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(CERTIFIED TAPE TRANSCRIPT)

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: PERFORMANCE BASED CONTRACT ADMINISTRATION :
: FOCUS GROUP :
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Tuesday, March 6, 2001
Washington, D.C.

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P-R-O-C-E-E-D-I-N-G-S

10

(9:07 a.m.)

11

MS. LEAR: Can we get started? You

12

all can take your seats. We're not sure how many

13

more stragglers are coming in on the big storm

14

that actually didn't happen down here.

15

I just wanted to take care of a few

16

administrative things before we start. The

17

location of the restrooms, when you walk out the

18

door to your right, they're right by the elevator

19

banks. We have a cafeteria upstairs if, during a

20

break, you need a cup of coffee, during lunch as

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1 well.

2 We've also provided a list, which is
3 out on the table, of all the restaurants in the
4 area. When I came in, it started to snow, so I'm
5 not sure how far you want to venture, but the
6 list should be helpful.

7 We have also provided a copy of the
8 agenda, as well as a question record. What we're
9 asking you to do is we will be going through
10 various topics today. If there are things that
11 we don't cover, that you still have questions
12 about, please write them down. We will get back
13 to you on those.

14 We also have somebody who's recording
15 this meeting, so we will have a transcript
16 created for those that couldn't make it here due
17 to weather or other scheduling conflicts. We
18 would ask of you if you do have a question,
19 because it is being recorded, that you state your
20 name and your organization. That would be

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1 helpful for us.

2 PARTICIPANT: Speak loudly.

3 MS. LEAR: And speak loudly. We have
4 these microphones, but these microphones up here
5 we can't pass back to you. They apparently have
6 to stay up front here. So you can always come up
7 front with us.

8 PARTICIPANT: There are mikes on the
9 walls there (indiscernible).

10 MS. LEAR: Other than that, the day
11 is going to be, we hope, very, very productive.
12 We have great people to provide information.
13 After each presentation, if you have any
14 questions, we want to entertain those.

15 As you well know, this is our first
16 focus group meeting. We're really excited.
17 We're glad that anybody is even in the room
18 today, since we weren't quite sure and Patty
19 Slate -- and Patty, where are you?

20 MS. SLATON: Right here.

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1 MS. LEAR: Patty gets the award. She
2 came in from New York, so there you go Patty.

3 MS. SLATON: Thank you.

4 MS. LEAR: At any rate, today we're
5 going cover some major areas, subjects like the
6 contract assignment process and REMS, in terms of
7 usage. We know that there have been some
8 problems, so we really want to share with you
9 information that we have in terms of updates.

10 And you all, since you are out there,
11 on site, working with these things, I know that
12 we probably really aren't aware of all the issues
13 that are out there. So we're relying on you to
14 share with us things that are happening out
15 there, to see if we can work on those and get a
16 fix to those, and make it work better for all of
17 us.

18 We will also be talking about the
19 Section 8 renewal policy. Pete will be down.
20 Eileen will be down as well, to talk about the

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1 new changes effective April 1, and the year end
2 statements.

3 Fred will be here later on this
4 afternoon, as well as in a few minutes, to talk
5 about general communication policies and an
6 open-ended discussion at the end of the day.

7 Without further ado, Fred, who's
8 carrying another new hat here, as well as his old
9 one -- Fred is now, and I have to write these
10 down; the titles are longer than the offices.
11 Fred is now going to be the Acting Deputy
12 Assistant Secretary for the Office of the Deputy
13 Assistant Secretary for Multifamily Housing.

14 However, in welcoming us, we still
15 consider him our Director of Housing Assistance
16 Contract Oversight.

17 MR. TOMBAR: I'm just Fred. Good
18 morning. First of all, thank you all for being
19 here, and thank you all, as I always say, for
20 being out there and doing what you're doing for

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1 us.

2 I want to take a few minutes just to
3 talk about the idea of a contract administration
4 focus group, and give credit where credit is due.

5 Is Denise here? There she is, in the back.

6 Denise Muha went to Sean Donovan, the
7 person who left me with all this responsibility
8 several months ago, and said "You know, I think
9 that we ought to get together every so often to
10 talk about contract administration, and how well
11 it's working. Let the owners, the let the
12 contract administrators, let HUD get all
13 together, put the issues on the table and see if
14 we can come up with some common resolution to
15 those things."

16 It was an idea that, we thought was a
17 wonderful one. It took some time for us to get
18 here, but we are here today with that purpose in
19 mind, to discuss those issues that are impacting
20 our ability to be as successful as we want to be

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1 in this effort, and come up with common
2 resolutions, things that we all agree can work,
3 and we all can live with.

4 I know sometimes it might be
5 difficult to get to something that we all
6 unanimously agree with, but if we all can live
7 with the resolution and the solution to the
8 issues that are identified. Hey, we've got folks
9 coming down from the Northeast. New Jersey just
10 stepped in the room, so something is happening.

11 Anyway, that's the goal of today.
12 We're going to try to do this regularly. We'll
13 call it quarterly now; we'll see if that works,
14 if that even makes sense. But as regularly as
15 necessary, to make sure that have that constant
16 flow of communication and information coming in.

17 As you all know, you have your CAOMs
18 out there in the field, your CAOMs that are here
19 with us today. The CAOMs are the first point of
20 contact and communication on these issues. They

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1 get them to headquarters when they can't deal
2 with them, and we do our best to be as responsive
3 as possible in getting back to you all.

4 But there are some things that we
5 recognize that are more systemic, that are larger
6 in focus and in import than the individual issues
7 that you're dealing with on a particular
8 contract. So we're looking to deal with those
9 globally, nationally, systemically here in this
10 particular event.

11 Now. What are some reasonable
12 expectations for the day? Well, reasonable
13 expectations for the day, I think, are to come
14 away knowing something that you didn't know
15 before. But in order to do that, you have to
16 share and teach and give folks something that
17 they hadn't known before.

18 So it's providing some sense of
19 perspective about what's going on, what your
20 experience has been with this, so others can

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1 learn from it, others can benefit from the
2 experience that you all have had.

3 There are things that are issues in
4 some places that I know were issues in other
5 places but have been resolved, and nobody even
6 thinks about them anymore. So rather than
7 re-creating the wheel and having folks sort of
8 gnashing their teeth to try to resolve some of
9 those issues, we hope that we can bring those to
10 the fore, bring the issues to the fore and bring
11 up what the resolution was in one place, and get
12 that implemented in another place.

13 One of the challenges that we had in
14 the early going is that we recognized that
15 contract administration, before the
16 implementation of the performance-based effort,
17 and to some extent even in the implementation of
18 the performance-based effort, had some
19 inconsistencies in different parts of the
20 country. That doesn't work.

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1 The answer that you get to a
2 question, Mary Ellen, in Michigan, should be the
3 same one that you get in New Jersey, Michael. It
4 should be the very same answer -- if the question
5 comes in the same way, it should be the same
6 answer coming every time, the way that you all
7 are doing things.

8 But the way that you do things, the
9 general practices and policies, should be the
10 same that we follow in every place. We need that
11 consistency in order to make sure that things are
12 working well. We need that consistency in order
13 to make sure that when we go to resolve issues,
14 when we go to change policy, that we can effect
15 things the same way in common, in every place in
16 the country.

17 So this forum also will give us an
18 opportunity to get at some of that consistency.
19 So that's another expectation that you should
20 have for today, is to leave here helping us to

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1 foster some consistency in the way that we treat
2 contract administration across the country.

3 One of the final expectations that
4 you all should have is that you'll be involved in
5 fixing some of this stuff. Not everything that
6 on the table today will be resolved today.

7 So some things we'll have to take
8 forward and we'll have to get together and figure
9 out and follow up in subsequent meetings, in
10 subsequent discussions. So we're going to enlist
11 some of you all in the resolution of some of
12 those issues.

13 I've said it, Bill Apgar, the
14 outgoing assistant secretary used to say to us
15 that the price of criticism is constructive
16 alternative. So you can criticize; you can bring
17 the issues on the table, but we're going to ask
18 you "Okay, how do we fix that?" So that's a part
19 of your role and function here today and one of
20 the expectations that you all can have here

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1 today.

2 Now, will we know the answer to
3 everything? Of course not. But will we give you
4 the best and most honest answer we can? Yes, we
5 will, and that answer sometimes will be no, we
6 don't know or we can't do it. We'll have to live
7 with that. This is the Federal government, and
8 we are constrained by some things.

9 But we'll get as creative as we
10 possibly can within the confines of things; we'll
11 get as creative as we possibly can given our
12 limited resources, given the fact that we only
13 have authority to go but so far in some of the
14 things that we have to resolve.

15 We ask you all to help with that
16 creativity, to help us get there. This has
17 worked only because we have worked in the spirit
18 of partnership since day one.

19 I know since I stepped in on this and
20 was introduced to the National Council of State

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1 Housing Agencies, I remember Garth and what was
2 the woman's name -- Ellen. Yes. Ellen Moore
3 Hoffman came in, and they talked to me about
4 issues that you all had, as we were writing the
5 request for proposals.

6 We took some things out, we left some
7 things in, but we tried as best as possible to
8 come to a common understanding that this is the
9 way it's going to be. That's the spirit of
10 cooperation that we want to keep with this.

11 We have Colleen Bloom here, who
12 represents some of the owners and agents, and
13 Denise, as you know, represents them as well. We
14 also have invited in NAHMA, so one of their board
15 members will be here with us today. I think the
16 weather has deterred her getting here earlier
17 this morning.

18 But at any rate, we're hoping to have
19 owners, contract administrators, HUD, sitting
20 down at the table figuratively speaking, to

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1 resolve some of the issues. That's what today is
2 about; that's what the contract administration
3 focus group is about.

4 I'm going to leave you all with that,
5 and let you get on with the rest of the program.

6 Again, I just want to thank you all for the work
7 that you're doing out there.

8 We recognize that not all the time
9 has there been clear direction; not all the time
10 have we had answers right. We'll say "Oh, we got
11 that wrong. We meant to say this" from time to
12 time. So that mantra that I live with, the
13 flexibility one, is one that I'm going to leave
14 you with here, right now, and I'll say it again
15 several times today when I come back this
16 afternoon, that we need to be flexible.

17 As you well know, we've made some
18 changes that have gone into effect just this
19 month, and there may be others that will be
20 forthcoming, all with the intention of bettering

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1 this effort for everybody involved.

2 So again, thank you for the
3 partnership, thank you for your being here, and
4 thank you for being out there.

5 (Applause)

6 MS. LEAR: Thank you, Fred. As you
7 can see, things are in movement, as Fred is
8 going. With the changes that we've had, in terms
9 of Fred being the deputy assistant secretary, we
10 also have another change.

11 Cyndy, who -- Cyndy Zemitis, who will
12 be presenting the contract assignment process, is
13 actually now Fred. So Cyndy is now the acting
14 director of the Office of Housing Assistance
15 Contract Administration. And with that, Cyndy.

16 MS. ZEMITIS: First of all, as I look
17 out in the audience, I just want to say it's
18 great to see a lot of really familiar faces, and
19 people that I think are my friends, that have
20 become friends over the last year or couple of

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1 years that I've been involved in this initiative.

2 There's a lot of faces that aren't
3 familiar to me, but I look forward to getting to
4 know you and working with you in the coming
5 months. I just want to let you know that our
6 doors are open here and, as Fred said, this is a
7 partnership, and we really need all of us working
8 together to make it successful.

9 In saying that, I'd like to talk a
10 little bit this morning about the contract
11 assignment process. The contract assignment
12 process is really a vital part of this whole --
13 and I'm going to use the word "PBCA,"
14 performance-based contract administration
15 initiative.

16 The assignment of the contracts
17 affects the administrative fees attached to the
18 properties in the PBCA's portfolio. Therefore,
19 it's crucial that a comprehensive analysis of the
20 contracts to be assigned is performed at the

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1 field level. I'm going to walk you through how
2 we go about doing the assignment.

3 The performance-based RFP did not
4 include the following projects: Section 8 mod
5 rehab, including single family occupancy program;
6 Section 8 project-based certificate program;
7 Section 8 projects assisted under the Section 8
8 project-based voucher program; HUD-owned
9 projects; projects in foreclosure pipelines;
10 projects classified as mortgage-in- possession;
11 projects that have been referred to the
12 Enforcement Center or OHMAR; projects where the
13 owner has advised that they intend to opt out or
14 in which the field office has begun the opt-out
15 process; projects with expiring contracts.

16 As you recall, for those of you that
17 are PBCAs, you are not to receive any contracts
18 that were going to be expiring within that first
19 three months, your start-up period.

20 We have projects excluded by the

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1 field office for other considerations, such as
2 trouble, and I'll go into trouble in a few
3 minutes.

4 We have been in operation for the
5 past nine months, we started our first PBCAs in
6 June. So basically for the last nine months, we
7 have been assigning contracts to the PBCA under
8 the annual contributions contract, the ACC, and
9 it's Exhibits B and C.

10 The contracts assigned during the
11 initial phase included contracts that will not --
12 again, will not expire during the first three
13 months after assignment; contracts that have been
14 not referred to DEC, the Enforcement Center or
15 OHMAR; and contracts that are not troubled.

16 Again, I want to just spend a moment
17 to talk to you about "troubled." We have
18 found -- believe me, we've gotten numerous
19 questions. How do you define "troubled," and
20 I'll go running around Multifamily and say "How

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1 do you guys define" -- asset management, the
2 Office of Asset Management -- "How do you guys
3 define 'troubled'?" Well, they'd give me a
4 definition. Then I'd go to REMS. Well, they'd
5 have another definition. So it was getting very,
6 very confusing.

7 So basically, what we have finally
8 said was that we provided a list of exclusions;
9 the property was MIP or in foreclosure pipeline
10 or in bankruptcy, and then we really called upon
11 the field to make that determination. We really
12 believe that the project managers knew their
13 projects well enough to know if they were
14 troubled, if they were troubled in the sense that
15 they felt it really -- HUD needed to keep these
16 contracts, or if they could be assigned over to
17 the PBCA.

18 So that there's been a little
19 confusion as we've been out there assigning this
20 at the region level. We're trying to get a

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1 little bit more clarification.

2 The assignment document really
3 functions as a tool to provide the PHA with the
4 legal right to act on HUD's behalf, to perform
5 all related activities referenced in the ACC, and
6 associated with the contracts that are included
7 in Exhibit A of the assignment.

8 Let me just stop for a moment.
9 Hopefully, within the last few days, the PBCAs
10 received the assignment document. Did you all
11 receive an assignment document? If you did not,
12 see me afterwards, after I speak, and I'll be
13 glad to get you a copy or send you an electronic
14 one.

15 We have been working with our
16 attorneys to get the final language. That's why
17 it's taken so long to get this. We have got the
18 language, and when you do get that assignment
19 document, the Exhibit A that is there will list
20 all contracts that have been assigned to you,

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1 okay? And again, I'm going to go back with the
2 ones that came up earlier last summer.

3 You may during that time have had
4 contracts maybe because the owner -- the contract
5 was terminated, or for whatever reason, we
6 withdrew that contract. That contract will show
7 on that assignment, Exhibit A. But later, we'll
8 talk about how that will be withdrawn and what's
9 used.

10 But I just want to give you a
11 heads-up. If you don't have that, come see me.
12 You should have a copy of that assignment
13 document with Exhibit A.

14 The assignment document, as I was
15 saying, along with the HUD amendment notice,
16 which I'll talk about, is used to transfer the
17 PBCA's portfolio, additional contracts, after the
18 effective date of the ACC and the initial
19 portfolio assignment.

20 I want to walk you through what our

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1 process is, and then you can see maybe why it
2 takes us -- I know a lot of you said "Gee, you
3 know, I'd like to have more contracts, and could
4 you give them out to me about two months ahead of
5 time, and I can get myself prepared and
6 everything."

7 I want to tell you what we go through
8 here and why it's not as easy; we would like to
9 be able to say "Yes, we will give you a two
10 months' heads-up," but it's not quite that
11 simple.

12 First of all, it begins here at
13 headquarters. There is a list of those contracts
14 which we believe are eligible, that we send out
15 to the field, to the CAOM. The CAOM, in turn,
16 sends it to their perspective project managers to
17 review, and we've asked the project managers --
18 these are some of the steps they need to go
19 through when they get this list.

20 They need to check to see if there

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1 are any contracts that should not be on the
2 eligibility list, due to program exclusions.
3 This would include PAC/PRAC, Service Coordinator,
4 conflict of interest with the CA.

5 If there is anything like that, then
6 the project manager needs to go into REMS and
7 make that change. That means that those
8 contracts were identified incorrectly in REMS.
9 So we need to make that correction.

10 Then they need to check the data and
11 update in the appropriate systems the following:
12 property address, including the MSA code or the
13 county code, because this picks up the fair
14 market rents.

15 The assisted units; we need to know
16 the exact number of assisted units. The owner
17 and the management agent information; we need to
18 know the correct name and address.

19 And then lastly, and I'm sure some of
20 you can appreciate this, they need to check

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1 TRACS, to see if all the vouchers have been paid,
2 before assigning the contracts.

3 Now I know we've had problems out
4 there, and we're still having problems and we'll
5 probably be talking about that today.

6 But I think also, for those of you
7 that have been -- previously been CAs or even if
8 you're new to this, you're finding out that
9 sometimes the owners don't necessarily voucher or
10 have special claims just exactly when things
11 happen.

12 So we're going to work together to
13 resolve these problems. That's one of these
14 items that Fred was talking about.

15 Why is this so necessary for the --
16 well, we call them PMs -- the project managers to
17 do? Well first of all, the assignment of the
18 contracts, again, affects the administrative fees
19 that are attached to the PBCA's portfolio.

20 The correct property address will

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1 eliminate the assignment of contracts to the
2 wrong PBCA. We did come across one that was
3 assigned to a wrong state, so you've got to
4 double check that and make sure that that should
5 be assigned to a particular PBCA.

6 Also, the correct information on the
7 names and addresses of the owners and agents is
8 critical, because we, headquarters sends out a
9 letter, letting the owner-agents know, hey no
10 longer will so-and-so be administering this
11 contract, but the new PBCA.

12 We'd like to get that information out
13 to the right people the first time, but it
14 doesn't necessarily happen that way. So we need
15 to make sure that this information is correct.

16 After the PM reviews and updates
17 their list by checking a box to assign, then they
18 forward this information electronically to the
19 CAOM, and the CAOM then queries the updated
20 necessary information. Then this information is

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1 reviewed by a supervisor, that then -- after
2 that, the CAOM then forwards that information on
3 here to headquarters.

4 Once headquarters gets that, we take
5 a quick look too, to see if there's anything that
6 may stand out in our mind or something that we
7 may have learned about.

8 Let's say, for example, the project
9 burned down, okay, which we had one of those
10 happen too before the contracts got assigned. We
11 want to make sure we try to pull that one before
12 we'd go around to the assignment.

13 Currently, headquarters then develops
14 Exhibit B and C, which I know you all have had,
15 since you've all received and have had contracts
16 assigned to you, as well as, as I mentioned, we
17 do the owner-agent letters.

18 Also, initially when you first come
19 on board, you also received an electronic file,
20 that had information about the 12 month history

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1 payment, for you to start working on setting up
2 your files.

3 We send this out to the field, and we
4 ask that no changes be made. There's a reason
5 for that, and I'll get into that in a moment too,
6 why whatever headquarters says goes because it
7 matches with our systems and how we're going to
8 be generating that information as time goes on.

9 In the meantime, you're maybe
10 wondering well, how does the money get set aside
11 for these contracts? Well, our financial
12 operations division then facilitates the
13 obligation and the reservation of funds, so we
14 make sure there is money associated with the
15 contracts for that PBCA.

16 Our headquarters systems group, which
17 you'll be hearing from some of them later today,
18 then post assigned contracts to the Section 8
19 contract administration on our website, and then
20 provides this list to the key systems, that being

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1 LOCCS, REMS and TRACS. Until those systems,
2 those three systems are updated, you as PBCAs
3 cannot access any of that information on those
4 contracts.

