52663) at least 90 days before the beginning of the PHA fiscal year.
- Perform monthly comparison of HAP payments to owners and monthly ACC partial payments from HUD.

- Prepare and submit to HUD a revised budget and requisition (HUD Form 52663) when and if monthly comparison indicates ACC payments will exceed housing assistance payments by more than 5%. The PHA must complete submissions by the end of the PHA fiscal year.
- Prepare and submit the year-end settlement statement (HUD Form 52681) to HUD within 45 days after the end of the PHA fiscal year.

Reference:

HUD Handbook 7420.7, Chapter 8

Incentive-based Performance Standards

11. The PHA must submit to HUD an acceptable and accurate budget and annual requisition for each HAP contract at least 90 days before the PHA fiscal year.

If monthly reviews of HAP payments to owners and ACC payments received from HUD indicate that the PHA will be overpaid by more than five percent, the PHA must submit a revised budget and annual requisition to reduce future HUD payments accordingly. The revised budget and requisition must be submitted no later than the first day of the month following such indication of overpayment.

12. The PHA must submit the year-end statement to HUD within 45 days after the end of the PHA's fiscal year.

Quality Assurance:

Monthly Invoice

Status Report

Public Housing Agency audit

The PHA must maintain complete and accurate financial records covering the PHA's contract administration of covered units under the ACC.

Outcome: The PHA's records are complete and accurate.

Requirements:

- Records concerning contract administration under the ACC must be distinct and separate from records concerning any other business of the PHA.

- The PHA must maintain complete and accurate records regarding activities relating to each HAP contract for covered units.
- If the PHA is required to submit audited financial statements under OMB's Circular A-133, the PHA must submit audited annual financial statements that fully comply with the requirements of OMB Circular A-133 by the earlier of: (1) 30 days after receipt of the auditor's report or (2) 9 months after the PHA fiscal year end (FYE). This audit must be performed by an independent public accountant (IPA).

If the PHA submits its audited financial statements more than 60 days after the PHA fiscal year end, the PHA must submit all financial reports required by the HUD in unaudited form within 60 days after the PHA fiscal year end.

- Submission of financial information must also be in accordance with the requirements of HUD's Uniform Financial Reporting Standards (24 CFR, Part 5, Subpart H). The audit must be performed by an independent auditor, procured using the standards in Circular A-133 and other documents referenced in Circular A-133.
- A PHA not required to submit separate audited financial statements under OMB's Circular A-133 must submit annual unaudited financial statements within 60 days after the PHA fiscal year end. For-profit instrumentality PHA entities must submit audited financial statements within 60 days after the end of the PHA's fiscal year.
- If there are audit findings that require corrective actions, the PHA must provide HUD with a proposed plan of corrective actions as part of the audit submission package. By the first day of each month, until all corrective actions are completed as required by HUD, the PHA must submit a status report to HUD of corrective actions being implemented. Corrective actions must proceed as rapidly as possible. If the PHA fails to timely provide all required audited or unaudited financial statements, or fails to proceed with timely implementation of required corrective actions, HUD may determine that such failure is a default by the PHA in performance of its obligations under the ACC.

Reference:

ACC contract

HUD Handbook 7420.7

OMB Circular A-133

Incentive-based Performance Standards

13. A PHA that is required to comply with OMB's Circular A-133 must submit unaudited financial statements to HUD, including all required data, not later than 60 days after end of the PHA fiscal year, and audited financial statements no later than 9 months after the end of the PHA fiscal year.

A PHA that is not required to comply with OMB's Circular A-133 must submit unaudited financial statements to HUD, including all required data, within 60 days after the end of the PHA fiscal year.

A For-profit instrumentality PHA entity must submit audited financial statements to HUD, including all required data, within 60 days after the end of the PHA fiscal year.

Quality Assurance:

100% Review of the audit

Renewals of expiring Section 8 HAP contracts

As HAP contracts come to an end, owners must apply for HAP contract renewals to have units remain with Section 8 project-based assistance. The PHA must ensure that owners fulfill their obligations to residents and HUD that are consistent with owner renewal decisions.

Outcome: Expiring Section 8 contracts are renewed.

Requirements:

- Verify that owners of projects with expiring Section 8 HAP contracts provide required notice to the PHA and project residents.
- If the owner opts not to renew, take the actions described in Task 3.4
- Maintain copies of owner's notice to PHA and project residents.
- If the owner chooses to renew, determine which available option (form of renewal authorized by HUD) the owner wishes to use and notify the jurisdictional HUD office.
- Prepare renewal HAP contract in the form required by HUD.
- After receipt of confirmation of funding for renewal from HUD, ensure the HAP contract is executed (signed) by the owner and the PHA.
- Execute and distribute copies of the HAP contract within one business week to the owner, jurisdictional HUD office, and PHA files.

Reference:

Notice: H-98-34

Housing Notices H-99-08, H-99-13

Incentive-based Performance Standards
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14. Monitor, process and execute renewal HAP contract documents.
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Quality Assurance:

On-Site Reviews

Data Systems Reports

Monthly Invoice

General reporting requirements

To track the performance of the Section 8 program, monitor and evaluate PHA performance, and identify technical assistance needs, HUD requires the PHA to regularly report its contract administration activities. Consequently, the PHA must provide monthly, quarterly, and annual reports to the jurisdictional HUD office.

Outcome: HUD can monitor and evaluate program and PHA performance from accurate, timely reports by the PHA.

A. Monthly reports

The PHA must submit reports and an invoice to the Contract Administrator Oversight Monitor (CAOM) by the tenth business day of each month for the previous month's activities.

- Hot topics:** Projects that required special attention due to such matters as, abatement actions, excessive resident complaints, inquiries from governmental officials or the general public.
- Work Plan Status Report:** The Work Plan status report details:
 - Areas reviewed and services performed, including date of review and services; names of PHA staff performing the review and performing the services
 - Any significant administrative actions that could affect administration of the contract

- Quality control activities and results
- Major accomplishments, success stories, etc.
- Noteworthy meetings
- Pending issues

B. Quarterly reports

The PHA must submit an updated Work Plan and Work Plan status reports to the designated CAOM.

C. Annual reports

By the close of each PHA fiscal year, the PHA must submit to HUD a report that details its progress in accomplishing the Work Plan for that fiscal year. The report should detail all of the PHA actions and services (including dates, locations, and employee names) for that fiscal year. Also at the close of each fiscal year, the PHA must submit a Work Plan for the following year that details its plan to satisfy the ACC contract administration requirements.