5 I think some of you may have gone
6 through that, have experienced that, not only
7 initially but when additional contracts have been
8 assigned to you, we get these calls "But my PBCA
9 says I can't see this." Well, it hasn't been
10 updated yet to the systems. This takes a day or
11 two. Okay?

12 Sometimes we find there is a little
13 glitch, and we want to make sure everything is
14 worked out. What we have done to help with this
15 process is that once we have sent out Exhibits B
16 and C to the CAOM, we ask that they -- once
17 they've received word from headquarters, that
18 this information's been posted on the web, and
19 you all are aware of where it's on the web, I
20 hope?

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1 We ask the CAOM to go out, to use
2 their Exhibit B and say "Okay, match up. Do you
3 have any on your electronic copy that don't match
4 what's out on the web?" Then we ask in a few
5 days for them to contact the PBCA and ask them to
6 do the same thing. We want to make sure we're
7 all working off the same list. It's critical for
8 that.

9 I just want to walk through the
10 process of the initial assignment process.
11 However, you may be aware that since June of
12 2000, we now have 37 performance-based contract
13 administrators.

14 A large majority of these have
15 received additional contracts since their initial
16 start period. I'd like to just go through how we
17 do the additional assignments. It's very similar
18 to what I was just saying, what I just went
19 through.

20 The additional assignment of

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1 contracts begins again with headquarters sending
2 out a list to the field, having them review that.

3 Is this contract -- as they look through it, is
4 this contract ready to be assigned? Perhaps it
5 was going through the renewal process and maybe
6 it's through now. So maybe it can be switched
7 over and be assigned.

8 Again, after the program -- or excuse
9 me, project managers have reviewed all the data
10 that I mentioned previously, and have updated
11 that, they send a list back to the CAOM. Then
12 it's reviewed by the CAOM, signed off by a
13 supervisor and then sent on in here.

14 We also go through a process -- we
15 can do it at the time of assignment or now we're
16 starting to do it on a monthly basis, to see if
17 there are any contracts that should be withdrawn.

18 Again, I touched upon that. It could
19 be a withdrawal because of termination; there
20 could be some reason why it needs to be

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1 withdrawn. Perhaps it was assigned incorrectly
2 and we need to withdraw.

3 We will be doing withdrawals of
4 contracts on a monthly basis, okay? So that's
5 something that we have decided on that. Excuse
6 me, I've got to get a drink. I'm getting a
7 little dry mouth.

8 (Pause)

9 MS. ZEMITIS: When I talk about the
10 amendment language, I know none of you have seen
11 the -- have received anything officially of the
12 amendment document, the reason being it's still
13 with our attorneys.

14 We were hoping to have that finalized
15 by last week, so I could share it with you today,
16 but again I'm hoping within the next few days,
17 we'll have that finalized and you will get that.

18 Many of you will receive this
19 amendment language, and it basically will tell
20 you the contract has been withdrawn; maybe units

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1 have been changed. The funding increment has
2 been changed. There's a reason. There will be a
3 little box that will be checked off, that will be
4 associated with whatever changes have occurred.

5 When you get this amendment document,
6 you will also get new Exhibits B and C. These B
7 and C -- this is going to be critical -- will be
8 a cumulative of all the contracts that have been
9 assigned to you, that have been withdrawn, okay,
10 and by date. So again, this will be a mechanism
11 that you can use to check to see exactly what is
12 in your portfolio.

13 So again, not to confuse you, the
14 assignment document on that exhibit is all the
15 contracts that have been assigned. So let's say
16 initially you were assigned 50 contracts. A few
17 months later, you may have picked up another 25,
18 okay? Let's say in June we assign ten more.
19 You'll get a new assignment document with those
20 ten more.

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1 But whenever you get an amendment
2 document, it will tell you why action has been
3 taken, why you're getting this, and then the
4 Exhibits B and C will be cumulative of all your
5 contracts that you are responsible for, and then
6 those that have been withdrawn, and the reason
7 why, why there's been changes, okay? I think
8 that will help you with your record keeping.

9 **MS. PAYTON: (indiscernible)**

10 *MS. ZEMITIS: Yes. I'm glad you*
11 *brought that up. That is something that is on*
12 *our "to do" list. We need to also, as we send*
13 *out letters to the owners to say, "XYZ is now*
14 *your new PBCA," we also need to make sure that*
15 *letters are sent out to the owners to say "This*
16 *contract has been withdrawn," whatever.*

17 *Now if it's been withdrawn because*
18 *they opted out or terminated, yes. But if there*
19 *was another reason, we do need to do that. I'm*
20 *glad you brought that up. That's something*

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1 *that's on our "to do" list. We need to do that.*
2 *Staff, make sure you write that down. We have*
3 *several of those things. Okay.*

4 PARTICIPANT: We didn't hear the
5 question.

6 MS. ZEMITIS: You didn't hear her
7 question. Okay. Can you come up and use the
8 mike, and identify yourself, too.

9 You see, when you ask questions, you
10 have an opportunity to stretch, get around, move
11 and everything. So keep that in mind as the day
12 goes on.

13 MS. PAYTON: My name is Carol Payton.
14 I'm with Kentucky Housing. My question was,
15 would they notify the owner in advance if their
16 contract had been pulled from the CA, so not to
17 have a problem with the HAP payment?

18 MS. ZEMITIS: Okay. I want to just
19 review. I've talked about the various documents

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1 *that you've received or will be receiving. I*
2 *just want to review them one by one here. This*
3 *one, the ACC, and hopefully you all have the ACC.*
4 *If you do not, see me, okay?*

5 *The ACC is the contract between the*
6 *PHA and HUD, awarded pursuant to a proposal*
7 *submitted in response to HUD's RFP for PHAs to*
8 *provide contract administration services for*
9 *units receiving project-based Section 8 housing*
10 *assistance.*

11 *Exhibit A of the ACC lists the PHA*
12 *responsibilities, outlining PBCA's duties under*
13 *the ACC, all the tasks that the PBCA is to*
14 *perform. It includes the IBPSs; tells you all*
15 *about how things -- well, anyhow. I think you*
16 *all know Exhibit A. It's pretty much a repeat of*
17 *the RFP.*

18 *Exhibit B, one of your attachments,*
19 *lists all covered units under the ACC, including*

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1 *property name, contract number and the number of*
2 *assisted units. Exhibit C lists budget authority*
3 *for current fiscal year for all contracts listed*
4 *in Exhibit B. Remember, the budget authority is*
5 *only for one year.*

6 *Exhibit D, the Public Housing Service*
7 *Area that includes state where the contract is*
8 *located. So basically, that's easy. If you're*
9 *the Delaware PBCA, it's Delaware. It's one*
10 *sheet; it just says "This is for Delaware."*

11 *Exhibit E, and this is the one all*
12 *the PBCAs are the most interested in, provides*
13 *the PHA administrative fee per unit, per month,*
14 *for each fair market rent area.*

15 *The assignment document and Exhibit A*
16 *gives the PHA legal authority to perform contract*
17 *administration services outlined in the ACC. It*
18 *only lists contracts assigned to the PBCA.*

19 *Then the amendment document, which*

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1 *you will be seeing shortly, and this amends*
2 *Exhibit B and C which you received previously, is*
3 *the official notice amending, adding or*
4 *withdrawing contracts.*

5 *You also, at your initial, received a*
6 *12-month payment history, that showed what the*
7 *previous payments had been to the owner -- I mean*
8 *to the owner-agent. Why don't you get the -- why*
9 *don't we provide that later on? Carol?*

10 **MS. PAYTON: (indiscernible)**

11 *MS. ZEMITIS: Okay, it's in the*
12 *LOCCS. Yes. You have -- by that time, once you*
13 *come on board, you should have access and you are*
14 *able to retrieve that information. So after*
15 *that, we don't really need to provide you with*
16 *that information again.*

17 *And the last thing that we do with*
18 *this is -- and it's certainly not the last thing*
19 *we do; it's just last on my list here, is sending*

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1 the letters to the owner-agents, notifying them
2 of the change.

3 A little bit ago I mentioned that we
4 will be doing withdrawals on a monthly basis,
5 okay? Now, the next question I'm sure you're
6 going to be thinking, "Well how often are they
7 going to be doing assignments?"

8 We have contemplated this. There are
9 several reasons, as I hope you've gathered as I
10 went through the steps, it's rather tedious at
11 times. It's very time-consuming, going through
12 this whole process.

13 The other thing is when we do assign,
14 that three-month period kicks in again for you
15 all. You start doing your baselines; you do the
16 1199s, the whole monitoring for that three months
17 starts. We have to consider our CAOMs, and think
18 how much work that is for them, that they may
19 have 250 contracts that maybe are in their fourth

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1 month and they have 175 that are in the first
2 month, and it gets really crazy.

3 We also think about the CAs, do you
4 have the capacity to do additional, to take on
5 additional contracts? We take a look at how we
6 think you're doing, before we make any
7 assignments. I can't -- I'll be honest. I can't
8 say we're going to do another big assignment next
9 month. It hasn't really been decided at this
10 point when we will do that.

11 The good news is, of the 37 PBCAs
12 that we have up and running, that represents a
13 total of 8,690 contracts, which for the majority
14 of our PBCAs, that's most of the contracts that
15 they're going to be getting. I mean most of you
16 have, I would say, three-fourths or more of the
17 contracts that you are going to be getting.

18 If you have a question of how many
19 more are out there, please see me today. I do

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1 *have some figures that were generated about a*
2 *month ago. These numbers change constantly, but*
3 *at least I can tell you what it looked like as of*
4 *about a month ago.*

5 *If you don't catch up with me today,*
6 *contact your CAOM. Again, like Fred kept saying,*
7 *and we want to stress that today, PBCAs, call*
8 *your CAOM. Don't call headquarters. Call your*
9 *CAOM, okay?*

10 *Now. In saying about the contracts*
11 *that are going to be assigned, there's some*
12 *others out there, and if any of you happen to*
13 *catch the satellite broadcast that was done about*
14 *a week and a half ago about the renewals of*
15 *Section 8 contracts, you know that questions came*
16 *up about what's happening with contracts that are*
17 *expiring, and I want to just walk you through*
18 *some of the different scenarios, and what we're*
19 *planning on doing.*

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1 For contracts that are expiring, that
2 are currently under PBCAs that were the former
3 CAs -- okay, you were doing contract
4 administration before you were awarded this
5 PBCA -- we plan to move those contracts to the
6 PBCA. That's the new good news. For those
7 contracts expiring that are under the old CAs,
8 that were not selected or do not apply to the
9 PBCAs, we plan to move those to the PBCAs.

10 For contracts that may be with HUD
11 right now, that we are administering, we plan to
12 move them to the PBCA. Now why I say plan, is
13 because as many of you may know, those contracts
14 are sitting in HUDCAPS, which is a different
15 system. The system you use is PAS/LOCCS, and we
16 are now finalizing the details of how we're going
17 to be moving those contracts from HUDCAPS over to
18 LOCCS.

19 It's not that easy, just moving the

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1 *contracts. We also want -- the big thing that we*
2 *worry about is to make sure that the owner and*
3 *agents receive their HAP payments.*

4 *Now we don't think it will be as*
5 *difficult. Again, we're looking for your*
6 *cooperation, kind of a heads-up for you all that*
7 *may have had contracts under the old way, that*
8 *will be moving over, okay, because you will have*
9 *that history. You'll have a lot of the*
10 *information. Because again, remember what you've*
11 *gone through these three months, your first three*
12 *months of start up, what you had to do to get*
13 *that information in order to make that first HAP*
14 *payment.*

15 *So we're trying to work out those*
16 *details. For some of you, you may be called upon*
17 *to be a pilot, in trying to transfer those. The*
18 *same thing, if there are any in the audience now*
19 *that may be part of the old CAs, that when those*

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1 *contracts expire will be moved over to the*
2 *performance-based, we also ask -- we'll be coming*
3 *to you, to work with you to pilot how we move*
4 *these contracts. Now we have --*

5 **MR. STRONG:** *Cyndy, do you have --*
6 **Eric Strong, Jefferson County Assisted Housing**
7 **(indiscernible). Do the existing contract**
8 **administrators who are going to lose those**
9 **contracts now know that they're going to lose**
10 **those contracts?**

11 *MS. ZEMITIS: Very good question.*
12 *We have been very frank about this, in meetings*
13 *like this. I know when Fred has gone out and*
14 *spoken, he has announced that. Have they*
15 *received something in writing? No, not at this*
16 *point. We are in process of getting something*
17 *out to them.*

18 *I would have liked to have said yes,*
19 *that letter went out last week, okay? I work for*

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1 the government, okay? What can I say? Anyhow,
2 things have changed. With the change in
3 administration, we've gone through a lot of
4 changes lately on this.

5 I'm not saying you all haven't, but
6 just to kind of give you a perspective, yes, we
7 will be getting something out to everyone, okay?

8 And we do realize that it's going to affect a
9 lot. However, in saying that, everyone had the
10 opportunity to bid on an RFP.

11 The other thing that we would like to
12 say, because we look at this whole initiative as
13 such a partnership, is if you have a -- and I
14 don't mean old, old, but a former, old CA, that
15 is interested in continuing to service those
16 contracts, that there would be some kind of an
17 agreement worked out with the PBCA. Many of you
18 have subcontractors that are working with you in
19 doing this administrative services. So that's

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1 *another alternative for you.*

2 *We also have contracts out there that*
3 *may be administered by public PAEs. Under the*
4 *OHMAR, they had private PAEs and they had public*
5 *PAEs. Private PAEs, once they had finalized the*
6 *deal, properties came back, it was over.*

7 *With the public PAEs, they were told*
8 *that they could become a performance-based*
9 *contract administrator, except I think in the*
10 *language, actually because it was before we came*
11 *up with this initiative, that they could become a*
12 *CA.*

13 *It has been determined by the*
14 *Department that these contracts will be coming*
15 *over, will be under the performance-based ACC.*
16 *So in order for them to be assigned to the PAE,*
17 *the public PAE, that public PAE must come in and*
18 *qualify as a PBCA. The other thing is, they*
19 *must -- their ACC will only be for two years, and*

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1 *then it's gone. So there's a little difference*
2 *there.*

3 *So we are currently working with the*
4 *public PAEs. There are -- quite frankly, many of*
5 *you were -- the PBCAs, I'm sorry, and I hope I'm*
6 *not confusing all of you. But many of you also*
7 *served as PAEs, okay. So again, it makes it*
8 *easier to transfer.*

9 *The decision was made -- as you may*
10 *know too, the RFP states -- and you can go back*
11 *and look at the original language -- when we*
12 *started up this initiative, we were striving to*
13 *select one PBCA per state and territory.*

14 *So we're talking a maximum of 52,*
15 *because previously we had -- I was told like over*
16 *400, which was just -- the monitoring was*
17 *impossible, which you can see, I mean, as you can*
18 *imagine. And as Fred alluded to, we found as we*
19 *were preparing this initiative, when we go out to*

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1 *visit, that maybe one -- certain people were*
2 *handling them this way and somebody else was*
3 *handling them this way and this one was here.*
4 *We're trying to pull you all into a group and*
5 *come up with some consistency.*

6 *We're not there yet, I won't fool you*
7 *all, but I think we're getting there. So that's*
8 *one of the reasons on that. I think I pretty*
9 *much covered what I wanted to cover on the*
10 *assignment. I hope I haven't totally confused*
11 *you. I'll be glad to take any questions that you*
12 *have. Lucie.*

13 *MS. DU: I don't know if you can hear*
14 *me. Can you hear me?*

15 *MS. ZEMITIS: You're in the front.*
16 *come on up, Lucie.*

17 **MS. DU: Lucie Du. When you do the**
18 **assignments, when -- I know you're going to do it**
19 **whenever -- whether it's quarterly or whatever**

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1 you determine you get, but what kind of notice do
2 we get? I mean, I know it's not 60 days, but
3 what kind of notice do we get? Do we get it like
4 on the 5th day of the month, when Exhibit A comes
5 in, or, I mean, do we have a lead time, so we
6 could kind of prepare for it?

7 MS. ZEMITIS: Okay, two days. I
8 know. I can appreciate. Look initially, this
9 last time, when we did the ones in February, we
10 were going to do it in January, and we said "Hey,
11 who's kidding who?"

12 First of all, I mean I don't know how
13 your offices look, but I know what this
14 department looks like in the month of December.
15 I mean you're lucky to find very many people
16 around, and I'm seeing a lot of nodding, so you
17 must go through the same thing.

18 We would love to, as I started to
19 say, we would love to give you six weeks' notice.

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1 *I would hope and I will strive to let you know*
2 *ahead of time, that we're going to be assigning.*

3 *Say, we're going to do another one in -- I can*
4 *tell you, we're not doing another one in April.*

5 *Let's say we do one in June, okay,*
6 *that we would give you a heads-up that we're*
7 *going to do it now. Can I tell you how many*
8 *contracts? Probably not. But I can give you an*
9 *idea today, if you want to see me, how many*
10 *contracts we show that looks like might be out*
11 *there, to be moved over to you. So that should*
12 *help you.*

13 *You know again, the majority of you*
14 *have most of the contracts you're going to be*
15 *getting at this point. I don't see another*
16 *really big dump of contracts. No.*

17 **MR. PILLA: George Pilla, State of**
18 **Ohio. When you get rid of the non-PBCAs and when**
19 **you transfer them to the PBCAs, will you do it at**

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1 one time, all of them, or are you going to adhere
2 to an ACC expiration date, and then trickle them
3 over the next five years?

4 MS. ZEMITIS: We will be using the
5 expiration of the HAP. The ACC, I have been told
6 by our attorney, because this was a question that
7 came up on the satellite broadcast about a week
8 and a half ago, what if the ACC has a longer term
9 than the HAP, and our attorney said "No way.
10 There should be none of those out there; that the
11 HAP language states when the HAP ends, the ACC
12 ends."

13 So to answer your question, George,
14 when the HAP expires, then that's when we would
15 like to move them over. Yes, you're correct. It
16 may be the next five years, rolling these over.
17 There is some discussion that we would give an
18 option to the old CAs, if they find that they
19 only have a limited amount of contracts they're

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1 *doing, performing administrative services, that*
2 *they may just say they would like to end their*
3 *agreement with the Department, and we would roll*
4 *those over. That's an option.*

5 *But that's not -- we're still in the*
6 *talking stages of that. That has not been sent*
7 *out in this letter or if it will be -- I'm not*
8 *even sure if it's going to be included in the*
9 *letter. This is more of a talking thing where we*
10 *are right now.*

11 **MR. KANIS: Les Kanis, PHFA (sp).**
12 **The question I have is, since we're getting**
13 **(indiscernible) on assigned basis**
14 **(indiscernible), for one year during the**
15 **management occupancy review, does it start from**
16 **that date?**

17 *MS. ZEMITIS: It starts from the*
18 *assignment date, yes. You see, that's the other*
19 *thing, like I was saying. It's not only the*

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1 *start-up period, that three months of getting HAP*
2 *payments. Everything starts over again. So you*
3 *have a year, then, to do the management occupancy*
4 *reviews for those contracts that you get*
5 *assigned. Okay? So it's the tracking of that.*
6 *Of course, your work plan's going to have to*
7 *reflect that, which means --*

8 **MR. KANIS: (indiscernible)**

9 *MS. ZEMITIS: That's correct, that's*
10 *correct. So it's not just -- it's additional*
11 *work on everyone's part. So that's why we're*
12 *trying to limit this a little bit, and as Lucie*
13 *mentioned, quarterly. Yes, I think quarterly*
14 *makes a lot of sense, but it's kind of like what*
15 *part of the quarter to do it. That's what we*
16 *found in January. It's like "No, this doesn't*
17 *work."*

18 **MS. PHILLIPS: Hi. I'm Nina**
19 **Phillips (sp) from Ohio's agency, and I'm**

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1 (indiscernible). One of the problems that we're
2 running into now are a lot of our constituents
3 are not sending us offers, because they have
4 gotten letters from HUD stating that they have
5 been reassigned to the PBCA. However, the
6 contracts have not expired.

7 So one of our concerns is how are
8 these constituents getting paid? There's not
9 budget authority for the PBCA to pay them, so how
10 are they to be paid?

11 MS. ZEMITIS: So you're saying that
12 owners that have not been -- I mean the
13 properties that have not been included in the
14 contracts to go over to the PBCA --

15 MS. PHILLIPS: Have been assigned,
16 and letters have gone to the owners, and now
17 they're calling us saying (indiscernible); what
18 are we supposed to do? At that point, we're
19 (indiscernible) to you. We don't know.

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1 We're looking at (indiscernible). If
2 we go on the web, we're seeing that the new
3 projects have been assigned to the PBCA, but we
4 are still in the contract period. So how are we
5 going to (indiscernible) that?

6 MS. ZEMITIS: Okay. You need to
7 contact us, and we need to sort that out. I'm
8 sorry. If I understand your question correctly,
9 residents are receiving -- excuse me, owners are
10 receiving letters saying that they have been
11 assigned to the new PBCA, but you are still
12 responsible for them?

13 MS. PHILLIPS: Yes, yes.

14 MS. ZEMITIS: Okay. We definitely
15 need to make sure we clear that up. Any more
16 questions? Okay. I'll be around all day today,
17 so feel free and like I said, I look forward to
18 getting to know you, and I keep looking at faces
19 and I want to put some names to them. Tony.

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1 MS. WALLACE: My name is Toni
2 Wallace. I'm from the Boston office, up here in
3 Boston.

4 MS. ZEMITIS: And she's here. She
5 didn't fly in today. Tony's here.

6 MS. WALLACE: We have a situation in
7 Boston where if we're going to be creating new
8 (indiscernible) contracts, and they're going to
9 be going under the performance-based, do we have
10 a procedure for that?

11 MS. ZEMITIS: Yes. These are from
12 the -- okay. We're going to be talking about
13 that tomorrow, actually Toni. I'd really rather
14 not get involved with that today in this
15 discussion. This is another one of our pilot
16 projects. These are contracts that have been --
17 that HUD has been the administrator of.

18 MS. WALLACE: Well, they're brand
19 new.

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1 MS. ZEMITIS: Yes. So that's
2 another -- we're really starting out on this, all
3 this new territory. Let me tell you folks. I
4 mean if we can get through the next few months
5 doing this, but I know what you're talking about,
6 and we'll talk about that tomorrow.

7 Because what we're trying to do is
8 then they'll be brought under a PBCA, what she's
9 talking about. Another (indiscernible). Again,
10 like Fred said, you learn to be flexible in this
11 area, so any more? Okay. Let me turn it back to
12 Debbie, then. Thank you.

13 MS. LEAR: Thank you, Cyndy. I guess
14 we're going to have to punt. We have a little
15 bit of time here. Okay, there he is. Steve. We
16 have Steve Martin down here, and it seems they
17 have tag team. It's our WWF of headquarters.

18 They're going to talk and touch on
19 some of the issues with REMS access news, which
20 we're aware there have been problems throughout

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1 this initiative. I apologize, Steve. We're
2 running ahead of schedule. Okay, Steve. Take
3 the podium.

4 MR. MARTIN: At least I can get
5 closer to the door. Nassem is going to be
6 joining me in a minute, but he went to call the
7 third member of our tag team, since she didn't
8 know we were going to be early, and she's the one
9 that knows a lot of this stuff.

10 Let me start by babbling through a
11 few minute introduction as to where we came from,
12 where we are now, and where we hope to be headed.

13 Let's see, where we came from.

14 Fred came in, looking worried one
15 day, telling us that he had been forced to commit
16 to bringing some phenomenal number of contract
17 administrators up and had the following needs for
18 an automated system, and the more he talked, the
19 more nervous everybody got.

20 Then he told us his schedule for

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1 doing it, and when we stopped laughing, we
2 agreed, okay look, we can't do that that fast,
3 but we'll do the best we can, do whatever it
4 takes to get stuff going, knowing that the most
5 important thing is to get people up and
6 functioning, and people generally are reasonably
7 sympathetic with this. It's a start-up; it's not
8 perfect, but it's working for now, and will get
9 better and better as it goes along.

10 The things that were identified as
11 most critical obviously was first identifying the
12 contracts that were to be assigned, and then
13 beginning the process of assigning the contracts.

14 Second, giving the contract
15 administrators, since they'd be doing a lot of
16 the work that HUD staff had normally done, at
17 least some level of access to our systems, and at
18 least some level of ability to get information,
19 as much as we could, as fast as we could, knowing
20 that we were already behind schedule.

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1 Oh, and by the way, of course we had
2 no money, so Fred spent most of his time running
3 around trying to find money, to pay for what it
4 was we were already working on.

5 The process has worked about -- well,
6 actually it's worked much better than I thought.

7 My expectation, and especially the idea of
8 bringing so many agencies all in at once, was it
9 was going to be an absolute disaster. In large
10 part because of the efforts of folks here and few
11 others, the process turned out to be much more
12 organized than I had expected.

13 But those of you in the room here who
14 participated know that it didn't happen smoothly,
15 efficiently and transparent to the user, as they
16 say. We have continued to learn from our
17 beginning mistakes.

18 I think the process is working a lot
19 better now than it did at first, and the
20 encouraging part is we know now where we're

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1 headed, which is -- for example, in order to do
2 business with us, you have to come in through the
3 secure systems connection.

4 I assume -- I can't remember the name
5 of this agency that just got into it in
6 February -- but assume other than them
7 potentially having trouble, most of the agencies
8 now are able to get in. Hawaii and the TIN
9 number changing, or uncertainty. One day, people
10 were in and then they got disconnected, et
11 cetera.

12 I think we've solved most of the
13 problems of the agencies being able to establish
14 a relationship with HUD, and the ability to get
15 into our systems.

16 There were a lot of problems with
17 people not understanding that once you got in,
18 the contract administration administrator, the
19 security administrator had to then assign
20 contracts to people, in order to be able to get

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1 into REMS, and they could start doing business.

2 But I think we're reasonably okay on that.

3 The payment process. Those of you
4 who are inside know the number of changes that
5 were made to the accounting system, in order to
6 accommodate the new RFP. There were a phenomenal
7 number of changes, and the folks who worked on
8 the accounting system, I think, did a marvelous
9 job of getting a new system up and running and
10 available.

11 We are now making payments. The
12 process of approving requisitions, getting paid,
13 is working, although I'm sure each of you has at
14 least one instance where you know of something
15 that isn't working right.

16 Let me remind you that there's a
17 difference between systems and funding. But HUD
18 continues to have problems, because of the need
19 to go find money first and then pay.

20 But many of those are not currently

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1 system-related, and the remaining problem
2 there -- since we currently have adequate new
3 money to use for now, the remaining problems are
4 achieving enough recaptures, in order to make
5 money available, so that the payments can be made
6 on a flow basis.

7 The remaining dilemma that I saw when
8 Fred outlined where -- what we needed to do, was
9 as soon as he talked about the CAs doing a lot of
10 data entry indoor systems is my perception, and I
11 know it was Lucie's from the start, that "Well
12 this is nice that we feed you all this
13 information, but like when are we going to get to
14 see it, when are we going to get it back on a" --
15 other than the proposal, which was bring up a
16 screen, take a Polaroid, bring up a screen, take
17 a Polaroid, put that into a scanner, you know,
18 and it wouldn't work.

19 We are currently working on two
20 possible alternative ways, either of it -- part

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1 of it's going to be the technology, part of it's
2 going to be dealing with firewall issues, et
3 cetera.

4 But the bottom line is some time
5 within the next three, four months, give or take,
6 we expect to have the ability to give you back,
7 in a large clump of information, the type of
8 information that you need to keep track of what
9 you have been doing in your system, as opposed to
10 simply entering data into ours.

11 In order to figure out a way to do
12 that better, one of the things I'm going to be
13 doing -- we're going to be doing and then sending
14 through your folks is a survey of sorts, to find
15 out -- my expectation is that there's a wide
16 range of systems sophistication among the
17 different CAs.

18 There are some -- well, I know, for
19 example, who could literally take a copy of our
20 entire database and they're already designed

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1 their system to match ours.

2 There are others I suspect who are
3 not at that level, and if we simply say "Here's
4 all the data," would then say "Well gee, this is
5 a great, but could you give me a little help as
6 to what I do with it now."

7 We're trying to get some sense or
8 we're designing a survey that will attempt to
9 enable to help us know a good middle ground, of
10 where the CAs who run the program great, but are
11 not comfortable with massive amounts of
12 electronic data dumps, that they don't know what
13 to do with.

14 We anticipate what we're going to
15 need to do is develop reports in various formats,
16 and then essentially provide you with output
17 reports, that you can then either read or put
18 into a database.

19 Another possibility that we've talked
20 about is providing access databases for

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1 everybody. But again, in order to know whether
2 that would work, we need to know your capacity
3 and type of -- the size, type of data that you're
4 used to dealing with, preferences, et cetera.

5 We are currently attempting to figure
6 out the right questions. I'm guessing probably
7 within a couple of weeks, we will, through you
8 guys and probably, and I assume through the
9 CAOMs, send information out to you, asking more
10 technical information.

11 This is so that we can then decide
12 the most efficient way of sharing the data that
13 you have been nice enough to feed into our
14 systems, so that you can actually then use it and
15 not have the problem of having to maintain, I
16 presume, two different systems, ours, as well as
17 yours.

18 Let's see. Is Marilyn on her way?
19 Let me field questions on problems that you've
20 had using REMS or other questions. Nassem or I

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1 will attempt to make up answers, and then Marilyn
2 should be joining us in a minute, and anything
3 that I don't know, I'll promise that she'll
4 answer, so that she has the same pleasant
5 experience of walking in the door and finding
6 out -- oh, here she is right now. Questions.

7 **MS. CONSTANCE: Vi Constance (sp)**
8 **with the Texas contract administrator. When we**
9 **will be getting access to the (indiscernible)**
10 **financial statements? We don't have access to**
11 **that.**

12 *MR. MARTIN: Well, our expectation --*

13 *PARTICIPANT: Repeat the question.*

14 *MR. MARTIN: Oh, I'm sorry. The*
15 *access to the financial statements in REMS.*
16 *Okay, Cyndy is our technical expert here.*

17 *MS. ZEMITIS: That one I do know,*
18 *and I think Marilyn can address it a little bit*
19 *more when she gets here, but I understand that*

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1 *there's been a problem for you to get in, to*
2 *actually see the financial statements and also*
3 *the physical inspections.*

4 *This is a corruption that the*
5 *contractors are working on, to make sure that you*
6 *can get access. In the meantime, you can contact*
7 *your CAOM, who can ask the project manager to*
8 *take a snapshot of what you need, and they can*
9 *fax it.*

10 *We're going to have to make do right*
11 *now. They're working on it; there's just a*
12 *glitch in the system. But you will be able to*
13 *see that.*

14 *MR. MARTIN: The physical inspection*
15 *one I was aware of, and that was literally -- the*
16 *intent had been all along that you'd see it, and*
17 *there's just something wrong with the software*
18 *that they're looking at.*

19 *The FASS, I just wasn't sure whether*

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1 *the expectation was that it would be available.*

2 **MS. CONSTANCE:** How long do you
3 **expect it to take?**

4 **MR. MARTIN:** *If you don't mind, let*
5 *me hold that one for Marilyn. Normally, the team*
6 *working on REMS is really good when they know a*
7 *specific problem, and do research.*

8 *(indiscernible), we'll find out what causes it,*
9 *for example.*

10 **PARTICIPANT:** *(indiscernible) It says*
11 *"No project actions available for current*
12 *property."*

13 **MS. ZEMITIS:** *My understanding is,*
14 *you just can't go to the (indiscernible).*

15 **MR. MARTIN:** *Then you won't be able*
16 *to see the (indiscernible).*

17 *(Simultaneous discussion)*

18 **MR. MARTIN:** *I know this isn't the*
19 *answer that you want. The good news is yes,*

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1 *these are problems that the team already knows*
2 *about and is doing research and fixing, and the*
3 *assumption is -- the good news, from our*
4 *perspective, is it's definitely supposed to be*
5 *working and is not. So that it's not something*
6 *that, we have to say "Oh well, six months from*
7 *now, we'll develop a module to do this."*

8 *It's just something that is broken,*
9 *and normally once the team figures out -- as we*
10 *feed data back and forth from a gazillion*
11 *different systems in HUD, and one little comma*
12 *somewhere in the extractor or the feed can throw*
13 *everything off. It literally is a case of, go*
14 *check this, go check that, and eventually you*
15 *find "Oh, no wonder it doesn't work."*

16 *Internally, we're having some of the*
17 *same problems with our data display, and it*
18 *turned out that the whole thing was built using a*
19 *more recent version of one of the software*

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1 *products and worked fine. Marilyn. Hi. come on*
2 *up.*

3 *And the release date now for the*
4 *production version, having the newer software, I*
5 *think, is some time later this month. Things*
6 *that everybody who has been testing has said "Oh,*
7 *this works perfectly," suddenly fell apart in*
8 *production. But we know for sure it will be*
9 *working in the future. I just don't know on the*
10 *physical inspection and FASS reports.*

11 *First, let me introduce Marilyn*
12 *Stegman. For any of you -- don't worry. I won't*
13 *embarrass you too much. But any of you who have*
14 *had problems with getting in through physical --*
15 *in through PASS, who have talked to Marilyn, you*
16 *know that she is a person who is incredibly*
17 *helpful and responsive, and has supported a*
18 *number of you, at least getting into the systems.*

19 *Admittedly, when you get in and you*

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1 *find that there's no data, that's not her fault.*

2 *But she has been very, very good and we've*
3 *gotten a lot of compliments from a number of*
4 *folks about how helpful she is.*

5 *I mentioned your name, in terms of as*
6 *they have questions, that there might be some you*
7 *knew the status of. We just finished doing the*
8 *one about the known glitch, where the CAs can't*
9 *see the physical inspection or the financial*
10 *statement. And Cyndy came to my aid and said*
11 *"Oh, yes. They're definitely working on that*
12 *one."*

13 *MS. ZEMITIS: Steve, you have a*
14 *question out there.*

15 **MR. NELSON: Clarence Nelson,**
16 **Birmingham Housing Authority. We had a question**
17 **about a user ID assignment. We had one person**
18 **that worked for another housing authority. She**
19 **had a user ID there and unfortunately, we haven't**

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1 **been able to assign her one from our agency**
2 **(indiscernible), and we're running into a**
3 **problem.**

4 MR. MARTIN: *Okay, I've heard that*
5 *question. Let me start, and then Marilyn will*
6 *jump in with anything you want to add.*

7 *The way our secure system -- this is*
8 *a department-wide system, individuals are*
9 *associated to firms or companies or agencies or*
10 *whatever. If that same individual comes in, and*
11 *unless the people associated with a new agency,*
12 *the losing agency or let's say the losing*
13 *mortgagee, or whatever, has to delete them from*
14 *their list of employees, before the other company*
15 *can add them.*

16 *That gets around, say, a loan officer*
17 *attempting to feed data for 12 different*
18 *mortgagees, for example. The dilemma here was an*
19 *employee who had been on -- worked in another*

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1 *agency, and the other agency hasn't yet deleted.*

2 *If I'm not mistaken, until the -- I had a*
3 *volunteer.*

4 *MS. STEGMAN: I'm the interpreter*
5 *here. I can't bother with this. Generally*
6 *speaking --*

7 *MR. MARTIN: Use the mike on the*
8 *podium.*

9 *MS. STEGMAN: Okay. Generally*
10 *speaking, if they have a user ID already, they do*
11 *not need to get a new one or cancel the old user*
12 *ID. What really needs to happen is what we call*
13 *those business relationships. So they would*
14 *disconnect the business relationship with who*
15 *they used to work for, and establish it with you.*
16 *And go ahead --*

17 *MR. NELSON: The problem is --*

18 *MR. MARTIN: Your name sir?*

19 ***MR. NELSON: Clarence Nelson,***

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1 **Birmingham Housing Authority. We did that, and**
2 **now the problem is that we can't assign her an**
3 **ID. We actually canceled it, and then --**

4 MS. STEGMAN: Oh, they did delete her
5 ID?

6 MR. NELSON: Yes.

7 MS. STEGMAN: *Then she would want to*
8 *re-register for a new ID.*

9 MR. NELSON: We attempted to do that.

10 MS. STEGMAN: And it said "Same
11 social security number. I'm sorry, it's a
12 duplicate"?

13 MR. NELSON: Yes.

14 MS. STEGMAN: Why don't you call me,
15 and we'll talk offline.

16 MR. MARTIN: Those are the types of
17 questions that Marilyn has been fielding, not
18 that this is a career choice. But as we bring
19 new entities into HUD, in order to get through
20 the first system, whenever there are unusual

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1 things like this -- I mean everybody expects A, B
2 and C to be in the right order, and when they're
3 not, somebody has to literally call 27 different
4 people within the agency to say "Well, how do I
5 fix that?"

6 Marilyn has voluntarily taken on that
7 role, in helping to get the folks through the
8 last system. I mean the system itself is
9 actually very effective, and the purpose behind
10 it, if it works right, is that you have one
11 relationship, one password, one everything to do
12 business with HUD, which I think everybody
13 recognizes is where we want to be.

14 But it's just that as we bring on new
15 people, with new relationships, it takes a little
16 bit of a learning curve. But she's been very
17 helpful and we really appreciate that help.
18 Questions in the back. Yes.

19 **MR. STANTON: Michael Stanton from**
20 **New Jersey Housing. In regards to the year end**

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1 settlements, do we -- are contract administrators
2 capable of performing that particular report? I
3 know a couple of months ago and as recent as last
4 month, we were not. But has that been resolved?

5 MS. LEAR: Eileen will be around,
6 later on this afternoon, to discuss that. It
7 won't be a systems piece at this point. We're
8 still working with (indiscernible), and so, as
9 she will advise you, they're working on revising
10 the existing form, to make it work for this
11 program.

12 Until then -- and we'll obviously
13 grandfather any PBCAs that those statements are
14 due. You would not be penalized, due to not
15 being able to submit it in 45 days, as required
16 by the ACC and (indiscernible).

17 MS. STEGMAN: Way back when we
18 started talking about this initiative, we asked
19 (indiscernible) if there was a way we can do an

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1 *electronic interface between our automated*
2 *workflow systems and REMS, so that we weren't*
3 *having to enter dates twice, one for our purposes*
4 *and one for yours.*

5 *He alluded then that that was a*
6 *feasible way to go, that it might be in the near*
7 *future, and my question is, is it?*

8 *MR. MARTIN: He gave you a correct*
9 *answer, but not for HUD. I mean, that is in any*
10 *large companies, that technology at the cutting*
11 *edge today enables almost anything.*

12 *The problem is, when you've got half*
13 *a dozen different old legacy systems and you've*
14 *got varying degrees of effective or ineffective*
15 *infrastructure, knowing that the technology could*
16 *enable the two-day data flow doesn't necessarily*
17 *mean you could pull it off any time soon.*

18 *In fact, all that we're talking about*
19 *now, in the short term, three months, six months*

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1 *the max for being able to do stuff, and actually*
2 *deliver clumps of data, would be a one-way flow.*

3 *In other words, you'd enter*
4 *information in REMS, and then would get something*
5 *back in a format that would enable you to use*
6 *that in your system.*

7 *I don't think -- and Nassem or*
8 *Marilyn, jump in if you don't agree -- but I*
9 *don't think we're talking about a two-way dynamic*
10 *flow, any time this year at least.*

11 *MR. SAAB: It's not just the data*
12 *that you've entered in the system, but other data*
13 *that might be of benefit to you. For example,*
14 *physical inspections that have been completed.*
15 *This is the REAC data available through REMS.*

16 *So it's not that you've entered it*
17 *physically in there, and you're going to get it*
18 *back electronically in a data dump. It's just*
19 *data of benefit to you and of use, that you need*

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1 to get access to, and as such, should be able to
2 get.

3 PARTICIPANT: I'm talking about going
4 the other way.

5 MR. SAAB: I understand your
6 question.

7 PARTICIPANT: I'm talking about
8 going the other way. When we try to enter dates
9 into REMS, our dates in our system may be
10 different than the date the action gets entered
11 into REMS.