Incentive-based Performance Standards

15. HUD receives PHA's

- (a) Monthly Reports by the tenth business day after the end of the month
- (b) Quarterly reports by the tenth business day after the end of the quarter
- (c) Annual reports by the twentieth business day after the end of the PHA fiscal year

Quality Assurance:

On-Site Reviews

Data Systems Reports

Review of submitted reports

Physical inspection

HUD has or will conduct a baseline physical inspection for every Section 8 property with a HUD-administered HAP contract. The Real Estate Assessment Center's ("REAC") physical inspection software and protocol is being used for all inspections. (See <http://www.hud.gov/reac/reaphyin.html>). Once this baseline

physical inspection is completed, HUD will determine frequency of future inspections. HUD may issue a task order under the ACC to have the PHA perform annual physical inspections. If such a task order is issued, HUD will negotiate with the PHA a fixed-price fee for such services at that time.

Outcome: Verify completion of corrective actions based upon the analysis of the results of the annual physical inspections conducted on properties included in the ACC. Take legal actions as directed by HUD for enforcement of the HAP contract.

Requirements:

Post Inspection Activities:

- Provide follow-up with owner on violations and corrective actions needed.
- Provide owner with time-frame to correct violations.
- Work with owner to eliminate the deficiencies.
- Abate payments when owner fails to correct violations within designated time period.
- Notify jurisdictional HUD office of abatement of payments and specific reasons for the action.
- Notify jurisdictional HUD office of the completion of required actions.
- Take legal action as directed by HUD for enforcement of the HAP contract.

Reference:

HUD Handbook 4350.1

Federal Register, September 1, 1998

Housing Assistance Payments (HAP) Contract

Incentive-based Performance Standards

16. PHA monitors performance and compliance indicators of unacceptable physical inspection results. Until final resolution, PHA continues to provide follow-up to HUD every 30 days on actions by the owner and PHA.

PHA ADMINISTRATIVE FEE

Definitions

ACCEPTABLE QUALITY LEVEL (AQL). The required PHA performance level for each IBPS task. The AQL for each IBPS task is specified in column C of the Performance Requirements Summary (PRS) table.

ADMINISTRATIVE FEE. The monthly fee HUD pays the PHA for each covered unit under HAP contract on the first day of the month. The administrative fee (per unit per month) is the total of the basic fee plus the incentive fee.

BASIC FEE. The sum of the earned IBPS fees for a covered unit (per unit per month). HUD pays the earned basic fee to the PHA for each covered unit under HAP contract on the first day of the month during the ACC term.

Each IBPS task is allocated a specified percentage (IBPS percentage) of the maximum basic fee (per covered unit per month for each FMR area in the PHA service area). The Performance Requirements Summary (PRS) states the IBPS percentage for each IBPS task (see column D of the PRS). (During the term of the ACC, HUD may elect to amend the specification of IBPS tasks, the AQL for performance of an IBPS task, or the IBPS percentage for an IBPS task.)

BASIC FEE PERCENTAGE. A percentage used to calculate the amount of the maximum basic fee after the first two years (twenty-four calendar months) of the ACC term. The amount of the basic fee percentage for each subsequent year (twelve calendar months) of the ACC term is specified in Exhibit E of the ACC. For each such year, and for each FMR area in the PHA service area, the maximum basic fee for each month is calculated by multiplying the basic fee percentage specified in Exhibit E of the ACC times HUD's two-bedroom published FMR (for the FMR area) in effect at the beginning of that year of the ACC term.

DISINCENTIVE DEDUCTION. A deduction from the per unit per month IBPS fee. For each IBPS task, the disincentive deduction equals the maximum IBPS fee times the disincentive deduction percentage. HUD deducts this amount for PHA performance of an IBPS task that falls below the acceptable quality level. The ACC specifies the performance standard for assessing a disincentive deduction for performance of an IBPS task. (During the term of the ACC, HUD

may elect to amend the performance standard or the disincentive deduction percentage.)

DISINCENTIVE DEDUCTION PERCENTAGE. A percentage used to calculate the amount of a disincentive deduction from the IBPS fee. The disincentive deduction percentage for each IBPS task is specified in column F of the PRS.

EARNED BASIC FEE. The amount of the basic fee earned by the PHA per unit per month (in an FMR area). The earned basic fee equals the sum of the earned IBPS fees for the IBPS tasks.

EARNED IBPS FEE. The amount of the IBPS fee earned by the PHA per unit per month. The earned IBPS fee equals the maximum IBPS fee minus any disincentive deduction.

EARNED INCENTIVE FEE. The amount of an incentive fee earned by the PHA.

IBPS. Incentive-based Performance Standards.

IBPS FEE. The maximum fee per unit per month for performance of an IBPS task listed in the PRS. The IBPS fee for an IBPS task equals the maximum basic fee times the IBPS percentage.

IBPS PERCENTAGE. The percentage of the maximum basic fee for performance of each of the IBPS tasks. The IBPS percentage times the maximum basic fee is the maximum IBPS fee per unit per month for each IBPS task. The earned IBPS fee may be reduced by disincentive deductions for PHA performance of an IBPS task that falls below the acceptable quality level.

IBPS TASK. Any of the core contract administration tasks listed in the PRS (and described in the SOW). (Column A of the PRS lists the IBPS tasks.) HUD measures the PHA's performance of each IBPS task to determine the amount of the PHA's earned basic fee or earned incentive fee for each covered unit.

INCENTIVE-BASED PERFORMANCE STANDARDS (IBPS): A description of specific elements of each core task. HUD will measure the PHA's performance of each such element as the performance standard to determine the PHA's earned administrative fees (including earned basic fees and earned incentive fees).

INCENTIVE FEE. A per unit per month administrative fee in addition to the basic fee. The incentive fee is paid for PHA performance of an IBPS task that exceeds the acceptable quality level for the IBPS task. The total of incentive fees earned in each calendar quarter is paid at the end of the quarter.

INCENTIVE FEE PERCENTAGE. The percentage of the incentive fee pool for PHA performance of an IBPS task that exceeds the acceptable quality level. Column E of the PRS specifies the incentive fee percentage, and the

performance standard for awarding the incentive fee for performance of the IBPS task.

INCENTIVE FEE POOL. The maximum amount of incentive fees that may be earned by the PHA for each month of the ACC term. (The procedure for calculating the incentive fee pool is specified as Steps [17 - 21] of the fee calculation procedure at § 4.8 of ACC Exhibit A.)

MAXIMUM BASIC FEE. The amount of the maximum basic fee per unit per month for each FMR area in the PHA service area. The amount of the maximum basic fee for each FMR area in the service area (and for each year of the ACC term) is determined in accordance with Exhibit E of the ACC.