12 So when our CAOM looks at a report,
13 they're looking at our reports that say we
14 finished the management review on the 15th, but
15 the data entry didn't really happen into REMS
16 until the 16th or the 17th, all within the
17 appropriate time periods. This is problematic
18 sometimes, and also we're doing data entry twice.

19 My question is, why can't we have a

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1 **way to dump our data into your system?**

2 MR. MARTIN: You know, again, if we
3 *didn't have existing systems, existing*
4 *infrastructure, and started clean, the right way*
5 *to design would be -- well, of course, in*
6 *addition, if we knew we were going to be doing*
7 *business with partners, et cetera, we would have*
8 *designed an exchange, where it could flow in both*
9 *directions.*

10 At this point, the short-term answer
11 *is that dual entry has to continue. The way we*
12 *can avoid the dual entry in the future would be*
13 *to the extent the information is entered in REMS,*
14 *we can feed it back to your system.*

15 Now part of that, though, is a
16 *training issue, because in REMS, you have both*
17 *the date the event occurred, as well as the date*
18 *of entry into the system. So if something was*
19 *done on the 15th and not entered until the 20th,*

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1 *you have the capacity to enter that it was indeed*
2 *done on the 15th. So the report should be in*
3 *sync, if it was done properly.*

4 *Having said that, that's sort of the*
5 *minor good news. The real bad news is, as I said*
6 *in my intro when we first started, the first*
7 *thing I warned Fred about is as soon as we get up*
8 *and running -- I mean everybody's going to focus*
9 *on the up and running because obviously that's*
10 *the most critical thing -- but as soon as that*
11 *goes, then that big question's going to be,*
12 *"Okay, now when do I get wholesale level*
13 *information rather than screen by screen,*
14 *printout by printout?"*

15 *The dual entry of data is just one*
16 *other manifestation of that problem. It's one*
17 *that we're working on, and the only positive*
18 *thing I can say is until about three months ago,*
19 *we were so busy focusing on how do we make this*

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1 *thing actually get paid, that no one was focusing*
2 *on it.*

3 *Now we have a whole team doing*
4 *nothing but focusing on how we can get this*
5 *information to the CAs, and in some cases our*
6 *field offices, because our field offices are not*
7 *as bad off as you are. But in REMS, it still is*
8 *very heavy on entering data in a screen by screen*
9 *display, rather than a whole panoply of really*
10 *useful reports.*

11 *We're now at that second generation,*
12 *where we're saying "Okay, we have all this*
13 *information. Now how do we use it?" And you*
14 *guys will be ultimately benefiting by that. It's*
15 *just apologies for it taking this long.*

16 **MS. ATKINSON: Joan Atkinson, the**
17 **Maryland Department of Housing and Community**
18 **Development. I have two questions, actually.**

19 **One, we had a problem with HUD staff**

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1 **overriding our information in REMS, and is there**
2 **any way to put some security on our side so that**
3 **doesn't happen?**

4 MR. MARTIN: *Okay. This is going*
5 *to be a joint answer, because I think partly it's*
6 *going to involve an ongoing dialogue between the*
7 *CAOM and project managers, et cetera.*

8 *From the system point of view, we*
9 *don't currently have -- we have -- for example,*
10 *within the Enforcement Center, we have the system*
11 *set up so that the Enforcement Center staff are*
12 *the only people that can update certain things,*
13 *and in fact, in certain areas, they are the only*
14 *people that can see certain things.*

15 *Other than that, generally if you are*
16 *a project manager assigned to a project, you have*
17 *the rights to update. Except for the field*
18 *offices that have more than one employee, or more*
19 *than one person serving different roles, they are*

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1 *able to update that information.*

2 *We haven't designed -- we gave joint*
3 *update rights to the CA and field office staff.*
4 *We didn't design it to be separate.*

5 *Let me ask the following. At some*
6 *point, I think there needs to be a discussion of*
7 *who's doing what and clarifying roles, et cetera.*

8 *If it is a problem of a field office not*
9 *understanding their role, perhaps the right*
10 *solution is enforcement of training at our end.*

11 *If it looks like a continuing*
12 *problem, because in some sense it's legitimate --*
13 *we ran into a similar problem with REAC on*
14 *addresses, where we would enter addresses and*
15 *they'd do an inspection and overlay, and then*
16 *we'd overlay and they'd overlay. It got real*
17 *busy.*

18 *Ultimately, we were forced to prevent*
19 *their ability to overlay. Let us -- the person*

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1 *have the conversation internally, and then let us*
2 *talk about whether it would be needed to do.*

3 *Mechanically, it can be done; it's*
4 *just that would be a significant change to the*
5 *system, something that at best would take, I'm*
6 *guessing, maybe three, four months to achieve.*

7 **MS. ATKINSON: My other question is,**
8 **I'm the security coordinator for the Department,**
9 **and we do several different things. We're also**
10 **required to do the mortgagee inspections, and**
11 **we're having a problem accessing that end of the**
12 **(indiscernible). I can't assign a schedule. I**
13 **mean I'm having a real problem.**

14 **MR. MARTIN: Marilyn has contacts**
15 **throughout the entire world, and she has lots of**
16 **friends on the REAC side, and I --**

17 **MS. ATKINSON: Well, this is -- yes.**
18 **The FHA screens.**

19 **MR. MARTIN: Yes, because REAC is the**

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1 *(indiscernible). The mortgagee inspection is*
2 *relatively new. It then becomes -- the*
3 *mortgagees doing the inspections on behalf of HUD*
4 *is relatively new, and it may be a problem of*
5 *(indiscernible) our software.*

6 *What we can do is take note of the*
7 *problem and do some research, and pass on the*
8 *issue to them.*

9 **MS. ATKINSON: Is there someone I can**
10 **call in the interim? We still need to do the**
11 **inspections on behalf of HUD, as FHA**
12 **(indiscernible).**

13 *MS. STEGMAN: Generally speaking, you*
14 *should be contacting the REAC Help Desk. It's on*
15 *their Internet page. I think they have -- I*
16 *think you can contact them by e-mail or by phone,*
17 *if you're coming in as the lender's*
18 *representative on physical inspections.*

19 **MS. ATKINSON: Well, yes, and I did**

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1 that, and it didn't work out.

2 MR. MARTIN: But before I get to
3 Lucie, and I promise to do that in just a second,
4 can I ask a more general question of the group,
5 and I'm sort of nervous asking this question.

6 We have attempted to have various
7 ways of helping people, including various help
8 desks. We also obviously have attempted to do
9 training of the CAOM, so that they would know
10 certain things and be able to handle them, et
11 cetera.

12 It's a sort of generic question.
13 We're not terribly sensitive and won't break into
14 tears or anything. What, if anything, is the
15 most frustrating part of the communication? Or
16 just simply, there is none?

17 MS. ATKINSON: They can't help. The
18 help desk.

19 MS. STEGMAN: Give me the name of
20 somebody.

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1 MS. ATKINSON: Our problem has been
2 that they don't understand the complexity of what
3 we do, and I've tried to convey that we do more
4 than one thing. We're more than a CA. We have
5 PHAs, you know.

6 MS. STEGMAN: They're more
7 PIH-focused on that help desk, than they are
8 multi-family, and as Steve said, the multifamily
9 physical inspections by lenders is fairly new, so
10 you're correct. They're in a learning curve.

11 Why don't you, I guess, like Steve
12 said, if you want to report it to the help desk
13 number that you do CA stuff, and then they can
14 kind of coordinate, making it get over to REAC.
15 Please tell me that you are asked to give this to
16 them, because they may not -- they may say "This
17 is not my problem." But like Steve said, we can
18 at least facilitate getting you to the right
19 person over there.

20 MR. MARTIN: The other thing we can

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1 do is as we learn of problems that are impeding
2 our programs, Marilyn is a conduit; here are
3 problems that seem to be cropping up
4 consistently, to like the management level, so
5 that they can make sure there's better
6 instruction given to the help desk.

7 In fairness to the general help desk,
8 when you get hired as someone to answer the
9 phones and answer technical system computer-type
10 questions, and somebody comes in and says "Hi,
11 I'm the CA that handles old ACCs and has a new
12 performance-based; I'm also a mortgagee, and I
13 handle physical inspections under
14 blah-blah-blah-blah, and I've got a 203(b) here
15 that needs refinancing. Can you help me, tell me
16 what system I use to do blah-blah-blah," at some
17 point I'd hang up.

18 The problem that HUD faces is we are
19 attempting to better coordinate a lot of things
20 that used to be totally separate, and bring in

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1 business partners to do the things that we
2 normally never did well ourselves.

3 So there isn't, sometimes, the body
4 of knowledge that you can just simply hand to
5 somebody and say "Here. Here's a document. Just
6 read this and then you'll know how to answer it."

7 A lot of times when they ask the
8 question, the poor person on the help desk, even
9 if they're extremely conscientious, could spend
10 an entire day calling HUD saying "Well, do you
11 know anybody I can talk to about this?" I mean
12 we have a lot of internal work to do to get our
13 act together, so we can be more responsive.

14 So I just -- a couple of more -- if
15 you don't mind, before I get to Lucie, a couple
16 more feedback in terms of problems you see.

17 **PARTICIPANT: (indiscernible) One of**
18 **the (indiscernible) that we had is that when**
19 **needed (indiscernible), we never (indiscernible)**
20 **in getting through (indiscernible).**

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1 The second -- the other issue that we
2 had in Lancelot, there were some technical
3 issues, and we put out (indiscernible) phone
4 calls as well as e-mails, desperately trying to
5 (indiscernible) the situation and get expert
6 assistance (indiscernible). And that just
7 happened (indiscernible).

8 MS. STEGMAN: Yes. As Steve said,
9 the help desks are more junior people and the
10 kind of questions that are coming up are at times
11 beyond their knowledge base.

12 I think the procedure that we're
13 supposed to use -- number one, the help desk
14 should be responsive and we'll work on that. I'm
15 not trying to dodge that issue. But I think the
16 procedure is if you're not getting a response or
17 an adequate satisfactory response from the help
18 desk, I think you're supposed to contact the
19 CAOM, and then the CAOM is supposed to coordinate

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1 and ultimately it ends up back around to me. But
2 I think you're supposed to coordinate this
3 through the CAOM, and don't be hesitant to do
4 that.

5 MR. MARTIN: Let me, if you don't
6 mind, go back to your first question, and I'll
7 ask Nassem to nod or giggle when I answer this,
8 so I'll know whether I'm' heading in the right
9 direction.

10 It's relatively easy to test the
11 intranet when you are having problems coming
12 through the Internet. It's real tricky to know
13 where the problem exists, so that in fact our
14 system, including the web server and everything,
15 could be functioning perfectly, saying "Gee, it
16 must be slow today. Nobody's calling me," when
17 something completely unconnected is not
18 functioning. Additional comments?

19 MR. SAAB: This could be related to

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1 *the climbing issue, in which there was server*
2 *problems, and there was an upgrade within the*
3 *last week of the server. So you were not the*
4 *only one experiencing a dead end, in which you*
5 *all had a database problem and the screen will go*
6 *into an error message. All field offices*
7 *experienced the same thing.*

8 *My understanding right now is there*
9 *was a server upgrade of the software within the*
10 *last week, and as such, this probably hopefully*
11 *would be resolved. That doesn't take away the*
12 *issue of the lack of responsiveness from the help*
13 *desk, but this could be just -- could be going*
14 *through the same period of problems that we*
15 *faced.*

16 **MS. DU: Lucie Du. Just general**
17 **issues. I know this is something that we brought**
18 **up in the last CA meeting also, just the general**
19 **slowness of the REMS. I know it's because of the**

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1 traffic, but Fred last time alluded to getting
2 funding to upgrade it, so that it would be able
3 to handle more traffic. I just want to know what
4 your timing is like, because we kind of spend an
5 inordinate amount of time trying to wait for the
6 system to get up and put this stuff in.

7 The second issue is this has happened
8 before and this has happened again here recently,
9 is that we put information -- our staff has been
10 putting information into the system and then when
11 HUD looks at the information, it's not there.
12 Then we look it up in the REMS, and it's not
13 there. We put it in.

14 I know you have this -- I think the
15 last time, the way I understand it, it's not a
16 direct entry to the REMS, but we put it into this
17 REMS that's out there, and then it gets refreshed
18 every night or something. But somehow, the
19 information disappears, and I don't know if

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1 **that's still a problem that you guys know that**
2 **exists or --**

3 MR. MARTIN: Yes. Let me attempt to
4 answer both.

5 PARTICIPANT: Steve, could you repeat
6 the question, because we can't hear back here.

7 MR. MARTIN: No. I'm going to just
8 give the answer and then you have to guess what
9 the question was. Okay, yes. The question is --
10 I promise I'll be (indiscernible) for a minute --
11 the slowness of REMS, and at the previous meeting
12 that you guys had, Fred had said we're looking
13 for money to try to fix it.

14 Slowness can be a number of different
15 things, each of which is being attacked right
16 now. The last I heard, REMS was being migrated
17 to a bigger box, a bigger server, some time this
18 month. Mary knows when, but within the next
19 couple of weeks.

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1 *Often it's not a case where it's a*
2 *box problem. The server is sitting there with a*
3 *gigantic amount of capacity, and there's*
4 *essentially clogged arteries since that day now.*

5 *Sorry about that. It's not that just the*
6 *telecommunications lines, but it can also be the*
7 *software that handles the communications.*

8 *When we first brought REMS up, no one*
9 *could figure out why it was as slow as it was,*
10 *and it turned out that the software that handled*
11 *the connections would get one connection and then*
12 *say, boy, I'm tired. I'm going to rest for a*
13 *while. So, you had all these calls in and one*
14 *was getting through. And, it was getting*
15 *processed real fast when it got there. Of*
16 *course, the people that were still held up were*
17 *pretty mad.*

18 *We continued to -- as the industry,*
19 *the Internet, web-based major processing*

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1 applications is still relatively new and the
2 software continues to improve, we continue to
3 upgrade the software for managing the
4 telecommunications as well as get bigger and
5 bigger servers. There have been -- I'm guessing
6 about a month or two ago -- a significant
7 upgrade, at least in terms of our own internal
8 survey, we've seen improvements. But, the plus
9 is, again, moving to another server sometime
10 this -- within the next couple of weeks. They
11 also spent money to buy, to the extent that they
12 are available, the tools for diagnosing what's
13 causing the delays.

14 In this -- my first experience
15 without knowing what I was doing was on a
16 mainframe project. In mainframes they have so
17 many sophisticated tools to be able to identify
18 how things are processed and where the
19 bottlenecks are, that it becomes almost

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1 *effortless to say, oh, you have to re-write line*
2 *twelve of your code or something. This doesn't*
3 *exist yet in the Internet side, so as new*
4 *products come out we become more and more*
5 *sophisticated, but we're still sort of -- yet, it*
6 *still seems to have gotten this far and it's*
7 *doing okay here, but somewhere in this area*
8 *there's a problem, go play until you figure out*
9 *what's causing it.*

10 *Any additions or --*

11 **MR. SAAB:** On your question as to
12 **whether you're updating live or whether it's**
13 **going to go through another round of delay,**
14 **you're updating live. If you have the access**
15 **right, and you've been given the access right to**
16 **work on any contract or any property, when you**
17 **hit you the save button that information goes**
18 **directly to the live server. So, whether you**
19 **refresh the screen within a second after that or**

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1 a field office refreshes the information or looks
2 at that screen a couple of seconds after that,
3 they will see the updated data.

4 MR. MARTIN: This is the second
5 question. I'm sorry. Having to enter data and
6 you know it's there and then you go in the next
7 day and it disappears or the field office says,
8 well, I can't see it. Lucie's' part of the
9 question was, well, do we feed data somewhere and
10 then it doesn't show up yet.

11 In terms of the application itself,
12 the screen, everybody's got the same, they're
13 updating the same database. For the field office
14 that has access to the reporting database, that's
15 updated overnight. So, if they were doing
16 reports that they ran against the database, it
17 would be day old information.

18 We have found this on occasion in the
19 field offices as well. The only thing I can

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1 suggest is when that happens, if you can notify
2 the help desk with as much detail as possible,
3 because what they have to do is try to identify
4 exactly what happened and what might have caused
5 it because we don't know -- it happens
6 periodically, but we haven't found any systemic
7 problem and so it literally becomes a detective
8 game of seeing what might have caused an instance
9 of where suddenly what was there disappeared.

10 There was a period where it was
11 fairly common. I don't know that it's that
12 widespread now, but we do occasionally have
13 people calling up saying, what did you do last
14 night, you just wiped out all the stuff I
15 entered. In some cases, it is literally human
16 error of they didn't save or something, but there
17 are still puzzles occasionally. Again, the only
18 way we can deal with that is with individual
19 cases to see what might be causing it.

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1 MR. ANTHONY: (Indiscernible) family
2 owners are going to be submitting a lot of
3 financial statements on their property is March,
4 April. Is that going to have an effect at all on
5 our access in, for instance, your system to REMS?

6 MR. MARTIN: Well, Marilyn is
7 shaking her head no. I remember last year when
8 there was a -- I'm sorry. Owner's submitting
9 financial statements, a big peak coming in the
10 March, April period, and whether or not that
11 would affect performance. I know last year there
12 was, generally speaking, because we were all in
13 this same box and going through the same lines,
14 there was a slow down during this period.

15 Now, Marilyn you're shaking your head
16 no -- (indiscernible). Marilyn's had second
17 thoughts and said, nyah, you may be right.

18 We were aware of it last year and
19 part of the reason why, at one point we actually

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1 *went through a separate server as an attempt to*
2 *recognizing that peak volume was to insulate the*
3 *rest of the department, as we've all moved to*
4 *bigger servers, it's possible that the server*
5 *size is much better.*

6 *The overall ability -- the bandwidth*
7 *is bigger, but as I said, if the connecting*
8 *software can still only handle four connections*
9 *per second or something, there is still the*
10 *possibility. Marilyn's curiously taking a note,*
11 *and what we'll do is remind everybody of what*
12 *happened last year so that the IT folks can track*
13 *that and at least monitor to see if that happens.*

14 MR. ANTHONY: -- inaccessible and
15 this is the time when those things are going to
16 start really cracking.

17 MR. MARTIN: That's a good point,
18 thank you. Yes.

19 **MS. O'SULLIVAN: Ruth O'Sullivan,**

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1 New York State. We have the problems entering
2 REMS adjustments sometimes. Is that something
3 (indiscernible) so maybe it could change the last
4 week or couple of weeks?

5 MR. MARTIN: No. Just to make sure
6 I've got it, this isn't during the real -- the
7 real module, right?

8 MS. O'SULLIVAN: No, not contacting
9 (inaudible), just regular annual strategizing.

10 MR. MARTIN: You mean into the REMS?

11 MS. O'SULLIVAN: Yeah. REMS, TRACS,
12 wherever.

13 MS. STEGMAN: You don't enter in
14 TRACS, you enter in (inaudible).

15 MS. O'SULLIVAN: Where do you enter?

16 MS. STEGMAN: Your field contact does
17 it.

18 MS. O'SULLIVAN: Right. That seems
19 silly, but that's the answer still? Send it to
20 the field office. We have no ability to do that?

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1 MR. MARTIN: Yes.