MAXIMUM IBPS FEE. The maximum basic fee times the IBPS percentage (before any disincentive deduction).

PRS. Performance Requirements Summary (see § 4.7 of Exhibit A).

SOW. Statement of Work. A description of the core tasks to be performed by the PHA under the ACC (see § 3 of Exhibit A).

Evaluation of PHA performance

During the ACC term, HUD will conduct a monthly and quarterly evaluation and scoring of the PHA's performance in contract administration of the covered units. Calculation of the amount of the administrative fees earned by the PHA is based on HUD's rating of the PHA's performance against defined levels of performance of specific contract administration tasks designated as performance standards.

The Statement of Work (SOW) describes specific core contract administration tasks, and specific incentive-based performance standards (IBPS) that will be used to rate PHA performance of the core tasks. The performance requirements summary (PRS) (§ 4.7 of Exhibit A) defines measurable levels of IBPS performance that determine whether the PHA receives an increased fee (by adding "incentive fees") or a reduced fee (by subtracting "disincentive deductions").

Each month, HUD rates the PHA's performance in completion of the IBPS tasks to determine the amount of earned basic fees. HUD determines the amount of the earned basic fee (per covered unit per month) by monthly scoring of the PHA's performance of IBPS tasks. This scoring is based on HUD's review of data submitted and certified in the monthly invoice by the PHA.

Each quarter, HUD rates the PHA's performance in completion of specified IBPS tasks (designated in column E of the PRS) to determine the amount of earned incentive fees. HUD determines the amount of the incentive fees earned by the PHA by quarterly scoring of the PHA's contract administration performance of the specified IBPS tasks.

The monthly and quarterly scoring is based on the level of PHA's performance of the tasks used as incentive-based performance standards (IBPS) described in the Statement of Work. The PRS specifies the levels of IBPS performance used to determine incentive fees (column E of the PRS) or disincentive deductions (column F of the PRS). During the term of the ACC, HUD may amend the IBPS standards or the PRS by giving notice of such amendment to the PHA.. Amendments to the IBPS standards or the PRS will be effective no later than the first month of the next quarter following such notification.

Incentive fee

In addition to the basic fee, the PHA may earn an incentive fee determined by HUD for PHA performance of the contract administration services for designated IBPS tasks that exceeds acceptable quality levels (AQL) of performance. § 4.8 of Exhibit A (Part II of fee calculation procedure) specifies the step-by-step procedure for calculating the amount of earned incentive fees.

Each month, HUD will evaluate the PHA's performance in providing contract administration services for all covered units under the ACC to determine the amount of earned incentive fees paid quarterly. This evaluation will determine

the portion of the monthly incentive fee pool that the PHA has earned for each month of that quarter.

HUD may add or modify performance standards during the ACC term, may add or modify the factors used to measure performance, and may specify the amount of the incentive fee for a specified level of performance. However, HUD must notify the PHA of any such changes before the rating period for which such changes are used to rate PHA performance.

Fee payment

Each month, earned administrative fees are calculated and based upon the number of covered units under contract administration by the PHA on the first day of the month.

Payment of basic fee

Column H of the PRS specifies whether the IBPS fee for a particular IBPS task is paid monthly or annually.

Each invoice must be fully supported by documentation (as required by HUD) of the PHA's level of performance of each IBPS standard for an IPBS task. Such documentation shall be sufficient to show:

1. Whether the PHA has met the AQL for the performance standard (column C of the PRS).
2. The amount of any disincentive deduction (as calculated in accordance with column F of the PRS).
3. The amount of any incentive fee (as calculated in accordance with column E of the PRS).

The determination of performance levels used to calculate earned administrative fees (earned basic fees and earned incentive fees), and the determination of the amount of such fees is subject to modification and correction by HUD as a result of HUD quality assurance reviews or otherwise. HUD may recover any overpayments, and may adjust amounts of payments against subsequent invoices to correct or adjust any overpayment or error in determination of earned administrative fees.

Notwithstanding any disincentive deductions from earned administrative fees for PHA failure to meet the AQL for any IBPS task, failure to meet the AQL in performance of the IBPS task is a violation of PHA obligations under the ACC. HUD may exercise any available remedies for such default or any other default under the ACC. HUD may terminate the ACC at any time, in whole or in part, if HUD determines that PHA has committed any default under the ACC.

Payment of incentive fee

HUD will pay earned incentive fees for a particular IBPS task quarterly. HUD will base the amount of the earned incentive fee per unit per month on the PHA's performance against the incentive based performance standards listed in the Statement of Work. The amount of the incentive fee for each IBPS task is calculated in accordance with column E of the PRS. Column E specifies the standard of performance required for the PHA to earn the incentive fee for performance of the IBPS task. Column E also specifies the percentage of the monthly incentive fee pool that the PHA will earn for meeting this performance standard.

HUD will review the PHA's performance in carrying out the PHA's annual Work Plan and PHA progress reported in the monthly invoices for the applicable quarter. The HUD findings will be compared to the PHA invoice for the incentive fee and adjustments may be made to reflect the results of the HUD findings.

Availability of funds

All fee payments are subject to the availability of appropriated funds.

Use of fee income

The PHA may use or distribute for any purpose administrative fees that the PHA has earned under the ACC. HUD may reduce or request reimbursement of administrative fees paid if subsequent quality assurance indicates the performance indicated by the PHA was not attained.

Performance Requirements Summary (PRS)

There is at least one IBPS performance standard for each core task described in the Statement of Work. These IBPS standards are used to determine the amount of earned basic fees and earned incentive fees.

For each IBPS task, the PRS table below specifies:

- IBPS task number (column A).
- IBPS task and SOW. Task description and reference to SOW requirement (column B)
- Acceptable quality level (AQL) (column C).
- IBPS percentage. The IBPS percentage of the maximum basic fee (column D).
- Incentive fee (as percentage of monthly incentive fee pool). How to calculate the incentive fee (if incentive fees may be awarded for performance of the particular IBPS task) (column E). The PRS table specifies the available incentive fee amount as a percentage of the incentive fee pool, and describes

the performance standard that must be met to receive an incentive fee for performance of the IBPS task.

- Disincentive deduction. How to calculate the amount of a disincentive deduction from the maximum basic fee (column F). The PRS table specifies the performance standard that determines when the disincentive deduction is assessed, and specifies the amount of the disincentive deduction as a percentage of the maximum IBPS fee.
- Quality assessment (QA). How HUD will assure the quality of the PHA's reported performance (column G).
- Payment. When HUD will pay the IBPS administrative fees earned for performance of a particular IBPS task (monthly or annually) (column H).

The information in the PRS table below governs HUD's payment of administrative fees to the PHA for all work performed under the ACC.

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
1.	Management & occupancy reviews Section 3.2	Each month, 95% of required reports and data are submitted to HUD on time (within 30 calendar days after scheduled completion of the M&O review) <u>AQL 95% submitted on time</u>	8%	20% of the Incentive fee pool if PHA submits 100% of required reports and data on time	2% deduction for every 1% that the percentage of on time submissions falls below the AQL	On-Site Reviews Systems Data Reports	Monthly
2.	Documenting owner civil rights compliance Section 3.2	Each month, 95% of required civil rights compliance reports are submitted to HUD on time (within 30 calendar days after M&O review completion) <u>AQL:: 95% of civil rights reports submitted on time</u>	5%	20% of the Incentive fee pool if PHA submits 100% of required reports on time	2% deduction for every 1% that the percentages of on time submissions falls I below the AQL	On-Site Reviews Systems Data Reports	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
3.	<p>Processing rental adjustments</p> <p>Section 3.3</p>	<p>Each month, 100% of owner requests for rent adjustments and all rent adjustments are correctly processed within 30 calendar days after owner's request for a budget-based rent adjustment, or on the anniversary date of the HAP contract for an AAF based rent adjustment</p> <p><u>AQL:</u> <u>100% of owner rent adjustment requests correctly processed within 30 calendar days</u></p>	5%	N/A	<p>1% deduction for every 1% that performance falls below the AQL, but not below 75%.</p> <p>50% deduction if performance falls below 75%.</p>	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
4.	Owner opt-out notices and Contract Terminations Section 3.4	Each month, 100% of owner opt-out notices or terminations are submitted to HUD within one business day after notice by owner <u>AQL: 100% of owner opt-out notices or terminations submitted within one business day</u>	5%	N/A	1% deduction for every business day that the average time when owner notices or termination announcements are supplied to HUD exceeds the AQL (partial days are rounded to the lowest whole day)	On-site Reviews Systems Data Reports	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
5.	<p>Owner Opt-out and HAP contract termination: Submit resident data to HUD</p> <p>Section 3.4</p>	<p>100% of complete resident data submitted to jurisdictional HUD office 90 calendar days before contract expiration and/or termination.</p> <p><u>AQL:</u> 100% of resident data submitted 90 calendar days before contract expiration and/or termination and/or termination</p>	5%	<p>30% of the incentive fee pool if PHA submits 100% of data to HUD an average of 100 days or more before contract expiration and/or termination</p>	<p>50% deduction if average notification time is from 85-89 calendar days before expiration and/or termination (portions of days are rounded to the nearest whole day).</p> <p>100% deduction if average notification time is less than 85 calendar days before expiration and/or termination</p>	<p>On-site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
6.	<p>Review, verify, and authorize monthly § 8 vouchers</p> <p>Section 3.5</p>	<p>100% of monthly vouchers are processed so monthly payment to the owner is sent no earlier than the first calendar day of the month and no later than the first business day of the month.</p> <p><u>AQL:</u> 100% of vouchers processed within specified time-frame</p>	15%	N/A	1% deduction for every 1% the processing of vouchers falls below the AQL, except that if performance falls below 75%, a 50% deduction shall apply	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
7.	<p>Notice of corrective actions</p> <p>Section 3.5</p>	<p>In 100% of cases requiring corrective action, PHA notifies HUD of such action within 10 calendar days after PHA verification and certification of voucher.</p> <p>In 100% of overpayments, PHA resolves overpayment issue within 30 calendar days after PHA verification and certification of voucher.</p> <p><u>AQL:</u> 100% of total cases (corrective action cases plus overpayment cases) handled within specified time-frames</p>	3%	N/A	1% deduction for every 1% that the notifications and resolutions combined falls below the AQL of 100%, except that if performance falls below 75%, a 50% deduction shall apply	<p>On-Site Reviews</p> <p>Systems Data Reports</p>	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
8.	<p>Monitoring & reporting owner's follow-up efforts on discrepancies identified as a result of tenant income matching initiatives.</p> <p>Section 3.5</p>	<p>100% of projects with households identified through tenant income-matching discrepancies are monitored and reported to HUD by the tenth business day of each month.</p> <p><u>AQL:</u> Monitoring report to HUD by tenth business day of each month for all projects.</p>	3%	N/A	3% deduction for every day the AQL is exceeded for any project	On-site reviews Systems data reports	Monthly
9.	<p>Life-threatening health & safety issues</p> <p>Section 3.6A</p>	<p>100% of initial PHA responses to life-threatening health and safety issues (notice to owner or other appropriate initial PHA response) are completed within one hour after the PHA knows about the issue.</p> <p><u>AQL:</u> 100% of responses and notifications of life-threatening issues completed within one hour.</p>	7%	N/A	1% deduction for every 1% of responses that exceed the AQL, except that if performance falls below 75% of responses, a 50% deduction shall apply	On-Site Reviews Monthly Invoices	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
10	Non-life-threatening health & safety issues Section 3.6B	PHA responds to 100% of all non-life threatening health and safety inquiries and complaints within two business days follows-up every two weeks until final resolution <u>AQL:</u> 100% of PHA responses within two business days	5%	N/A	10% deduction for every business day, or part of a day, that the average PHA response time exceeds two business days	On-Site Reviews Monthly Invoices	Monthly