2 PARTICIPANT: What was the answer?

3 MR. MARTIN: *Oh, I'm sorry. Thank*
4 *you all for getting a good answer. Problems of*
5 *the CA, inability or having problems entering*
6 *normal annual rent increases into REMS or TRACS.*

7 *Let me also mention in terms of our*
8 *six- to eight-month window, we hope to be moving*
9 *a number of things that are now in TRACS into*
10 *REMS so that any -- the folks doing the business*
11 *can enter the information directly so that when*
12 *that happens, and it hasn't happened yet, it*
13 *isn't going to happen in the next couple of*
14 *weeks, but over the next six months to a year.*
15 *Whereas now if you're doing a contract renewal,*
16 *you can enter the new renewal rent in REMS, the*
17 *same people could do all rent entries in REMS and*
18 *not have to rely on the process of calling the*
19 *field office, get them to do things, wait for it*

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1 *to be done and show up, et cetera.*

2 MS. O'SULLIVAN: That was my
3 question. So, that's the answer. Okay. In
4 several months?

5 MR. MARTIN: Yes.

6 MS. O'SULLIVAN: Okay.

7 MR. MARTIN: Is the tradeoff, they
8 have more questions or get a break? (Laughter)

9 MS. LEAR: Are there any more
10 questions?

11 (No verbal response)

12 MS. LEAR: That's the tradeoff.
13 Before we take a break though, the next presenter
14 is going to be Pete and he's going to be talking
15 about Section 8 contract renewal policy. He has
16 prepared, and is prepared, to provide you copies
17 of the guidebook, however I just need to see a
18 show of hands of who would actually like to carry
19 that copy back to their office with them.

20 We did do a mass mailing this week,

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1 and obviously it's available on the website, but
2 we are certainly more than happy to provide you
3 with a copy and if you do, I will go up and ask
4 him to bring down as many as we need. And I'm
5 not seeing a show of hands.

6 PARTICIPANT: Yes.

7 MS. LEAR: One?

8 PARTICIPANT: Yes.

9 MS. LEAR: There we go.

10 PARTICIPANT: Three-hole punched,
11 right?

12 PARTICIPANT: Yes.

13 MS. LEAR: That, I can't promise you,
14 but I think so.

15 PARTICIPANT: It is three hole
16 punched.

17 PARTICIPANT: I'll need four of them.

18 MS. LEAR: We will have Pete bring
19 those down.

20 MR. MARTIN: I know I finished my

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1 presentation, but I had guilty thoughts. Let me
2 give you my e-mail address. I say that without
3 the promise that all -- that within ten minutes
4 I'll get back and answer all your technical
5 questions.

6 What I'd like to do, perhaps, is in
7 instances where you've tried the help desk or
8 different things have been attempted and you're
9 still frustrated, let me know so that we can look
10 into what might be causing, or what we can do, to
11 help serve you better. In some cases, as I said,
12 it maybe just simply thanks for keeping me up to
13 date, I'll -- we're looking into it.

14 It's not going to be like I can give
15 you, enter -- type, backslash, backslash, such
16 and such and the whole system will work. But,
17 when you get frustrated, and something isn't
18 working, or alternatively, just as you have ideas
19 of, boy, it would be much better if we could get
20 to do this or that.

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1 Generally, what I'll do is stockpile
2 them. It's like -- we'll enter into a discussion
3 about what's needed and what we'll be doing over
4 the next six months or so. So, sometimes it'll
5 be a longtime before you see a result, but just
6 in terms of somebody to get in contact with if
7 you're upset, or if you have positive suggestions
8 of things that you'd like us to work on.

9 It's the normal standard format.
10 It's the first letter capitalized, Stephen,
11 S-T-E-P-H-E-N, underscored, A-, as in Anthony,
12 dot, underscored, Martin, M-A-R-T-I-N, at HUD,
13 dot, GOV. Okay, one more time. Stephen,
14 S-T-E-P-H-E-N, underscored, A-, dot or period,
15 underscored, Martin, M-A-R-T-I-N, at HUD dot GOV.
16 Thanks.

17 MS. LEAR: Thank you, Steve. And
18 thanks for tempting like that. I appreciate
19 that.

20 Before we take a quick break, a

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1 couple of things that we need. For those people
2 who came in and weren't on our list and signed
3 in, if you could stop by the desk at some point
4 today and let the people know what organization
5 you're with. Also, we had some people here on
6 the list that we did not check off and if I could
7 just go through a quick role call to see if
8 you're here or not. Jill Dickerson.

9 MS. DICKERSON: Here.

10 MS. LEAR: Okay. Bill Howe. Here.

11 Daphne Mallory. Linda Newport. Rich Reich.

12 Fred Rupp. Ed Strause. John Ward. Roxie Munn.

13 Marybeth -- I apologize if I mispronounce

14 this -- Carragher. Katherine Papp. Mike

15 DiNapoli. George Pilla. Al Smith. Kate

16 Brennan, I saw Kate.

17 If you want coffee, you can go up to

18 the cafeteria. Actually, we won't be starting

19 back until, I think, eleven fifteen according to

20 the schedule. So you actually have time, if you

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1 want to, walk across L'Fant Plaza. Of course, if
2 you leave the building you still have to go
3 through the same ritual of coming back in the
4 front door. There's also a snack bar on the
5 third floor if you want to take the elevator up.

6 (Whereupon, a break was taken from
7 10:45 a.m. to 11:21 a.m.)

8 MS. LEAR: And here she is, so we'll
9 just let her go ahead and present the piece that
10 she wants to and then we'll move onto Pete.

11 MS. ZINNO: appreciate the time. I
12 know this was kind of at the last minute, but the
13 reason why I'm here is because you're going to be
14 getting some projects already assigned to you
15 that may have rents that are above market, and as
16 you know, in Pete's guide they have to come in
17 and you have to refer those projects back to the
18 project manager in HUD.

19 We've done some things working with
20 the HUD staff, helping you try to determine which

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1 projects maybe over-market. We have what is
2 called a new business report that each of the
3 field offices get -- the HUD field offices get,
4 that we will also be e-mailing to you which will
5 tell you those projects that will be expiring in
6 the next two to three months. It will tell you
7 what their rents are now, what we have as a model
8 which we use to help guide you and determine
9 whether or not these projects should be coming
10 into OHMAR or not for restructuring so that you
11 will have an idea.

12 The model is not perfect. It is the
13 best thing that we have available at the moment.

14 The report breaks it up in two categories. The
15 first category is those projects that have come
16 into OHMAR where we've already made a comparable
17 rent determination which will tell you by zip
18 code what the rent, the market rent, is in that
19 particular zip code area. It is not a perfect
20 science as you well know, but it gives you a

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1 ballpark that you can work with.

2 The other part of the report tells
3 you the projects that have not come into OHMAR,
4 they haven't expired yet, they are about to
5 expire and you can match them up on the zip codes
6 to see where they are vis' Φ a vis the model to
7 see if they look like they're above market or
8 perhaps at market or below.

9 Again, if they are above market, I
10 believe you have to fill out -- they're going to
11 do the contract, right? Then just send it on to
12 the program manager. There is -- I think it's
13 Attachment 14 and 15 that has the interim
14 contracts for lights and poles, I don't if you're
15 familiar with OHMAR lights, where we just do a
16 reduction in the rents and financing then the
17 debt is able to handle it.

18 The other one would require a total
19 restructure of the financing and that is called a
20 full debt restructuring. That usually is twelve

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1 months that you would give them on the interim
2 contract. The interim lights, it is six months.

3 If you have any questions, there are
4 two people who are working on this, myself and on
5 the housing side it's John Pentacost. Let me
6 give you my phone number because I will be
7 e-mailing out the reports to you. It is
8 708-0001, plus area code 202, extension 3517.
9 John Penacost's number -- I did have it here --
10 is -- I don't have it. Does anyone have it? I
11 apologize for that. I thought it was obvious.

12 PARTICIPANT: Can they get it by
13 dialing the thirty-three hundred number?

14 MS. ZINNO: You can get it from the
15 HUD locator. It's John Pentacost, but in my
16 e-mail I will also add his telephone number in
17 there.

18 What we do is, I don't know if they
19 have access, if they an activity in their
20 systems, but what we ask the field offices to do

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1 is to update these reports. Once we send them
2 out to you, you can, on your own, update them
3 each month through the system. If you can't do
4 that, then we'll be able -- we'll have to just
5 send it out to you monthly and let you just take
6 a look at the reports.

7 If you have any questions as to what
8 you need to do, if there are state or local bond
9 financing in any of these projects that that
10 still does not prohibit them from coming into
11 OHMAR. We would have to look at the financing
12 documents. We would have to look at the state
13 applicable law to see whether or not there are
14 any restrictions for OHMAR debt restructuring.
15 If there's not, they are still also eligible for
16 OHMAR. Yes.

17 PARTICIPANT: Excuse me. I didn't
18 get your name.

19 MS. ZINNO: It's Alberta,
20 A-L-B-E-R-T-A, Zinno, Z- as in zebra, I-N-N-O.

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1 I'm with the OHMAR headquarters office,
2 multi-family coordinator. So, if you don't have
3 any further questions I thank you for the time.
4 I've interrupted Pete, I didn't mean to do that,
5 but I thank you very much.

6 MS. LEAR: Thank you, Alberta. Pete
7 says he has no jokes. If anybody was on the
8 satellite broadcast, you've heard Pete's snow
9 jokes a week and a half ago, but he says he's
10 out. At any rate --

11 MR. GIAGUINTO: Well, you all enjoyed
12 the East Coast's storm of the century yesterday,
13 right? (Laughter) I'm in the wrong line of
14 work. Good afternoon or good morning, everyone.

15 Can I see a show of hands of how many
16 of you did see the satellite broadcast training
17 that we did on the 22nd? Okay. Well, then some
18 of this is going to be repetitive. It's probably
19 good that you're hearing it a second time for
20 just the osmosis effect that you'll get if you

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1 keep hearing it often enough it might actually
2 sink in.

3 Have any of you, before issuance of
4 the Section 8, user guide saying previous HUD
5 notices that we issued on contract renewals? For
6 example, on page ninety-nine thirty-six, could I
7 see a show of hands? Okay. So, you're all -- is
8 anyone in the room not familiar at all with how
9 we renew contracts under MAHRA since the statute
10 was passed in 1997? Have absolutely no clue
11 about the new renewal policy? Oh, this is great.
12 Okay. Well, it's been nice seeing you all.

13 What I think would be best for me to
14 do, right up front, would be just to let you know
15 in some of the things that we've done to make it
16 easier for HUD staff and contract administrators
17 to keep up with the guide and what we're doing
18 with the guide. As Shawn mentioned in the
19 distance learning broadcast, the whole purpose
20 behind the guide was to have a living document.

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1 Something that can be changed as policies change.

2 Mr. Apgar signed the guide on the
3 nineteenth of January and since that time, we've
4 found through folks like Carol Varucci (ph) in
5 the Hawaii office and numerous others, noticing
6 errors, mistakes that were not caught when the
7 guide was published. So, what we've done is, we
8 have a web page that's noted on the last page of
9 Chapter 16 of the user guide where we provide the
10 different addresses for the frequently asked
11 questions site that you can go to.

12 It's got a multi-family home page web
13 site. What we've done on that multi-family home
14 page now is we've created a separate link to a
15 page that just relates to the Section 8 user
16 guide and I think that all of you will find that
17 very, very useful.

18 I'd like to give you the address to
19 that right now while I'm thinking of it. What
20 we've got is at HTTP semicolon slash slash W-W-W

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1 dot HUD dot GOV slash FHA slash MFH, for
2 multi-family housing, slash EXP slash GUIDE,
3 G-U-I-D-E, slash S, as in Sam, eight, the number,
4 GUIDE, all one word, dot HTML. What did we ever
5 do without the Internet?

6 What you do is, if you go to the site
7 it will take you to the Section 8 Renewal Policy
8 Guidebook. On that home page what we've got is a
9 description of any changes that have come up
10 since issuance of the guide. We've got the
11 frequently asked questions that relate to the
12 guide in the Section 8 renewals.

13 At the bottom of the page, we've got
14 all of the actual attached chapters or appendices
15 that have changed. If you go to that document
16 that you're looking for -- for example, the first
17 item that's listed on the change page is
18 Attachment 3. We had to make a couple of changes
19 to Attachment 3. So what we did is, we posted it
20 to the web. We dated it at the bottom with the

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1 revised date. If you go to this page and you
2 click on that chapter, you'll pull it up, you'll
3 be able to print it and just insert it into your
4 copy of the guide, and you'll have the most
5 current guidance that we've got out there. That
6 was a major request that we had from folks and
7 we've done that to help you out.

8 What we've also got available, but
9 it's on the HUD intranet -- but do the contract
10 administrators have access to the HUD intranet,
11 does anybody know?

12 CHORUS: No.

13 MR. GIAGUINTO: They don't. Okay.
14 Then, never mind. What we've got on there,
15 actually is -- and what we've been requested to
16 have on there, were the Word files of the
17 contracts that are Attachments 11 through 17. A
18 lot of folks were saying they'd like to have
19 those contracts as Word files.

20 We can do that. However, legally we

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1 cannot put anything out that's available to the
2 general public in a format that can changed by
3 the general public. So, the problem with us
4 putting the contracts in a Word format on the
5 Internet would be that anyone could go to that
6 site and pull it up as a Word file and make
7 changes to the contract language.

8 So, if you don't have access to the
9 intranet, then unfortunately this little revision
10 that we've done isn't really going to help you.
11 But, the project managers in the field offices
12 should be able to find a way to get to you the
13 revised contracts as they're issued. Sorry.
14 That didn't go over as well as I'd hoped it was
15 going to.

16 We currently have also listed on the
17 web page all of the chapters that have changed to
18 date. Do you all have copies of the user guide?

19 Show of hands.

20 PARTICIPANT: Does anyone else need

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1 them?

2 MR. GIAGUINTO: If anyone else needs
3 them, Art can provide them to you. There are
4 388-page bundles of joy that will fit nicely in a
5 binder that you can just change as needed. Right
6 now we do have several changes that are on there
7 that when you do have access to the website you
8 should go to it immediately and pull down the
9 changes.

10 Okay. What I would like to do is, to
11 kind of like find out from you what you prefer me
12 to do. Would you like me to give you just the
13 basic changes that have come about as a result of
14 the user guide and how they related to what we
15 had previously issued in 99-36, or do you want me
16 to walk you through the guide? Given my time
17 constraints it would be a -- Just the major
18 changes? Okay. That's fine. I don't mind doing
19 that.

20 Okay. The first major change for

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1 this year under the guide as opposed to previous
2 guidance is that we have come up with a new term
3 called multi-year rent adjustments. These
4 multi-year rent adjustments are covered Chapter
5 Two of the guide. Primarily what that is, is
6 when we first came up with the guide to 98-34,
7 99-36, we had initial renewals and we had
8 subsequent renewals, but we didn't have any way
9 to identify the anniversary dates of a multi-year
10 contract.

11 So -- for example, if you have an
12 owner that enters into a five-year contract, that
13 five-year renewal, the first renewal under MAHRA
14 is the initial renewal. It doesn't have a
15 subsequent renewal until the expiration of that
16 five-year period. We didn't have anything to
17 call, or anyway to delineate in REMS, or anyplace
18 else for that matter, what happened at the odd
19 years two, three and four of that contract.

20 So, what we've done is we've come up

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1 with the term rent adjustment -- rent adjustments
2 for a multi-year contract. At that rent
3 adjustment period, what the owner can get is OCAF
4 rent adjustment or a budget based rent
5 adjustment. It depends on the options they
6 renewed under and what the owner is requesting
7 for a rent adjustment. The guide is fairly
8 specific under each of the options as to what the
9 owner has to submit to request the rent
10 adjustment.

11 I will say to you that what we've
12 done is in Attachment 3, which is comprised of
13 four different sub-attachments, we have
14 completely modified the owner -- what was
15 attachment four, and we now have as the owner
16 request for contract renewal, we've got the OCAF
17 worksheet that's been broken out separately, and
18 we've got instructions that have been broken out
19 for both the renewal sheet and the OCAF
20 worksheet.

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1 At initial and subsequent renewals,
2 regardless of term, the owner has to submit the
3 owner renewal request form and the OCAF
4 worksheet, and a budget if the particular option
5 requires it. For these multi-year contracts,
6 when the owner is coming in for the request for a
7 rent adjustment in years two through whatever the
8 term of the contract is, the only thing the owner
9 has to submit, and they do have to submit it, is
10 the OCAF worksheet. Okay? Or their budget based
11 rent adjustment request. The OCAF worksheet has
12 to be submitted. They do not have to submit the
13 owner request renewal sheet again, until the
14 project has its subsequent renewal.

15 The other item I want to move onto
16 now is covered in Chapter 3, which is the mark-up
17 to market option, which is option one of the
18 guide. Under the mark-up to market option, what
19 we've done is in 99-36 there was only one way to
20 renew under option one, and if a project failed

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1 to meet the eligibility criteria, they could come
2 in for a waiver of the criteria in mark-up to
3 market if the project met one of three criteria.

4 That was, it had to serve the --
5 primarily elderly, it had to be in a low vacancy
6 area, and there had to be a demonstration of
7 community and local support for the project.
8 What we've done in the user guide is we've broken
9 option one into two options. There's an Option
10 1A, which is the statutory mark-up to market,
11 which was the same mark-up to market that was
12 covered in 99-36 and previous guidance. What is
13 new is Option 1B, that is the discretionary
14 mark-up to market.

15 Now, the discretionary mark-up to
16 market is the same thing that we had in place for
17 the waiver request. In other words, the project
18 has to meet the same -- one of the same three
19 criteria that they had to meet to get the waiver,
20 but it's very important -- it's a very important

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1 point that I want to make to you. A waiver is no
2 longer required. So, if you have an owner that
3 is not eligible under 1A, that owner can apply
4 under 1B, provided it meets one of the three
5 criteria, and that request does not have to come
6 to headquarters. There is no waiver that's
7 required in that case. That's a major change
8 that I want to point out to you.

9 Also under option 1, previously the
10 requirement for eligibility was that the project
11 had to have rents that were at or above a hundred
12 a ten percent of FMR to be eligible. What the
13 department has done is, we've notified Congress
14 that we believe that that threshold needed to be
15 lowered and we have lowered it to a hundred
16 percent of FMR. So, that's a big change also
17 covered in Chapter One of the guide.

18 The tenant notification issue, which
19 tends to change as frequently as the weather in
20 Washington, is back to one-year notification to

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1 the tenants. HUD, and I'm not quite sure how
2 this works out with the contract administrators,
3 because I know it's part of your -- what is the
4 word I'm looking for here -- responsibilities
5 under the contract that HUD in the past
6 provided -- we provided in the guide a sample
7 letter to HUD and the contract administrators to
8 remind the owners that they needed to send out
9 the notification letter to the tenants.

10 Often times, not oftentimes, but
11 primarily this reminder letter was sent fifteen
12 months before the contract was going to expire.
13 We eliminated that sample letter in the user
14 guide. So, we no longer provide our field
15 offices or the contract administrators with that
16 reminder letter to the owners. However, the
17 owners are still required to send that
18 notification letter, one-year notification
19 letter, to the tenants. So, while we no longer
20 have it as a sample letter, the requirement

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1 remains in place that the owners do have to send
2 that notification letter to the tenants and that
3 it would be best if they are reminded that they
4 have to do so.

5 Another major change this year is
6 that the tenants also are entitled, when an owner
7 chooses to opt out, to remain in the project with
8 enhanced vouchers. We've gotten a lot of --
9 what's the word I'm looking for -- we've gotten a
10 lot of conflicting opinions as to whether or not
11 HUD is legally able to enforce that requirement,
12 and our position to this point is that HUD has
13 the legal authority to tell owners that they have
14 to accept enhanced vouchers so long as the
15 tenants are eligible. However, enforcement of
16 that requirement is left to the tenants.

17 So, if you have a tenant that's got
18 an owner who refuses to accept their enhanced
19 voucher, it's going to be up to the tenant to
20 take the legal action against that owner. HUD

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1 will not be a party -- will not take the lead in
2 a lawsuit. So, it's one of those requirements
3 that says you have to do it, but there's very
4 little teeth behind it. So, that's an issue that
5 you're probably going to hear from both from your
6 tenant organizations and from owners. Any
7 questions so far on that? Yes.

8 MS. PAYTON: Carol Payton from
9 (indiscernible) Housing.

10 MR. GIAGUINTO: Hi, Carol.

11 MS. PAYTON: We have an owner that's
12 opting out that has three bedroom houses and
13 they're wanting to sell those houses to
14 independent owners. So, what you're saying is if
15 they do that, and a Section 8 family is living
16 there, that new owner of this house would need to
17 know that there is a Section 8 contract stating
18 that it's attached to that, or there is some
19 responsibilities to this tenant family?