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
11.	Budgets, requisitions, revisions Section 3.7	100% of all budgets & annual requisitions for all HAP contracts are submitted to HUD ninety calendar days before the PHA's fiscal year. 100% of revised budgets & annual requisitions to reduce future payments are submitted to HUD by the first day of the month after identification of overpayments. <u>AQL:</u> 100% on time submissions	8%	N/A	2% deduction for every 1% of PHA submissions that falls below the AQL	Monthly Invoices FMC Status Reports	Monthly
12.	Year-end statement Section 3.7	The year-end statement is submitted within 45 calendar days after the end of the PHA's fiscal year. <u>AQL:</u> Submission within 45 calendar days.	8%	N/A	4% deduction for every day the submission exceeds the AQL	Status Report	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
13.	Public Housing Agency audit Section 3.8	<p>For a PHA that must comply with OMB's Circular A-133, unaudited financial statement is submitted to HUD within 60 calendar days after the PHA's fiscal year end and audited financial statement is submitted to HUD within nine calendar months after the PHA's fiscal year end. For a PHA that is not required to comply with OMB's Circular A-133, unaudited financial statement is submitted to HUD within sixty calendar days after the PHA's fiscal year end.</p> <p>For a For-profit instrumentality PHA, the audited financial statement is submitted to HUD within sixty calendar days after the PHA's fiscal year end</p> <p><u>AQL:</u> 100% of financial statements submitted on time</p>	3%	N/A	2% deduction for every calendar day that the financial statements exceeds the days specified in the AQL	100% Review of Audit	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
14.	Renewals of expiring HAP contracts Section 3.9	90% of renewal HAP contracts executed and submitted to (HUD) sixty calendar days before contract expiration <u>AQL:</u> 90% of HAP contracts submitted on time	12%	20% of the incentive fee pool to monitor, process, & execute 95% of HAP contract documents. An additional 10% of the incentive fee if 100% is attained.	3% deduction for every 1% of renewal HAP contracts submitted to HUD after the AQL period	On-Site Reviews Data Systems Reports Monthly Invoices	Monthly
15.	General reporting requirements Section 3.10	16 out of 17 required reports submitted to HUD on time <u>AQL:</u> 16 reports submitted to HUD on time	5%	N/A	10% deduction per report not submitted on time	On-Site Reviews; Data Systems Reports; Review of submitted reports	Annually

IBPS PERFORMANCE REQUIREMENTS SUMMARY

A	B	C	D	E	F	G	H
IBPS TASK #	TASK & SOW	ACCEPTABLE QUALITY LEVEL (AQL)	IBPS PER-CENT (of max. basic fee)	INCENTIVE FEE PER CENT (as % of incentive fee pool)	DISINCENTIVE DEDUCTION ("deduction") (as % of maximum IBPS fee)	QA METHOD	PAYMENT
16.	<p>Monitoring physical inspection results</p> <p>Section 3.11</p>	<p>For 95% of projects with unacceptable physical inspection performance and compliance indicators:</p> <p>PHA notifies owners within thirty days after receipt of inspection results from HUD, and</p> <p>PHA monitors follow-up reports to HUD by the tenth business day of every month until final resolution is reached.</p> <p><u>AQL:</u> 95% of initial notifications and follow up reports completed within required time frames.</p>	3%	N/A	2% reduction for every 1% of notifications and follow-up reports completed after the AQL period	<p>On-Site Reviews</p> <p>Systems Data Reports</p> <p>Monthly Invoices</p>	Monthly

How to calculate earned administrative fees

MONTHLY FEE CALCULATION	
PART 1	DETERMINING EARNED BASIC FEES
	DETERMINING TOTAL EARNED BASIC FEES <i>Part 1 calculates the total amount of the PHA's earned basic fees for the fee month.</i>
1 to 4	DETERMINING TOTAL OF MAXIMUM BASIC FEES FOR ALL COVERED UNITS <i>Execute Steps 1 to 4 for each FMR area in the PHA service area. In Step 5, add the Step 3 amounts for all FMR areas.-</i>

<p>1</p>	<p>DETERMINING MAXIMUM BASIC FEE (FOR COVERED UNITS IN AN FMR AREA)</p> <p><i>Step 1 determines the maximum basic fee amount used to calculate administrative fees for any fee month in any year of the ACC term (initial ACC term or any renewal term). Each year of the ACC term is a period of twelve calendar months. The first year of the ACC term commences on the first day of the month of HUD’s first assignment to the PHA of existing HAP contracts for covered units for contract administration under the ACC.</i></p> <p>For a fee month in the first two years of the ACC term (the first twenty four months): <i>Exhibit E of the ACC specifies the dollar amount of the maximum basic fee (per unit per month) for each FMR area during the first two years of the ACC term. The maximum basic fee is entered in Step 1-B</i></p> <p>For a fee month in subsequent years of ACC term (years three, four or five): <i>The ACC does not specify the dollar amount of the maximum basic fee for each subsequent year of the ACC term (years 3, 4 or 5). For each FMR area and for each subsequent year, Exhibit E of the ACC specifies the basic fee percentage that is used to calculate the maximum basic fee. The maximum basic fee (for each FMR area) is calculated by multiplying the basic fee percentage for that year times the two-bedroom published FMR in effect at the beginning of that year of the ACC term. The maximum basic fee for year 3, 4 or 5 is calculated in Steps 1-C to 1-E.</i></p>
<p>1-A</p>	<p>Year of ACC term</p> <p>Enter the year of the ACC term in which the fee month falls (year 1 to year 5).</p> <p><u>After completing Step 1-A:</u></p> <ul style="list-style-type: none"> • For fee month in year 1 or year 2 of ACC term, go to Step 1-B. • For fee month in a subsequent year of the ACC term, go to Steps 1-C to 1-E.
<p>1-B</p>	<p>MAXIMUM BASIC FEE: IN FIRST TWO YEARS OF ACC TERM</p> <p><i>Step-1 B states the maximum basic fee in year 1 or year 2 of the ACC term (as specified in Step 1-A).</i></p> <p>ACC</p>

1-B		<p>From Exhibit E of the ACC, enter the amount of the maximum basic fee for the FMR area for year 1 or year 2.</p> <p>Enter the same amount in Step 1-F. Skip to Step 1-F.</p>
1-C to 1-E	MAXIMUM BASIC FEE: IN SUBSEQUENT YEAR OF THE ACC TERM	<i>Steps 1-C to 1-E are used to calculate the maximum basic fee for a fee month in year 3, 4 or 5 of ACC term (as specified in Step 1-A).</i>
1-C		From Exhibit E of the ACC, enter the basic fee percentage for that year.
1-D		<p>Enter the amount of the two-bedroom FMR for the FMR area.</p> <p>Use the two-bedroom FMR <u>in effect at the beginning of the first month of the year of the ACC term specified in Step 1-A.</u> (from HUD's published FMR notice).</p>
1-E		<p>Enter the amount calculated by multiplying Step 1-C times Step 1-D.</p> <p>Enter the same amount in Step 1-F.</p>
1-F	Maximum basic fee (for covered units in FMR area)	<p><u>For fee month in year 1 or year 2 of the ACC term</u> (as specified in Step 1-A): Enter amount from Step 1-B.</p> <p><u>For fee month in year 3, 4 or 5 of the ACC term</u> (as specified in Step 1-A): Enter amount from Step 1-E.</p>
2	Covered units (in FMR area)	Enter the number of covered units in the FMR area (at the beginning of the fee month). (HUD will provide a summary of units in each FMR area monthly).
3	Total for FMR area	Multiply Step 1-F times Step 2.

4	Repeat for next FMR area	Repeat Steps 1 to 3 for the next FMR area (loop to Step 1-A). After executing these steps for all FMR areas in the service area, go to Step 5.
5	Total for PHA service area	Add the Step 3 amounts for all FMR areas.

CALCULATION OF EARNED BASIC FEES		
<p><i>The earned basic fee is the sum of the earned IBPS fees for a covered unit. The following steps calculate the total amount of the PHA's earned basic fees for all covered units in the service area.</i></p> <p><i>Column H of the PRS specifies whether the IBPS fee for performance of each particular IBPS task is paid monthly or annually. The total of earned basic fees for the fee month is calculated by adding earned IBPS fees for monthly IBPS tasks and for annual IBPS tasks payable for that fee month.</i></p>		
6 to 10	IBPS TASKS PAID MONTHLY: DETERMINING TOTAL IBPS FEES	
<p><i>Steps 6 to 8 calculate the IBPS fee <u>for each IBPS task paid monthly</u>. Repeat these steps for each such IBPS task..</i></p> <p><i>Step 10 calculates the total of these IBPS fees for all covered units in the service area.</i></p> <p><i>At the time of ACC execution, the PRS specifies that IBPS fees for the following IBPS tasks are paid monthly: IBPS tasks 1 to 10 and 13 to 15.</i></p>		
6	DETERMINING MAXIMUM IBPS FEE	
6-A	IBPS percentage	For each IBPS task paid monthly (as <u>specified in column H of the PRS</u>): Enter the IBPS percentage for the IBPS task (from Column D of the PRS).
6-B	Maximum total IBPS fees for an IBPS task	Multiply Step 5 times Step 6-A..
7	DETERMINING DISINCENTIVE DEDUCTION	
7-A	Disincentive deduction percentage	<p>Calculate and enter any applicable disincentive deduction percentage for the IBPS task.</p> <p>Column F of the PRS explains how to calculate the disincentive deduction percentage for each IBPS task.</p>

7-B	Disincentive deduction amount	Multiply Step 6-B times Step 7-A.
8	Total IBPS fees earned for an IBPS task	Subtract Step 7-B from Step 6-B
9	Repeat	Repeat Steps 6 to 8 for the next IBPS task paid monthly (loop to Step 6-A). After executing for all such IBPS tasks, go to Step 10.
10	Total IBPS fees (for IBPS tasks paid monthly)	Add the IBPS fees for all IBPS tasks paid monthly as calculated in Step 8.

11 to 15	IBPS TASKS PAID ANNUALLY: DETERMINING TOTAL IBPS FEES	
	<i>For each IBPS task paid annually, Steps 11 to 15 calculate the total of annual IBPS fees for all covered units in the service area.. Repeat these steps for each such IBPS task.</i>	
	<i>At the time of ACC execution, the PRS specifies that IBPS fees for the following IBPS tasks are paid annually: IBPS tasks 12, 13 and 15.</i>	
11	DETERMINING MAXIMUM IBPS FEE	
11-A	IBPS percentage	<u>For each IBPS task paid annually (as specified in column H of the PRS):</u> Enter the IBPS percentage for the IBPS task (from Column D of the PRS).
11-B	Maximum total IBPS fees for an IBPS task	Multiply Step 5 times Step 11-A.

11-C		<p><u>For the fee month when the annual IBPS fee is payable:</u> Enter zero.</p> <p><u>For the other fee months:</u>(i.e., all fee months except the fee month when the annual IBPS fee is payable): Add the Step 11-C amount from the monthly fee calculation for the preceding fee month and the Step 11-B amount from the monthly fee calculation for the current fee month.</p>
11-D		Enter Step 11-C amount from the monthly fee calculation for the preceding fee month
11-E	Annual IBPS fee pool	Add Step 11-B and Step 11-D
12	DETERMINING DISINCENTIVE DEDUCTION	
12-A	Disincentive deduction percentage	<p>Calculate and enter any applicable disincentive deduction percentage for the IBPS task.</p> <p>Column F of the PRS explains how to calculate the disincentive deduction percentage for each IBPS task.</p>
12-B	Disincentive deduction amount	Multiply Step 11-E times Step 12-A.
13	Total IBPS fees earned for an IBPS task	Subtract Step 12-B from Step 11-E
14	Repeat	Repeat Steps 11 to 13 for the next IBPS task paid annually (loop to Step 11-A). After executing for all such IBPS tasks, go to Step 15.
15	Total IBPS fees (for IBPS tasks paid monthly)	Add the IBPS fees for all IBPS tasks paid annually as calculated in Step 13.
16	Total IBPS fees for fee month	Add Step 10 and Step 15

PART 2	DETERMINING EARNED INCENTIVE FEES	
17	<p>Determining the incentive fee pool</p> <p>The incentive fee pool is the maximum amount of incentive fees that may be earned by the PHA <u>for each month of the ACC term</u>. The total amount of earned incentive fees for each month may not exceed the amount of the incentive fee pool available for the month.</p> <p>Step 17 calculates the total amount of the incentive fee pool</p> <p>Earned Incentive fees are paid quarterly The quarterly payment is the total of earned incentive fees for the three calendar months in the quarter..</p>	
17-A	Year of ACC term	<ul style="list-style-type: none"> • For a fee month in year 1 or year 2 of the ACC term (from Step 1-A), go to Step 17-B. • For a fee month in year 3, 4 or 5 of the ACC term (from Step 1-A), go to Step 17-D.
17-B & 17-C	MAXIMUM INCENTIVE FEE: IN FIRST TWO YEARS OF ACC TERM	Steps 17-B and 17-C are used to calculate the maximum incentive fee (per unit per month) for a fee month in year 1 or year 2 of the ACC term (as specified in Step 1-A).
17-B		<p>For a fee month in year 1 or year 2 of the <u>ACC term</u>:</p> <p>For each FMR area, enter the amount of the two-bedroom FMR for the FMR area.</p> <p>Use the two-bedroom FMR <u>in effect at the beginning of the ACC term</u> (from HUD's published FMR notice).</p>
17-C		<p>Multiply 0.01 (one percent) times the amount in Step 17-B.</p> <p>Enter the same amount in Step 17-F.</p>