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1 MR. GIAGUINTO: They're single family
2 homes?

3 MS. PAYTON: Yes.

4 MR. GIAGUINTO: Yes.

5 PARTICIPANT: (Inaudible) -- new
6 construction that were like single family homes,
7 if that's what she's talking about.

8 MS. PAYTON: Yes.

9 (Simultaneous discussion)

10 MR. GIAGUINTO: I know our policy
11 applies to multi-family units that consist of
12 five units or more. I'm not sure if that would
13 fall into that category, but --

14 PARTICIPANT: It's treated as
15 multi-family.

16 MR. GIAGUINTO: *It's treated as*
17 *multi-family. So, in that case, if the owner is*
18 *choosing to opt out of the project based Section*
19 *8 contract. If the housing is going to remain*
20 *Section 8, tenant based assistance, then those*

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1 *tenants that were living in the housing before*
2 *the owner decided to opt out are entitled to stay*
3 *there with their voucher.*

4 MS. PAYTON: But the new owner
5 doesn't this to be a rental home. They want to
6 live in them. Is there some --

7 PARTICIPANT: (Indiscernible) they
8 want to sell it to them.

9 (Simultaneous discussion)

10 MR. GIAGUINTO: *They want to just*
11 *sell the property and not have any Section 8 in*
12 *it at all? I would say it's the -- yeah. I*
13 *would say he's opting out and that if the housing*
14 *is no longer going to be provided as affordable*
15 *housing, then the tenant would be able to take*
16 *their voucher and go elsewhere.*

17 MS. PAYTON: (Indiscernible) --
18 **these families would not be allowed to stay there**
19 **if they're not paying with their vouchers?**

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1 MR. GIAGUINTO: I honestly think we
2 would have a problem. Quite frankly, I'm not
3 versed well enough on the tenant issues to be
4 able to sit here and tell you that absolutely
5 those tenants are going to be able to stay,
6 because as a home owner, I can certainly see the
7 argument that, okay, I don't want to accept
8 voucher holders, I want to charge, and rent to
9 who I want.

10 On the other hand, the -- right. But
11 on the other hand, the new owner should be made
12 aware of what the circumstances are, is
13 surrounding the project and that HUD law -- HUD
14 law -- that the HUD policy is that the tenants
15 that were previously living in that assisted
16 Section 8 Housing are entitled to remain there
17 with a voucher.

18 If the new owner is going to be
19 renting out that single family house anyway,

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1 *they're going to be getting the market rents.*
2 *So, I would -- the more I think about it, the*
3 *more I would say that the tenants currently*
4 *residing in the houses would be allowed to stay*
5 *there. They could certainly take the owner, even*
6 *the new owner, to Court to fight them. I'm not*
7 *saying how that would come out, but I think the*
8 *way current policy is written, that's -- any*
9 *other questions?*

10 MR. HERNANDEZ: I have a question on
11 1B.

12 MR. GIAGUINTO: Your name, please.

13 MR. HERNANDEZ: I'm Isiah Hernandez
14 (indiscernible).

15 MR. GIAGUINTO: Hi.

16 **MR. HERNANDEZ: On 1B, as I**
17 **understand it, requires that if it goes up to the**
18 **HUD field office and there's a comparable**
19 **analysis done at that level, than it would go**

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1 (indiscernible) headquarters. But, I thought I
2 heard you just say something differently.

3 MR. GIAGUINTO: No. Under 1B, let
4 me just pull it up to make certain. Under 1B of
5 the guide, if the project meets one of the three
6 criteria under 1B, which is the vacancy rate,
7 which has to be under three percent. I want to
8 clarify that because on the distance learning
9 training the question came up as does that mean
10 three percent qualifies, and the answer is no.
11 It has to be under three percent to be considered
12 a very low vacancy area.

13 It has to have fifty percent or more
14 of the population as elderly or it has to have
15 the community support. The submission of a
16 discretionary mark-up to market to Willie
17 Spearman after the request to review to determine
18 whether the criteria has been met. The request
19 submitted to HQ must be accompanied by supporting

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1 documentation and a recommendation from the HUD
2 director program center manager, stating why the
3 request should be approved.

4 It's still -- we still get notified
5 in headquarters that this is being done, but a
6 waiver is not necessary. Under previous
7 guidance, the submission had to come to Mr.
8 Spearman with a waiver being requested and then
9 we had to respond. Willie's office had to
10 respond with a memo from the assistant secretary
11 granting a waiver. The waiver is no longer
12 required, but Mr. Spearman still does have to be
13 notified that we are getting in a discretionary
14 mark-up to market.

15 **MR. HERNANDEZ:** A couple of issues
16 about a potential problem, especially in
17 (indiscernible) housing market, I think that's
18 really, right now, you need some of the Texas
19 areas at best, that process could sometimes take

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1 a while and when you've got an owner looking at
2 some rents that he's way below market on, they're
3 going to opt out quickly. So, I'd kind of like
4 to encourage or voice a little bit of opinion
5 there that we might --

6 MR. GIAGUINTO: *Just put it all in*
7 *the hands of the HUD director.*

8 MR. HERNANDEZ: Yeah. Because it's
9 taking quite a bit of time and we're losing some
10 pretty substantial inventory. Owners just
11 throwing their hands up in the air and moving on.
12 So, at least just voicing that concern isn't
13 enough.

14 MR. GIAGUINTO: *It makes sense, and*
15 *I know this is in here for a reason. I think the*
16 *reason behind it was just to make sure that*
17 *headquarters knew what was happening and being*
18 *able to monitor and track the number of contracts*
19 *that were having that are renewing under 1B. But*

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1 *the way it's currently written may lead to some*
2 *delays.*

3 *So, I'll note that and --*

4 **MR. HERNANDEZ:** **And along those**
5 **lines, I think 1B is a great initiative. I think**
6 **that taking the word waiver out of it makes it**
7 **really looked upon more as a process that you**
8 **could be looked at evenly rather than an**
9 **exception.**

10 *MR. GIAGUINTO: Yes. And we were*
11 *having a lot of problems with the waiver request.*

12 *We were getting a lot of requests in that*
13 *weren't following procedures. In other words,*
14 *here this project wants a waiver with no*
15 *documentation to support it, giving us no*
16 *information, which further delayed the process.*

17 **PARTICIPANT:** **Could you repeat the**
18 **question? Thank you.**

19 **MR. GIAGUINTO:** **Oh, I'm sorry. I was**

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1 supposed to do that, wasn't I. Can we repeat the
2 questions? Yes, we can. Any other questions?
3 Yes.

4 **MR. STRONG:** Eric Strong,
5 (indiscernible). Can we go back to the tenant
6 enhanced vouchers, because there's a lot of
7 confusion out there about the enhanced vouchers.

8 If I understood you correctly, somebody who's
9 opting out, a tenant has the right to stay in
10 that property with an enhanced voucher, but HUD
11 is not going to take any enforcement action if
12 the owner doesn't want to do that.

13 *MR. GIAGUINTO: Correct. Now, did*
14 *everybody hear that question? The question was*
15 *on enhanced vouchers and whether or not HUD is*
16 *going to enforce when owners refuse to accept.*

17 **MR. STRONG:** Typically, would that
18 be the basis for a fair housing complaint? No?
19 I mean, I don't know? I'm just asking. My

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1 question would be, if that would be the answer
2 since HUD is not going to take any enforcement
3 action, we need to tell these tenants don't waste
4 your time in filing a fair housing complaint.

5 What I'm trying to get to --
6 practically, what are we to tell tenants and
7 owners about this situation? Because we've got
8 people opting out all the time.

9 MR. GIAGUINTO: I know. And trust
10 me, Eileen Hearty was my office mate, who I miss
11 in more ways than one, who took care of all of
12 the tenant notification issues and the tenant
13 resident issues period, struggled with this with
14 our attorneys and the issue made it all the way
15 up to the department's general counsel. I mean,
16 the highest person in the building in terms of
17 who makes legal decisions around here, gave us
18 this language. We all looked at it and said,
19 what the hell does that mean. Okay?

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1 Unfortunately, the answer is what the
2 answer is. We wanted to be able to put HUD on
3 record as saying that tenants must accept the
4 enhanced vouchers. That is our policy. The
5 statute specifically says on the tenant
6 notification issue that the secretary may
7 determine -- the tenants are required to get
8 one-year notification, and other requirements as
9 determined by the secretary.

10 We interpreted the statement, and
11 other requirements as determined by the
12 secretary, as meaning that the secretary can
13 determine that owners must accept enhanced
14 vouchers. That's where we put our eggs, in that
15 basket. We're certainly going to be challenged
16 on it. But, the general counsel for the
17 department said that we basically can't enforce
18 it. It's going to be up to the tenants to
19 enforce the requirement that the owner accept the

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1 *enhanced voucher. Now, does that mean an FHEO*
2 *complaint? I don't know. I don't know enough*
3 *about FHEO. I really don't.*

4 (Simultaneous discussion)

5 **PARTICIPANT: If they've opted out,**
6 **there's no legal basis to make them keep it.**

7 (Simultaneous discussion)

8 *MS. MEYERS: There's a lot of*
9 *different things that we --*

10 **MR. GIAGUINTO: Your name, please.**
11 **Name, please.**

12 **MS. MEYERS: What?**

13 **MR. GIAGUINTO: Your name, please?**
14 **I'm sorry.**

15 **MS. MEYERS: Margaret Meyers, OHS**
16 **(ph). Part of that relates to whether or not**
17 **under your state laws as well, you can validly**
18 **terminate your lease at that time. Some states**
19 **also have in their fair housing requirements,**

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1 they will not let owners discriminate or take
2 action on the basis of income of the tenant,
3 which might come into play. Okay?

4 The other thing is that if you are
5 concerned about this having the owners in, again,
6 I don't know what kind of resources you have in
7 your area, but in Michigan we have an awful lot
8 of legal aid offices. We can try to educate
9 people in those offices as far as what's going
10 on.

11 One of the big things you see when
12 you go into landlord tenant court is that judges
13 don't know that much about the Section 8 program,
14 and don't know that much about the federal
15 regulations. To the extent that you can educate
16 the other legal services in your state about what
17 these things and the existence of these rules and
18 show them that they can get the judge to look at
19 this and help the judge understand that this

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1 maybe overrides the state -- what this landlord
2 is doing under normal state law, you can help the
3 tenant to that.

4 MR. GIAGUINTO: I don't have to
5 repeat that, do I?

6 MS. PAYTON: I think you're right
7 about state law having (indiscernible), but the
8 judge would have to be looking at state law and
9 not federal, because the federal law doesn't
10 protect the (indiscernible).

11 MS. MEYERS: That's not necessarily
12 so. I mean, there are certain -- and the other
13 thing is, is I don't know what kind of leases
14 people are using, but if you put -- I mean, in
15 our state, first of all the program says you have
16 to use a certain lease that has certain rights of
17 tenants and it has certain language in that
18 lease. Once it's in the lease, it's enforceable
19 in court. Okay? So, in our state we can approve

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1 *certain sections or certain modifications, but*
2 *again, as long as the language exists in the*
3 *lease, which is again, to make sure that this is*
4 *happening, than the tenant can rely on it and the*
5 *judge can enforce it.*

6 *MS. PAYTON: I agree about the lease.*

7 *MR. GIAGUINTO: Okay. Let's not turn*
8 *this into a debate. The problem is, as I stated,*
9 *we don't really have any enforcement mechanisms*
10 *available to us, and as written in the user*
11 *guide, we're telling owners that as long as the*
12 *housing's going to remain as affordable and*
13 *rental housing, that they are required to accept*
14 *the enhanced voucher. That -- whether or not*
15 *that can be enforced is obviously something that*
16 *you all have to deal with a lot more intimately*
17 *than we do sitting here writing the policy. I*
18 *apologize for that, but --*

19 **MR. HERNANDEZ: (Indiscernible).**

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1 **Isiah Hernandez.** The enhanced vouchers actually
2 encourages owners to opt out because it's going
3 to get added rent from -- so, it kind of --

4 MR. GIAGUINTO: *But, only from that*
5 *tenant as long as that tenant remains. As soon*
6 *as that tenant leaves, it reverts to a regular*
7 *voucher, a standard choice voucher.*

8 MR. HERNANDEZ: **Right, but most**
9 **owners would opt out and accept the fair market**
10 **value, but it encourages them to opt out even**
11 **more so because they can get above market even if**
12 **they --**

13 MR. GIAGUINTO: *No, the rentals --*
14 *no, no. Because we also stated in the guide that*
15 *the rents have to be determined reasonable by the*
16 *PHA. I mean, that owner's not going to be able*
17 *to get two thousand dollars a month on a thousand*
18 *dollar a month apartment unless the PHA*
19 *determines that two thousand dollars a month is a*

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1 *reasonable rent.*

2 **MR. HERNANDEZ:** Right. But it adds
3 **a percentage above that to that, to that**
4 **reasonable amount.**

5 *MR. GIAGUINTO: Of the payment*
6 *standard? That just has to be reasonable. I*
7 *mean, I wasn't -- I'm not aware of any percentage*
8 *that's out or above that rent.*

9 **MR. HERNANDEZ:** I understand
10 **(indiscernible) because what is the terminology**
11 **being used there? I understand it to add a**
12 **percentage above what the local PHA --**

13 *MR. GIAGUINTO: No.*

14 **MR. HERNANDEZ:** Okay.

15 *MR. GIAGUINTO: Without getting into*
16 *a discussion on what a regular voucher and an*
17 *enhanced voucher is, it basically allows the*
18 *tenant that holds an enhanced voucher to reside*
19 *in the unit that has a higher rent than would*

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1 normally be permitted and still only have to pay
2 thirty percent. Is that correct?

3 PARTICIPANT: (Indiscernible)

4 MR. GIAGUINTO: All right. Moving
5 along, I just also wanted to point out the fact
6 that the contracts in the guide, which are
7 Attachments 11 through 17, with the exception of
8 those interim light and the interim full OHMAR
9 contracts, can have terms now that go up to as
10 long as twenty years. You'll notice that the
11 contracts themselves do not have a contract term
12 specifically that says 20-year contract, 15-year
13 contract. But, the basic renewal contract, which
14 is Attachment 11, which is going to be the bulk
15 of the contracts that you all are probably
16 dealing with, is going to be used for any term
17 contract. So, if you have an owner that wants to
18 do a five-year, that basic renewal will be in the
19 contract. So, you're not going to find the
20 five-, ten- or fifteen-year contract that you're

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1 looking for.

2 The mark-up to market contract, which
3 is attachment twelve, does require a minimum of
4 five-year contract term. The other contracts, as
5 I mentioned, are OHMAR contracts. They are used
6 for an interim light and interim full.

7 A full mark to market and a new
8 contract this year, which is the potentially
9 trouble contract. That potentially trouble
10 contract is going to be used for owners where
11 OHMAR makes a determination that the rent has to
12 be reduced or the debt has to be restructured,
13 and the owner says, no, I don't want to do it.
14 The question came up, well, how's that contract
15 going to be renewed? What are we going to do
16 with that contract? Well, we're going to renew
17 it using the potentially troubled contract, which
18 is Attachment 17. It's going to be renewed for
19 one-year and then it's going to be placed on a
20 watch list. Okay? At the end of that year,

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1 depending on what kind of condition or shape the
2 project or the contract -- or the project is in,
3 that will determine how that project gets
4 subsequently renewed.

5 There is an attachment that I want to
6 go over in the guide, specifically which is
7 Attachment 10, which will help you a great deal
8 in determining which contract needs to be used at
9 what time. It specifically spells out, for
10 example, when the basic renewal contract is used
11 and what attachment it is at the guide. That's a
12 very helpful attachment.

13 Attachment 3 -- I'm jumping around
14 just a bit -- but Attachment 3 is probably most
15 important attachment and probably the most
16 important part of this guide, because it's the
17 guts of the renewal process. As we've done in
18 the user guide, Attachment 3A1 provides the
19 instructions that you'll need for filling out the
20 contract renewal request form. It takes you

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1 through option-by-option the worksheets and how
2 to fill out the worksheets and what it is you're
3 supposed to be looking for in the owner's
4 submission.

5 Attachment 3A2 is the actual contract
6 renewal request form itself. This is the form
7 that the owner needs to submit a hundred and
8 twenty days before the contract expires. It's
9 where he lays out what option he's electing and
10 whether it's a subsequent or an initial renewal,
11 and then it has the actual worksheet that the
12 owner fills out to determine the rent levels and
13 the certifications. It's very important that the
14 certifications are signed when these option
15 elections come into you. If they're not, they
16 have to be returned to the owner and told that
17 they have to sign the certification and resubmit.

18 Attachment 3B is the OCAF rent
19 adjustment worksheet. That's the worksheet that
20 I mentioned earlier that needs to be submitted at

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1 initial, at subsequent and at rent adjustment.
2 This is the only form that has to come to you for
3 every action on a rent adjustment. Attachment
4 3B1, are step-by-step instructions on how to fill
5 out that OCAF worksheet.

6 Primarily, that's it. That's the
7 highlights. Do we have any questions at this
8 point on just about anything that you'd care to
9 discuss? Okay. I saw that hand go up first.
10 Don't forget, when you stand up and ask your
11 question, say your name and speak loudly.

12 **MS. BOKEL: Dorli Bokel, New York**
13 **(indiscernible). There was a lease addendum for**
14 **tenants that was in 99-36 and I didn't see any**
15 **guide book in here (inaudible)?**

16 *MR. GIAGUINTO: Our attorneys told*
17 *us that we didn't need that lease addendum*
18 *anymore, and it was eliminated. Apparently,*
19 *everything that's supposed to be covered in the*
20 *HAP contract -- but, I understand what you're*

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1 saying. Right, I know what you're saying. The
2 tenant doesn't sign the HAP contract. The tenant
3 gets a lease addendum. I don't know what to tell
4 you at this point other than we don't have the
5 lease addendum available.

6 MS. BOKEL: (Inaudible)

7 MR. GIAGUINTO: I can't make that
8 suggestion to you because I'm not -- I mean, it
9 would make sense if it's something that we really
10 have to have.

11 MS. BOKEL: Well, there are only
12 three ways to terminate the current (inaudible)
13 leases, one is non-compliance, other is due
14 cause, (inaudible) -- that's the only way that
15 the owner can currently not (inaudible) tax
16 commitment on the cost. What that lease addendum
17 is (inaudible) when this contract expires
18 there -- the lease becomes null and void. That
19 allows them then to opt out or whatever

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1 **(inaudible).**

2 MR. GIAGUINTO: Let me look back into
3 that and find out, because this isn't the first
4 time that the issue has come up with a lease
5 addendum and my standard response is the response
6 that was given to me and that is that we don't
7 need it. Let me look into it, but if what you're
8 saying proves to be the case, then I don't see
9 any reason why we wouldn't use the same thing
10 that was in 99-36, but I will get something out
11 on the frequently asked questions and have it
12 posted to the home page when we get a resolution
13 to it.

14 I saw another hand right here.

15 **MS. SANCHEZ: Pilar Sanchez,**

16 **(inaudible).**

17 MR. GIAGUINTO: Yes. I'm sorry.
18 Can I explain the reasons behind getting rid of
19 special adjustments. Special adjustments were

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1 specifically related to rent renewals or rent
2 adjustments that utilize the annual adjustment
3 factor method, AAF. There are no special rent
4 adjustments with a MAHRA renewal. The statute is
5 specific in that it allows for rent adjustment at
6 contract renewal only. We do not have, at this
7 point, established policy on when we will permit
8 rent adjustments during the term of the five,
9 twenty-four contract.

10 If in the case of the energy problem
11 that we're having right now, for example, many
12 projects are experiencing increased utility
13 costs, that their current budgets either didn't
14 prepare them for or that an OCAF rent adjustment
15 that they received was insufficient to address.
16 We are working on a policy to address that
17 particular issue, the energy crisis, quote,
18 unquote, issue.

19 In terms of rent adjustments during

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1 the term of a five twenty-four contract that's
2 not related to an energy issue, Chapter 16 of the
3 guide does talk about other rent increases, but
4 we don't really have many opportunities where
5 we're allowing folks to come in for adjustments
6 during the term of the contract.