17-D & 17-E	MAXIMUM INCENTIVE FEE: IN SUBSEQUENT YEAR OF ACC TERM	Steps 17-D and 17-E are used to calculate the maximum incentive fee for a fee month in year 3, 4 or 5 of the ACC term (as specified in Step 1-A).
17-D		For a fee month in year 3, 4 or 5 of the <u>ACC term</u> For each FMR area, enter the amount of the two-bedroom FMR for the FMR area. (See Exhibit E).
17-E		Multiply 0.01 (one percent) times the amount in Step 17-D. Enter the same amount in Step 17-F.
17-F	Maximum incentive fee (for covered units in FMR area)	For a fee month in year 1 or year 2 of the <u>ACC term</u> (as specified in Step 1-A): Enter the amount from Step 17-B. For a fee month in year 3, 4 or 5 of the <u>ACC term</u> (as specified in Step 1-A): Enter the amount from Step 17-E.
18	Covered units in FMR area	Enter the number of covered units in the FMR area (at the beginning of the month). (Same as amount in Step 2.)
19	Total for FMR area	For each FMR area, multiply Step 17-F times Step 18.
20	Repeat	Repeat Steps 17 to 19 for the next FMR area (loop to Step 17-A). After completing Step 19 for all FMR areas, go on to Step 21.
21	Incentive fee pool -- Total for PHA service area	Add the amounts calculated in Step 19 for all FMR areas in the service area.

<p>22</p>	<p>Determining incentive fee (for IBPS task)</p> <p>The PHA may earn incentive fee for above AQL performance of specified IBPS tasks (Column E of the PRS). Step 22 calculates the amount of any incentive fees earned for performance of an IBPS task. Repeat Step 22 <u>for each IBPS task</u> for which incentive fee may be earned.</p> <p>At the time of ACC execution, the PRS specifies that the PHA may earn incentive fees for performance of the following four IBPS tasks:: IBPS task #1 (management and occupancy reviews), IBPS task #2 (document owner compliance), IBPS task # 5 (provide resident data to HUD), and IBPS task #14 (renewals of expiring § 8 HAP contracts).</p> <p>By notice to the PHA, HUD may modify the designation of such IBPS tasks, and may modify the performance standard or incentive fee percentage used to calculate the incentive fee.</p> <p>For IBPS #14, there are two separate incentive fee performance standards and incentive fee percentages for performance at the specified performance level.</p> <p>Execute Steps 22 for each IBPS task designated as a performance standard used to determine incentive fees.</p>	
<p>22-A</p>	<p>Incentive fee percentage</p>	<p>Enter incentive fee percentage for the IBPS task and performance standard (from Column E of the PRS).</p>
<p>22-B</p>	<p>Incentive fee earned</p>	<p>Determine if PHA qualifies for the incentive fee (for the IBPS task and performance standard). Column E of the PRS explains how to determine when the PHA qualifies for an incentive fee.</p> <p>If the PHA qualifies for an incentive fee, multiply Step 8-D times Step 9-A (for the IBPS task and performance standard).</p>

22-C	Repeat	Repeat Step 22 for the next IBPS task and performance standard (loop to Step 22-A). After completing Step 22-B for each IBPS standard (for which an incentive fee may be earned), go on to Step 23.
23	Total incentive fees for fee month	Add the incentive fees earned for all IBPS tasks as calculated in Step 22-B.
24		<ul style="list-style-type: none"> • <u>For the last month of the calendar quarter:</u> (when earned incentive fees are payable): Enter zero. Then go to Step 25. • <u>For the other fee months</u> (i.e., the first two months of the calendar quarter): Add the Step 24 amount from the monthly fee calculation for the preceding fee month and the Step 23 amount from the monthly fee calculation for the current fee month. Then go to Step 27.
25		Enter Step 24 amount from the monthly fee calculation for the preceding fee month
26	Total incentive fees for quarter	Add Step 23 and Step 25.
27	Total incentive fees payable in fee month	<p><u>For the last month of the quarter:</u> Enter the amount in Step 26.</p> <p><u>For the other fee months</u> (i.e., the first two months of the calendar quarter): Enter zero.</p>

PART 3	DETERMINING EARNED ADMINISTRATIVE FEES	
28	Total Administrative Fees	Add Step 16 and Step 27.

ACC TERM

The initial term of the ACC shall be thirty-six calendar months commencing on the first day of the month of HUD's first assignment to the PHA of existing HAP contracts for covered units for contract administration pursuant to the ACC. (The same ACC term shall apply for all covered units, whether such covered units are included in the first HUD assignment of covered units, or are added subsequently.)

HUD may unilaterally elect to renew the ACC for up to two additional twelve month renewal terms after the initial term. Each such renewal shall be at HUD's sole discretion, and shall be exercised by written notice to the PHA of HUD's election to renew. HUD must give such renewal notice at least three calendar months before the end of the expiring term (the initial term and the first twelve month renewal term).

The PHA may unilaterally elect to terminate the ACC term at the end of the last month of the initial ACC term, or at the end of any month of the first or second twelve month renewal term, if the PHA gives HUD written notice of the PHA's election to terminate the ACC term at least twelve calendar months before termination.

EQUAL EMPLOYMENT OPPORTUNITY COMPLIANCE

The PHA shall not discriminate against any employee or applicant for employment because of race, color, creed, religion, sex, handicap or national origin. The PHA shall take affirmative action to ensure that applicants and employees are treated without regard to race, color, creed, religion, sex, handicap, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

The PHA shall post in conspicuous places, available to employees and applicants for employment, notices to be provided by HUD setting forth the provisions of this nondiscrimination clause. The PHA shall assure in all solicitations or advertisements for employees placed by or on behalf of the PHA that all qualified applicants will receive consideration for employment without regard to race, color, creed, religion, sex, handicap or national origin. The PHA must incorporate the foregoing requirements of this paragraph in all of its contracts for project work, except contracts for standard commercial supplies or raw materials, and must require all of its contractors for such work to incorporate such requirements in all subcontracts for project work.

DATA SYSTEMS

Federal Requirements

The PHA must comply with all Federal data processing and data reporting requirements applicable to PHA functions under the ACC, including requirements for Public Housing Agencies described in the Automation Rule (Section 108 of 24

CFR, Part 208 —Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects). See also program records requirements at § 12 of the ACC.

The PHA must have Internet Service Provider (ISP) access for electronic communication over the Internet with HUD, owners or others. The PHA must comply with HUD requirements for electronic communication (including requirements concerning email and other communication over the Internet). The PHA must comply with HUD requirements for data entry and data transfer over the Internet.

The PHA must ensure that all electronic data systems are virus free.

The PHA must have the capability to implement changes in data processing and data reporting procedures to comply with changes in HUD requirements. HUD will provide reasonable advance notice (by HUD directive to PHAs or otherwise) of changes in HUD requirements concerning automated data systems and automated data reporting. HUD will provide such advance notice a minimum of 90 days before PHA compliance will be required.

Communication with owners

The PHA must have the capability to receive resident certification and recertification data (form HUD 50059) and voucher data (form HUD 52670) electronically from owners in a form consistent with HUD reporting requirements for the HUD TRACS System. The PHA must have the capability, in the form acceptable to HUD, for communicating errors in HUD 50059 and HUD 52670 submissions to owners.

Communication with HUD

The PHA must provide HUD with data on HAP contracts, rent adjustments and payments to owners, contract renewal processing, management and occupancy reviews, and other documents and information relevant to the PHA responsibilities outlined in this RFP. The PHA must have the capability to transmit data to HUD over the Internet as required by HUD.

The PHA must have the capability to transmit HUD 50059 data to the HUD TRACS Tenant System and HUD 52670 data to the HUD TRACS Voucher/Payment System, and to receive return messages transmitted from TRACS. The PHA's Internet access must provide the PHA with the capability to review the resident and voucher data that the PHA has transmitted to HUD, to ensure that the data maintained by HUD is correct and consistent with the data maintained in PHA files.

Resident reporting requirements specified for HUD's TRACS Tenant System and voucher reporting requirements specified for the TRACS Voucher/Payment

System are published on the TRACS Documents Page on the world wide web. The PHA must meet the requirements specified in these documents. (At this time, the PHA can access the TRACS Documents Page at <http://www.hud.gov/fha/mfh/trx/html/trxdocs.html>.)

Fund transfer and payment

The PHA must have a depository account with a federally insured financial institution capable of receiving and sending electronic fund transfer (EFT) transactions. See also depository requirements at § 9b of the ACC.

The PHA must have facilities acceptable to HUD for making timely and accurate housing assistance payments to owners. The PHA must also transmit budget, requisition, and year-end settlement data to HUD via the Internet, or as otherwise specified by HUD.

MANAGEMENT CAPACITY AND QUALITY CONTROL PLAN

The PHA must have a detailed quality control plan (QC Plan) that will:

- Ensure that the contract performance requirements are met;
- Provide accountability and separation of duties to detect and prevent potential fraud, waste, and abuse of funds, and
- Identify processes/procedures to prevent, detect, and resolve conflicts of interest in accordance with the ACC.

The QC Plan must include, but is not limited to:

1. A Work Plan including all contract administration services, with a break down of each task/sub-task. The Work Plan must:
 - Specify all areas and services that the PHA will review.
 - Include a timeline (duration, start, finish) the PHA will review areas/services.
 - Depict the resource name/s and task usage for each task.
2. The name(s) and qualifications of the individual(s) responsible for performing the quality control reviews and the specific areas/services these individuals will inspect.
3. A method to identify performance deficiencies and to take corrective action to ensure against unsatisfactory performance.
4. A means to document all quality control reviews and any required corrective action. The PHA shall establish and maintain files for such documentation through the term of the ACC. The filing method shall be such that all information relative to quality control inspections is logically grouped

together and readily accessible. The files shall be the property of HUD and be made available to HUD upon demand during the PHA's regular business hours. The files shall be turned over to HUD within 10 business days after completion or termination of the ACC.

5. Workflow and organizational charts that describe the processes and controls that the PHA will use to implement and operate its technical approach and to execute the QC plan.

EXHIBIT B
COVERED UNITS

EXHIBIT C
FUNDING

EXHIBIT D
PUBLIC HOUSING AGENCY SERVICE AREA

EXHIBIT E
PHA Administrative Fee

Attachment III

Applicant Submission (Geographic Designation) Form

Section A. (Attach this form to the technical and cost applicant)

I propose to provide the services required by this ACC within the geographic area described below. (See description of Multifamily Hubs on the next page).

Applicant	
Date	

_____ 1. The following area, which is larger than a Hub:

_____ 2. Entire Hub for Area

_____ 3. The following group of states:

_____ 4. The following individual State (or U.S. Territory):

Attachment III (a)

Multifamily Hubs (Geographic Designation Hub Guide)

Area #	Hub	Geographic Area
1	Boston	Maine, Vermont, New Hampshire, Massachusetts, Rhode Island, Connecticut
2*	Buffalo	New York State counties except those listed for the New York HUB
3*	New York	The counties of Bronx, Dutchess, Kings, Nassau, New York, Orange, Putnam, Queens, Richmond, Rockland, Suffolk, Sullivan, Ulster, and Westchester
4	Philadelphia	Pennsylvania, New Jersey, Delaware, West Virginia
5	Baltimore	Maryland, District of Columbia, Virginia
6	Greensboro	North Carolina, South Carolina
7	Atlanta	Georgia, Tennessee, Kentucky, Caribbean
8	Columbus	Ohio
9	Jacksonville	Florida, Alabama, Mississippi
10	Chicago	Illinois, Indiana
11	Detroit	Michigan
12	Minneapolis	Minnesota, Wisconsin
13	Kansas City	Kansas, Missouri, Oklahoma, Nebraska, Iowa
14	Fort Worth	Texas, Arkansas, Louisiana, New Mexico
15	Denver	Colorado, Utah, Wyoming, Montana, North Dakota, South Dakota
16	Seattle	Washington, Oregon, Idaho, Alaska
17*	San Francisco	Nevada, Arizona, Hawaii and the 46 California counties of Alameda, Alpine, Amador, Butte, Calaveras, Colusa, Contra Costa, Del Norte, El Dorado, Fresno, Glenn, Humboldt, Kings Lake, Lassen, Madera, Marin, Mariposa, Mendocino, Merced, Modoc, Monterey, Napa, Nevada, Placer, Plumas, Sacramento, San Benito, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Shasta, Sierra, Siskiyou, Solano Sonoma, Stanislaus, Sutter, Tehama, Trinity, Tulare, Tuolumne, Yolo, Yuba
18*	Los Angeles	California counties not covered by the San Francisco HUB

*For the purpose of this Invitation, HUD has combined Hubs 2&3 and Hubs 17&18. This means that CA must offer an application for the entire state, not just the single HUB area.

Attachment IV

BASIC FEE PERCENTAGE

I propose to provide the services required by this ACC within _____
(Name of State or U.S. Territory) for the following fixed price:

1 st of Initial 3 Year Term	
Basic Fee	% of the FMR

2 nd of Initial 3 Year Term	
Basic Fee	% of the FMR

3 rd of Initial 3 Year Term	
Basic Fee	% of the FMR

1 st Renewal Year 1 Year Term	
Basic Fee	% of the FMR

2 nd Renewal Year 1 Year Term	
Basic Fee	% of the FMR