7 Let me just flip through it one quick
8 second and make sure it's still there before I
9 refer you to it. (Pause) Talk quietly amongst
10 yourselves, but make sure you give your name so
11 he can --

12 Budget phase, rent increase requests,
13 rent increase requests for the two thirty-sixes
14 and other rent adjustments. Normally, all rent
15 adjustment requests should remain on an annual
16 basis, a hundred twenty days. On a case-by-case
17 basis the field office will permit a rent
18 adjustment more than annually due to unusual
19 circumstances. HUD Handbook 4350.1, supposedly

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1 defines what those unusual circumstances would
2 be. Don't ask me to tell you what they are,
3 because I don't know.

4 I would venture to guess it's
5 something like increased taxes and insurance
6 because of a fire. I would also assume that it's
7 basically the same things that were covered by
8 the special rent adjustments for AAF that we
9 don't have for MAHRA, but don't hold my feet to
10 the fire on that one.

11 Okay. Additional -- I'm sorry?

12 **PARTICIPANT: (Inaudible)**

13 MR. GIAGUINTO: It's a special
14 adjustment that's not called a special
15 adjustment. The other problem we have now though
16 is our contracts, the five twenty-four contract
17 has very specific language in it that says no
18 other rent adjustments will be permitted during
19 the term of the five twenty-four contract. So,

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1 *it gets rather touchy. Yes, sir?*

2 **MR. KANIS:** **You've indicated that --**

3 *MR. GIAGUINTO: Your name, sir?*

4 **MR. KANIS:** **Les Kanis. You had**
5 **indicated that on one of the broadcasts that you**
6 **have corrected the example three point seven?**

7 *MR. GIAGUINTO: Yes. That's been*
8 *done.*

9 **MR. KANIS:** **That's been done?**

10 *MR. GIAGUINTO: Yes. If you go to*
11 *that web page that I referred you to earlier, the*
12 *multi-family home page, the new Chapter 3 that's*
13 *there has the new language.*

14 *What I did was, it was just way too*
15 *much trouble to try to change one page, because*
16 *everything's front and back, and if you make just*
17 *one change to just one -- even if it's one line,*
18 *it throws the whole darn thing off. So, what I*
19 *do is, when I'm revising something in a Chapter,*

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1 *I'm posting the whole chapter and revising the*
2 *whole thing. And I'm noting on the change page*
3 *where specifically that Chapter has been changed.*

4 **MS. SANCHEZ:** *Is it in color?*

5 *MR. GIAGUINTO: Is it in color?*
6 *Who are you? No wonder she didn't give her name.*

7 *MS. SANCHEZ: That was very helpful*
8 *when the user guide changed (indiscernible) to*
9 *color. It was very helpful.*

10 *PARTICIPANT: No, we red lined it.*

11 *MR. GIAGUINTO: Oh, oh. Actually,*
12 *they came out in color. That was a mistake,*
13 *because when we do our revisions at headquarters*
14 *before the document actually gets published,*
15 *going between Ulysses and myself or us and Shawn,*
16 *we'll write it out one way and then it'll get to*
17 *Shawn, Shawn Donovan who is the DAS, and he'll*
18 *say, well, I don't like the word approving here,*
19 *I'd rather it be so-and-so. So, he will scratch*

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1 *through it and he will write his new word. When*
2 *we get the document back, it highlights the*
3 *changes that Shawn makes.*

4 *So basically, what you saw was*
5 *something that should not have been posted. So,*
6 *no. It's not going to be in color.*

7 MS. LEAR: We -- for our guide books,
8 you -- Pilar's referencing our guidebook.

9 MR. GIAGUINTO: Oh, I'm sorry. I
10 don't read that stuff.

11 MS. LEAR: We do, when we make
12 changes we redline them so they know what --

13 MR. GIAGUINTO: Oh, okay.

14 MS. LEAR: So --

15 MR. GIAGUINTO: I know how to do it.

16 The answer's still no. Yes.

17 MS. DU: I'm Lucie Du.

18 MR. GIAGUINTO: Hi.

19 MS. DU: **On 1B, does it mean now,**
20 **I'm still trying to kind of (inaudible) in the**

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1 **guidebook. Do we still need, I know we don't**
2 **need a waiver request to process, but do we still**
3 **need approval of the field offices?**

4 MR. GIAGUINTO: Under 1B, the way
5 *it's written, and Ulysses Bridges, who is my*
6 *division director and who helped me a great deal*
7 *with this particular chapter, I see her in the*
8 *room and she doesn't have to stand up and help me*
9 *on this if she doesn't want to -- The guidance as*
10 *it's written says, we submit the discretionary*
11 *mark-up request to Willie Spearman. So, even*
12 *though it's not a waiver, the discretionary*
13 *request still has to come to Willie. Are we*
14 *going to approve it? Do we still have to approve*
15 *it or not?*

16 MS. BRIDGES: *(Inaudible)*.

17 MR. GIAGUINTO: *Ulysses Bridges,*
18 *everyone, the division director for policy.*

19 MS. BRIDGES: *Well, actually, one of*

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1 things the guide (indiscernible) it could
2 actually be rejected based on HUD appraisers
3 thought were -- I'd have some concern about that
4 because the state certified appraiser is coming
5 and certifying to that affect --

6 MR. GIAGUINTO: But under Option 1,
7 what would has to happen is the owner has to be
8 eligible for the option, and to determine -- to
9 determine initial eligibility, the owner submits
10 a rent comparability study. That doesn't
11 necessarily mean it's the full-fledged rent
12 comparability study that's outlined in Chapter 9.
13 A comparability study that shows that they think
14 that they're initially eligible. What that does
15 is that gets them in the door. At that point, HUD
16 would do it's comparability study with the third
17 party appraiser. But, before we even get to
18 that, if the contract isn't -- if the project
19 isn't eligible under 1A, it would have to come in

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1 *for the discretionary 1B. Okay?*

2 *If it meets one of the three criteria*
3 *under the Option 1B, that discretionary request*
4 *has to come to Willie. At that same time that*
5 *request comes in, there's nothing that says the*
6 *field office shouldn't go ahead or the contract*
7 *administrator shouldn't go ahead and order the*
8 *third party RCS. And that, in fact, I think, has*
9 *been our guidance on that. So, these things can*
10 *happen simultaneously.*

11 *Because, I mean, if you are sending a*
12 *request to headquarters that clearly showed that*
13 *this project lives in a vacancy area of 2.5*
14 *percent, you know it meets the criteria and it's*
15 *going to be approved.*

16 *We've added that layer of having it*
17 *come to headquarters, as I said earlier, so we*
18 *can track and make sure, because theoretically,*
19 *the Congress asked us -- we're supposed to be*

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1 tracking the number of dollars we're spending on
2 these mark-up to market renewals. So, we have to
3 have some kind of a reporting mechanism that
4 allows us to tell the Congress how many of these
5 contracts we have doing this.

6 So, that's a drawn out answer to your
7 question, but it doesn't necessarily add another
8 layer to the review before anything can happen.

9 **MR. HERNANDEZ:** I don't read it, but
10 I think that there is some language on here, I
11 don't know which page it is, said that if the PM
12 did not (indiscernible) at this level, then it's
13 got to be this.

14 **MR. GIAGUINTO:** Oh, yeah. That's
15 when there's differences in the rent
16 comparability study. That's after the
17 determination's been made that it's eligible.
18 That doesn't have anything to do with the 1B
19 eligibility.

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1 What that, you're talking about,
2 which is on page seven of the chapter, talks
3 about differences in comparability studies. If
4 the owner study comes in at X and the HUD third
5 party appraisal is Y, then you -- this is the
6 procedure that you do.

7 MR. HERNANDEZ: What I'm speaking to
8 is the (inaudible) where they're way below that
9 level to begin with. That can still cause us to
10 deny (inaudible) --

11 MR. GIAGUINTO: It won't go to be
12 denied. It will establish the rent level.
13 Either the hundred and five percent, and I never
14 did memorize all of these different things.

15 PARTICIPANT: (Inaudible) request to
16 headquarters with the intention to establish
17 eligibility. Everything else is done at the
18 field office level, all the contract
19 administration level.

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1 MR. GIAGUINTO: Okay. Thank you.

2 Other questions? No other questions? Yes.

3 MS. DU: On the --

4 MR. GIAGUINTO: Lucy Liu.

5 MS. DU: Du.

6 (Laughter)

7 MR. GIAGUINTO: Du. I'm sorry. Lucy

8 Liu, wasn't that the woman that's Ally McBeal?

9 MS. DU: I forgot my question in all
10 this.

11 MR. GIAGUINTO: Okay. Next question.

12 MS. DU: I'm thinking that
13 (indiscernible) is really more geared to over 65
14 percent elderly. But, the situations we're in
15 it's caused by the market being (indiscernible)
16 is the guidance market survey, or is the guidance
17 like the OHMAR public (indiscernible)?

18 MR. GIAGUINTO: We have accepted
19 all kinds of documentation. As long as the owner
20 submits something that shows the market area and

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1 *the vacancy rate for the area where the project*
2 *is located, we'll accept that. We don't*
3 *specifically say it has to be the OHMAR study or*
4 *the CRS.*

5 Yes.

6 **MS. SANCHEZ: Pilar Sanchez. What**
7 **is the (indiscernible) --**

8 MR. GIAGUINTO: *Suspended or*
9 *disbarred? I'll be honest, that's in here*
10 *somewhere. The website is in here, and it's*
11 *probably under Chapter 13 or 14. I know we used*
12 *to provide it in the old, in 99-36, Chapter of*
13 *(indiscernible) condition of the property -- I do*
14 *know we also cover it in the guide. I know we*
15 *did give that address in the guide somewhere.*

16 *Chapter Four? Is that where it is,*
17 *in Chapter 4?*

18 PARTICIPANT: *In Chapter Four or*
19 *Five.*

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1 MR. GIAGUINTO: Good. Somebody is
2 actually reading the guide. (Pause) Yep. There
3 it is, www.arnet.gov/epl/.

4 MS. ZEMITIS: Could you repeat that,
5 it didn't get to these people in back.

6 MR. GIAGUINTO: Oh, I'm sorry. I'm
7 sorry. The section in the guide to find the
8 address is Section 4-5. It's on page four of the
9 guide. I can repeat the address, let me do that,
10 www.arnet.gov/epl/.

11 Yes.

12 MS. DU: (Indiscernible) one point
13 about that is, when we turn in the EPLS
14 sometimes, we've got like some common names and
15 (indiscernible).

16 MR. GIAGUINTO: That's probably wise.

17 MS. DU: Do you think this might be
18 the person or --?

19 MR. GIAGUINTO: That's a probably a

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1 *good idea. Work with the field office on that,*
2 *because, the information may not be all there.*

3 Any other questions? Okay. Well,
4 it's 12:15 and I guess you guys are hungry.
5 Thank you and enjoy the rest of your day.

6 MS. LEAR: Thank you, Pete. Before
7 we break for lunch, Linda Givens, I have a
8 message for you. Also, Cyndy has assignments for
9 Alabama, Michigan, Maryland and Washington, if
10 you want to come up and get it. We'll start back
11 at, let's say -- we ran a little over, how about
12 1:15 and Eileen Walker will be down at that time.

13 (Whereupon the lunch break was taken
14 from 12:17 p.m. until 1:31 p.m.)

15

16

17

18 A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

19 MS. ZEMITIS: If you all would like
20 to come in and sit down and we'll get started

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1 here. First of all, we realize that -- I passed
2 Debbie in the hallway and she said, I never did
3 introduce myself. I said, well, that's okay. I
4 can introduce you. So, this is Debbie Lear, and
5 Debbie came to us from the Denver office. She
6 was a member of what we called SCAIT, in fact, we
7 have several members in the audience here that
8 served on SCAIT, which was the Section 8 Contract
9 Administration Implementation Team.

10 Anyhow, Debbie has stayed on now in,
11 very shortly, she's going to be a permanent
12 member of our staff here in Washington. You'll
13 be hearing and see a lot more of Debbie.

14 Before I turn it over, I have one
15 thing that I just want to mention. One of the
16 PBCAs came up to me, and I thought it was a good
17 idea and before I forgot it I wanted to pass it
18 along to you all. We do have a website, as most
19 of you know. Out there, we do have frequently
20 asked questions. We do try to post them and I

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1 have to be honest, and as I said to this
2 gentleman, by the time we get the questions and
3 we think they're ready to be posted, it's like,
4 oh, people already know that. Well, we're
5 presuming that because we've been dealing with it
6 for so long.

7 What would really help us if that if
8 you had questions that you would like to see
9 posted on the frequently asked, could you please
10 send those to your CAOM and they, in turn, will
11 send them in here to the desk officers and we
12 will make sure they get posted. So, if you have
13 any questions that you feel that the other PBCAs
14 would like to know the answers or it took you a
15 while to get them or whatever, that you want to
16 share or that should be shared throughout the
17 country, please let us know. That would really
18 help us in deciding what questions should get
19 posted.

20 Okay. That's all I'm going to say

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1 now. I'll turn it back over to Debbie.

2 MS. LEAR: So much for my effort in
3 remaining anonymous here. I don't know what that
4 was this morning, but at any rate.

5 We've got Eileen Walker here, which
6 I'm sure everybody recognizes her name, but this
7 afternoon she is actually going to talk about the
8 new payment process of the owner with the recent
9 memo you all should have received, as well as the
10 other type of financial processing that will
11 impact what you do, such as the year end
12 statement.

13 Eileen is the director of financial
14 operations division. Eileen.

15 MS. WALKER: Good afternoon,
16 everybody. To those of you who I know and those
17 of you that I hope to meet. I really don't have
18 a presentation, as much as I would have loved to
19 have been prepared for this meeting, the matters
20 of the day have prevailed. Primary amongst them,

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1 getting your payments made for those that are in
2 arrears, where we are late. So, I don't have a
3 very good presentation, but we will do the best
4 we can.

5 What I did is bring down extra copies
6 of the attachments to the memorandum that we're
7 going to discuss which outlines the new payment
8 procedures which go in for effect -- for payment
9 effect on April first for the full processing
10 effect as of the first of this month. I'm going
11 to go over that this afternoon.

12 So, if any of you -- that's February
13 seventh memo from Fred Tombar. If any of you all
14 don't have that with you, we do have some extra
15 copies of the attachments, which is basically
16 what I'm going to go through the flowcharts of
17 these changes. So, if you need a copy, Debbie
18 Gordon, I think is here --

19 PARTICIPANT: She's getting extras.

20 MS. WALKER: Most of them probably

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1 already have it, but if you need extra copies we
2 can get them.

3 Of course, you're aware of the
4 current procedures whereby when you're assigned a
5 HAP contract on your performance based ACC, then
6 you establish a requisition schedule in the LOCCS
7 system. When it's approved by the CAOM, then
8 LOCCS begins to automatically disperse those
9 amounts according to the schedule.

10 You then have to receive the detailed
11 voucher data from the owner, validate that data
12 and make the actual authorized payment to the
13 owner, which is hopefully covered by the
14 requisition, though it may or may not be. So,
15 then there may have to be adjustments to the
16 requisitions throughout the year to accommodate
17 instances where the anticipated payment -- amount
18 on the requisition, which is, of course,
19 anticipates the owner's actual subsidy --
20 authorized subsidy was underestimated or for

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1 other reasons concerning the offset for those
2 (indiscernible) where we actually support any
3 mortgage payment with the subsidies.

4 So, there's the whole reconciliation
5 process, not only with -- between the requisition
6 schedule and the actual payments that you are
7 making to the owner, but as I mentioned also,
8 with the offsets to the loan accounting system
9 for those contracts where the subsidy is actually
10 supporting the mortgage. Those are the primarily
11 202s.

12 So, it was in the course of
13 attempting to define a year end settlement which
14 adequately accounted for all those scenarios that
15 the decision was made that we really should be
16 paying against the actual payment. We already
17 have the requirement to submit the actual subsidy
18 payment to us, so that that could be reconciled
19 in terms of not only budgeting, but also the
20 monitoring of the advances that we are making,

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1 because, of course, we are ultimately accountable
2 for those advances that we are making. So, we
3 always needed the actual HAP payments that you
4 are making to the owners for various reasons.
5 That was already a requirement.

6 So, what we did was, if you have the
7 flow chart, instead of LOCCS automatically making
8 the payments on the first of the month, and
9 payments being adjusted for unfunded or shortfall
10 projects, as in the current process flow.

11 Whereas you still need to establish a requisition
12 in the LOCCS accounting system because we will
13 continue to use that for budget and funding
14 purposes, instead of LOCCS automatically making a
15 payment against that schedule, now on a monthly
16 basis, you will receive a voucher from the owner
17 as you currently do, review it for accuracy, no
18 changes there.

19 You will transmit the approved
20 voucher to TRACS, which you are currently

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1 required to do. However, that TRACS transmission
2 will become the basis for the subsidy payment
3 that's made out to you.

4 Now, that means that you will only
5 get paid for those contracts where you've been
6 able to approve the voucher and send the
7 transmission to TRACS but it will also resolve
8 the instances where -- you will know -- in other
9 words, you will know what you got paid for and it
10 will be the amount of subsidy that's due to the
11 owner.

12 All of this information will continue
13 to be available to you in your LOCCS screen
14 because I'm sure -- hopefully, that's been
15 beneficial to you in terms of the information
16 that we've been able to provide for you over the
17 Internet. Then, we are still working on the
18 limited year-end settlement procedures that we
19 hope to have firmed up within the next couple of
20 weeks and out to you. I know that there are

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1 some, we have about six or seven contract
2 administrators whose fiscal years expired in
3 December.

4 What we're thinking about in terms of
5 the year-end settlement is to just do it at the
6 contract level, at the ACC contract level and not
7 have you to submit the -- a settlement form for
8 each HAP.

9 The data in the system should be
10 adequate where you can reconcile that data, and
11 therefore can make a payment to you that
12 ultimately represents, of course, the differences
13 in the actual HAP. The payment, the settlement
14 payment that we would make to you will break down
15 into payments for individual HAPs. But, we are
16 still exploring how we can account for those
17 differences.

18 Ultimately, I suppose they would have
19 to be posted to the individual subsidy account
20 and I admit, we have not thought this all the way

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1 through. But, we're going to try to make it as
2 simple a process as possible.

3 What we would have to do no matter
4 what, is to go back and resolve those
5 discrepancies with the loan system. That will
6 have to be done. The assistance that we will
7 need from you, we will try to make that minimal
8 because we should have the actual HAP subsidy
9 that was paid to the owner as reported to you
10 through TRACS.

11 We also know what the requisition
12 was -- requisition amount was that we paid
13 through LOCCS, and therefore, we should be able
14 to reconcile the differences and know what is
15 due -- what adjustments are due to the loan
16 system, and therefore, those turn into
17 collections. Hopefully, we will be able to
18 handle that on our own without having to ask for
19 your assistance, but the exercise of actually
20 gathering that data and going through it has not

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1 commenced yet. One issue that will impact that
2 exercise is the incidences in which we have not
3 received actual HAP payment amounts through TRACS
4 corresponding to the advances on the requisitions
5 that have been made automatically through the
6 LOCCS system.

7 Now, I'm not going to name names, but
8 I do have a report here of some fifteen hundred
9 ninety-eight vouchers where we are -- for HAP
10 contracts, where we advanced payment in January
11 and have not received the actual HAP assistance
12 amount. Fifteen oh seven in February advances,
13 and then twenty-four hundred forty-two of the
14 advances we made for March we do not have the
15 corresponding HAP actual payments through TRACS.

16 So, there are some contract
17 administrators where your numbers are excellent,
18 and there are some who have the numbers are not
19 too excellent. Of course, March, for March, it
20 might be reasonable that those haven't come in

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1 yet because we really haven't established a time
2 line for it. So, that might be a reasonable --
3 it might be reasonable to expect that this number
4 will go down in the next few days, but I bet you
5 it's going to land at around fifteen hundred
6 since that's the number for January and February.

7 So, I raise that issue for two
8 reasons. First of all, these twenty-four hundred
9 contracts would not have been paid under the new
10 system because we will only pay -- come the
11 conversion in April, we will only pay against the
12 actual voucher amount set or received. So, this
13 is a good way to demonstrate the difference
14 between the old system and the new.

15 Also, as far as the year-end
16 settlement and the reconciliation of the amounts
17 to the loan system, and also to the contracts for
18 which we owed you additional payment, these
19 non-recorded actual will impact that process as
20 well because we were able to make the assumption

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1 that for every advances made, we had a hard
2 funding actual HAP payment, we'd know that we'd
3 be able to reconcile the two.

4 Now, what has probably happened is
5 that many of you said this is we've advanced
6 payments for which you've not been able to make
7 an actual HAP payment, but that's another issue.

8 So, the new process will resolve all of that.
9 You will not be accountable for the money in
10 terms of your monthly admin fee and the standard
11 that has been imposed in terms of your advances
12 received not exceeding the amount you've been
13 able to pay out by a certain amount, and will
14 automatically resolve the issue and it would only
15 be incumbent upon you to send the actual voucher
16 when you were able to determine the actual amount
17 that was owed.

18 Now, we can go over the changes if
19 you'd like, the specific changes. First of all,
20 the first one on the list is the entry of the

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1 annual requisitions. Right now the official
2 procedures say that you have to do that at least
3 ninety days ahead of time. Ninety days prior to
4 the beginning of your fiscal year -- of the
5 Housing Authority fiscal year. In conferring
6 with the fiscal analyst, the programmers for the
7 LOCCS system, they actually interpreted that as
8 no more than ninety days ahead of time. And in
9 an automated environment, that makes sense.

10 When we were in a manual mode, you
11 needed the ninety days, I'm sure. There was
12 ninety days needed for the accounting office to
13 set up those budgets and enter them manually and
14 get ready to start making payments by the first
15 of the fiscal year. But, now the ninety days
16 lead time should be perfectly adequate.

17 So, sometimes from ninety days, let's
18 say between sixty and ninety days before the
19 beginning of the Housing Authority year we'll
20 expect to have a requisition schedule entered for

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1 each one of the halves. That would be your
2 estimate for us of what you think the subsidy
3 would be for that contract for the upcoming year.

4 Right now, that initial schedule has
5 to be approved by the CAOM. That will continue
6 to be the case as HAP are assigned to you under
7 the performance based ACC, but once the
8 initial -- the way we've programmed the change,
9 once the initial requisition is in there and the
10 CAOM accepts it and approves it as a valid HAP
11 contract for which we're making payments under
12 the ACC, then it will no longer -- the
13 modification of that requisition and the annual
14 update of the requisition will not require CAOMs
15 approval.

16 So, we're just saying that you need
17 to have it in there because what the system will
18 do is, say we're going into your next Housing
19 Authority year and there's not -- and a budget
20 has not been entered in LOCCS for year 2002, for

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1 example. Then LOCCS will therefore not pay the
2 HAP entry that you send in through TRACS for the
3 first month. Really, the first month of the
4 Housing Authority year, because it will check to
5 see whether the requisition has been entered,
6 although it's not looking for the CAOM to have
7 approved it. Okay?

8 The next one, payment to contract
9 administration or made according to the schedule.

10 Those payments are made whether or not you're
11 able to approve the current funding HAP funding
12 to the owner. In this case, you would submit --
13 in the case of the new procedure, you would
14 submit the HAP requisition when you were able to
15 approve it. The system should be able to turn it
16 around within three business days.

17 Now, what we are currently working on
18 with the accounting staff, and we needed for them
19 to be able to have this -- to work this into
20 their schedule. We have begun discussions with

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1 them although we haven't gotten far enough along
2 to actually know the details. If Fred wants to
3 offer anything, I would be happy to have him
4 interject. We are working with the accounting
5 staff so that we can release the funds prior to
6 the first of the month. We expect, at some point
7 in the near future, that although you will still
8 have to send the actual HAP payment, if that
9 payment is received, say by the second day before
10 the first, then we would be able to release the
11 funds as of that day.

12 So, what we would do is, anything
13 that had been received by that advance release
14 date would go out on that date, say one or two
15 days, I don't know exactly what it would be, one
16 or two days before the first of the month.
17 Anything that's received after that date, of
18 course, would be turned around within the three
19 day working -- work day.

20 It should also assist because you'll

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1 know exactly what you're anticipating to receive
2 and you should be able to expect that the funds
3 that you do receive will be able to cover the
4 amount owed to the owner.

5 The next one. Your CAs are required
6 to submit subsidy amounts approved for payment
7 via TRACS. So, you are already to submit them at
8 thirties. We talked about those of you who are
9 submitting, some of you are submitting them and
10 some of you aren't, and I'm sure there are
11 various reasons for that, but like I said, LOCCS
12 goes ahead and disperses against that requisition
13 schedule currently without regard to whether
14 we've received an actual HAP payment. This, of
15 course, will -- the new procedure, of course, as
16 I explained, will not do that. It will not
17 release the payment until we've actually received
18 the HAP, but this should help both your staff and
19 ours in terms of reconciling what has been paid
20 and what hasn't been paid. It should lessen the

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1 burden across the board.

2 MS. LEAR: (Inaudible).

3 MS. WALKER: Yeah. Why don't we go
4 through the chart, and then there will be
5 questions. Okay.

6 Of course, currently you're reviewed
7 on a quarterly basis against the cumulative
8 payments that have been made against the
9 requisition, requiring that the amounts that have
10 been advanced to you do not exceed the actual HAP
11 payments to your owner by more than five percent.

12 I have gotten the question rather
13 frequently, well, what do we do because we
14 receive the advance on the requisition schedule,
15 but for various reasons we cannot pay the owner,
16 we're not in a position to approve a payment to
17 the owner. I know that has been an issue for
18 some of you. Right now, that issue -- that will
19 not be an issue except at the very end of the
20 year.

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1 We are going to ask you to make whatever
2 adjustments in the requisition schedule are
3 necessary so that we have a representative amount
4 in the schedule as of the end of the year, but
5 only at the end of the year will we do the five
6 percent test.

7 So, only after the last quarter of
8 your fiscal year would we look at the payments
9 that have been made under the HAP contracts for
10 that year and compare them to the amounts that
11 had been entered in the requisition schedule in
12 LOCCS. That would be the only point in time
13 during the year that we would look to see that
14 the amounts were in alignment.

15 Now, I hope that you wouldn't just --
16 I mean, I hope that all through the year the
17 amounts would be representative because, like I
18 said, we will be using the amounts on the -- when
19 I say representative, that they will be
20 reasonable in terms of what your expectations are

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1 for payments of that subsidy, because we will be
2 using them for budgeting purchases.

3 But, because we're not having them
4 approved, we will probably do a secondary
5 analysis of what the payment history has been on
6 the HAP so that if you enter -- say on a HAP,
7 that eventually will be paid a hundred thousand
8 dollars and you've got a million dollar
9 requisition in there, we're not going to fund you
10 for a million dollars. We will have a second
11 check on board that lets us know that that is far
12 and ahead of what the historical HAP payments
13 have been on that contract. We will be utilizing
14 your data.

15 Of course, all the reviews and
16 reconciliations is what most of the rest of this
17 refers to. Both on the part of your staff and on
18 the part of the HUD staff and the CAOM, as
19 monthly they have to approve those payments.
20 When the CAOMs are approving your fee payments,

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1 they are, in effect, saying I've looked at the
2 data that we've advanced to you, of the payments
3 that we've advanced to the CA, and I've looked at
4 the actual HAPs that have come through TRACS, as
5 well as the amounts that have been paid out from
6 the bank to those particular owners and they do
7 seem to be consistent.

8 That's quite a burden to have to do
9 that manually, and that should be -- at least the
10 first half of that will be eliminated. There's
11 still maybe some review of the actual wire
12 transfers from the bank.

13 Finally, the year end settlement
14 would be much more elaborate and cumbersome under
15 the current procedure, and we hope to be able to
16 streamline that requirement. Under the new
17 procedure -- I'm expecting that it will be almost
18 a non-requirement because we should have all of
19 the actual payments, and therefore the settlement
20 should be pretty much limited to the audit costs

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1 and the interest, any interest that's been earned
2 on accounts.

3 We have modified the vouchers so that
4 any interest earned against individual HAP
5 contract accounts can be posted directly to the
6 voucher. The TRACS voucher currently
7 accommodates a request from the submitter, or the
8 one that submits the voucher for non-payment of a
9 portion of the subsidy.

10 So, if the regular HAP assistance was
11 ten thousand dollars, already, a request can be
12 made that two thousand of that not be paid for
13 miscellaneous reasons. There are various reasons
14 for that.

15 We have added to the new 201B
16 requirements an option that only contract
17 administrators can exercise, and that would be to
18 withhold a portion of that regular HAP
19 assistance, or the total HAP voucher that would
20 be for the reason of offsetting interest. So, we

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1 expect that that's how it would be handled at the
2 HAP level.

3 I do understand that there is still
4 interest earned at the master contract -- you
5 probably have master accounts where you receive
6 the funds at the beginning of the month, and
7 there maybe some interest involved there. We'll
8 have to figure out how to deal with that. But, I
9 do expect that the year end settlement procedure
10 under the new process will be streamlined from
11 the current requirement.

12 Now, because we're just making the
13 change this month we still, probably everybody
14 will have to go through at least one round of
15 year end settlements that reflect the old
16 procedure, but after that.

17 Now, I'll take questions on that now.

18 Oh, but let me say beforehand, if they get too
19 technical, because I don't have the TRACS staff
20 here today, and we are going to have the TRACS

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1 meeting tomorrow, what I would want you to do if
2 it's something I have to defer to the TRACS
3 meeting, we have these nice question records.
4 So, I would ask you to fill one of those out and
5 then I can get it to the TRACS team and they can
6 be well prepared to answer those questions for
7 you tomorrow.

8 MS. LEAR: Eileen, before you take
9 any questions can you repeat them? We have a
10 sound problem in the back, so once somebody asks,
11 we can't get these microphones passed to the
12 front. And also for the recorder, if you all
13 could remember and please state your name and
14 organization. That way he won't jump up and ask
15 you everything.

16 MS. PAYTON: Carol Payton with
17 (indiscernible) Housing Corporation. Eileen, my
18 question is, when we send in a TRACS file and
19 we -- say it's for the month of April, if there's
20 for some reason that we do not get paid, let's

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1 say there was an expired contract or something
2 that we were not sure of at that time, would we
3 need to resubmit that April voucher again or is
4 once a monthly voucher is submitted, is that it?

5 MS. WALKER: The question was, if
6 you submit a voucher and for some reason it
7 cannot be paid, insufficient funds, the contract
8 hasn't been renewed, those seem to be the primary
9 reasons. Would it be required that you resubmit
10 the voucher. The answer is no. The system will
11 now hold the voucher until that situation is
12 resolved, and then it will resubmit the voucher
13 to TRACS -- I mean, to LOCCS.

14 In the case of expired contracts,
15 that will happen when the renewal date is entered
16 in the system. It will automatically send over
17 that voucher. If it's for insufficient funds
18 because TRACS doesn't know when LOCCS is actually
19 going to obligate the funds, what we do is send

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1 *those over once a week.*

2 *So, anytime in between a HUD staff*
3 *person can go in and see the specific vouchers*
4 *and can release them on a case-by-case basis.*
5 *Okay. So, if you had one that hadn't been paid,*
6 *and you know, you think it's been over a week or*
7 *whatever, or maybe you can't wait a week, then*
8 *you can get the support of a HUD staff. They can*
9 *go in and release those payments.*

10 **MS. SANCHEZ: Pilar Sanchez, Texas**
11 **CA. What's going to happen to the money that we**
12 **have for contacts we haven't been able to pay?**
13 **Our fiscal year ends at the end of March. So, we**
14 **have December, January, February and March**
15 **payments in our account waiting for the owner to**
16 **submit their baselines or whatever the problem**
17 **may be. During the year end settlement process,**
18 **are we giving that money back and then what**
19 **happens when they finally submit their baselines?**

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1 **How are we going to get it back?**

2 MS. WALKER: Okay. The question
3 was, they received advances out of the
4 requisition schedule on contracts that have not
5 submitted their baselines, or for some other
6 reason they have not been able to make their HAP
7 payment. Their year end settlement is coming up.
8 Those of you who have already had your fiscal
9 years expire, I'm sure you have some examples of
10 those as well. She asked, what would happen to
11 those funds in the year end settlement. Will
12 they be turned back to HUD and then how will they
13 get them back?

14 I don't know. I don't know. That's
15 something that we've pondered. I'm willing to
16 take suggestions. We would have to -- I mean,
17 the whole rationale behind the year end
18 settlement is based on the assumption that you
19 can match each advance to an actual HAP payment.

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1 *So, if that is an assumption, then the*
2 *reasonable thing to do would be to send the money*
3 *back. That might be the way to go. Then, when*
4 *you actually do get -- are able to approve the*
5 *voucher, then it would just go through the normal*
6 *process at that time.*

7 *I mean, that would be my immediate*
8 *answer. And, of course, if we can figure out how*
9 *to do these settlements that will be documented*
10 *and they certainly will be addressed.*

11 Okay. I think I saw --

12 **MS. GREATHOUSE: Debora Greathouse,**
13 **(indiscernible). My question is along the same**
14 **lines as Carol's. I have a handful of**
15 **(indiscernible) now that I under requisitioned**
16 **for based on their voucher. In one case, I owe**
17 **probably three thousand dollars from March. How**
18 **am I going to get that money next month when you**
19 **pay based on the voucher only? In other words,**

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1 the three thousand dollars, they're not going to
2 wait until the end of June for year end
3 settlement, July, August and year end settlement.

4 They're going to want the money now, August is
5 still several months away, how can I have gotten
6 that money to catch everybody up and even with
7 today?

8 MS. WALKER: Well, my immediate
9 answer would be to say that that would need to be
10 submitted as an adjustment on the April voucher.

11 In other words, the three thousand dollars would
12 appear on the adjustment line. I'll have to go
13 back and look to see if there's any reason in the
14 rules that preclude that, but that would be what
15 I would expect you'd want to do.

16 If I find out differently, I'll let
17 you know. But that would be, I think, the way to
18 go.

19 Wait a minute. I saw some hands back

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1 here.

2 MS. JEANETTE CLAUS: Jeanette Claus,
3 CMCS (indiscernible).

4 As a consultant in the industry, I
5 think there is a little bit of confusion of
6 perhaps a disconnect that we need to clarify
7 regarding the MAT thirties.

8 You keep referring to MAT thirties
9 being used as the measurement against the
10 requisition through this new payment process.
11 The confusion is based around the fact that the
12 CAs that are forwarding the MAT thirties up -- to
13 this point in time and in some instances, and
14 (indiscernible) instances, just in submitting the
15 MAT thirty, that has been submitted to the CA.

16 It does not represent the approved
17 amount of the voucher the CA has, and because
18 201B is not in place yet, there is not that
19 mechanism for the CA to give you that approved

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1 voucher. So, we have that as a first issue.

2 Okay, the MAT thirties you received
3 into TRACS do not represent the approved
4 vouchers. There are some states out there that I
5 have worked with that I know have been told by
6 their CA not to submit the MAT thirties. So,
7 many of the numbers that you are missing are
8 because they were told they didn't have to submit
9 the MAT thirties, because again, it didn't
10 represent the approved amount of the voucher.

11 There are other states out there,
12 again as part of the service crew that we run,
13 that are telling us, I don't have to submit to
14 TRACS because it's only my database that matters.

15 So therefore, not only are the MAT thirties but
16 also the MAT tens, being represented to the
17 certifications, and the 50059 forms that support
18 those vouchers, those aren't being submitted.

19 So, what's happening now is there is

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1 a kind of a major disconnect here. For April,
2 you're asking us to submit the approved vouchers,
3 which where many of the software vendors out
4 there probably necessitate some reprogramming.
5 If the CAs who aren't here, and I know some of
6 them that I've worked with aren't, and they're
7 not aware of the fact that there's been this
8 change, and they've automatically continued to
9 submit the MAT thirties that don't represent
10 approved amounts, they have no mechanism to issue
11 a MAT thirty-one to void those vouchers. And now
12 we have no leeway here because this was in effect
13 March first, it doesn't necessarily correct the
14 situation.

15 So, HUD is going to need to be aware
16 that for the month of April you may see a real
17 mixed bag of information and the ability of the
18 CAs to perform compliance. That was exposed to
19 us, but it's -- not only was it exposed to us,

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1 that's (indiscernible). So, we knew it was
2 coming, but it was never presented
3 (indiscernible). So, you have to come up with a
4 (indiscernible) March first?

5 MS. WALKER: We actually sent the
6 memo out for all the CAs, to the contact point
7 for all the CAs.

8 MS. JEANETTE CLAUS: Not all of them
9 have received them. Roger Stubin has -- he has
10 the mandate. Yeah.

11 (Simultaneous discussion)

12 MR. WIRRICK: Can I weigh in here a
13 second?

14 MS. WALKER: Okay. Hold on a minute.
15 Let me just --

16 MR. WIRRICK: I don't want to
17 piggyback. I mean, she's absolutely right. This
18 was given to us as proposal back in February,
19 February seventh. We submitted comments. We
20 haven't heard back from those comments. Now, all

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1 of a sudden you're saying that it's actually
2 happening April first? Now, you may not be
3 prepared to do that, because we haven't directly
4 back to HUD. Other than being in this meeting
5 here today, I wouldn't have known that fact, so
6 I'm really surprised that you're implementing. I
7 know that in the conference that we had back in
8 February, we had asked that maybe, perhaps, you'd
9 consider postponing it to some later time in this
10 year, especially with 201B coming on line and we
11 haven't heard back from you on that as well.

12 So, I think the timing of it is still
13 an issue, very much so an issue. I'm really
14 surprised that you're considering implementation
15 April first.

16 PARTICIPANT: What's your name, sir?

17 MR. WIRRICK: Jeff Wirrick with
18 FISCTA (ph).

19 MS. WALKER: Oh, I'm sorry. I was
20 supposed to --. I know what he said.

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1 MR. TOMBAR: Thank you for those who
2 did submit questions. We did send an e-mail,
3 sorry it didn't get to you and this is getting
4 ahead of myself a little bit, but we're going to
5 talk about communications a little bit later.
6 So, I'm seeing that in one area, the e-mail did
7 not get there. So, we're having a problem with
8 regard to communication.

9 We considered the comments. There
10 were about four or five organizations that come
11 in specifically on this, and Jeff is right. He's
12 alluding to a meeting that we had back last month
13 with the National HUD state housing agencies,
14 when just before my going into that meeting there
15 was a suggestion to wait until after 201B to move
16 forward with this payment process. I suggested
17 at the time that that was a good recommendation
18 to us, and that we would consider it.

19 I did consider it. We did consider
20 it. We got back here, and to be quite honest

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1 with you the impact of waiting until after 201B,
2 both of you, Jeff, yourself included in here, who
3 know about TRACS and TRACS releases, know that
4 they get extended for quite a bit of time as
5 we've seen it in the past. The impact of that
6 would mean that -- the thing that most concerns
7 us here would still be a present issue. And that
8 is, we were making payments to ourselves in the
9 case of the 202-8 offsets which is a really
10 serious financial control issue for us.

11 You know, as we are sitting there
12 thinking, I've just arrived on my desk today
13 sitting, reading the IG's latest audit and they
14 tell us that we still have problems with regard
15 to financial controls and systems. It's
16 something that, just in the context of everything
17 else that was going on in the department, I
18 wasn't willing to allow it to sit and fester,
19 because it was a present problem we were seeing.
20 It was getting worse as the days went on, and we

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1 were in February.

2 We had just made an additional
3 assignment I know. Cyndy shared with you all
4 earlier how many contracts we have out there, now
5 add in the additional assignment of contracts.
6 So this issue was growing by the day, quite
7 literally.

8 So, for less -- it was something that
9 we couldn't put off, even by the recommendations
10 that we had there. But here's the thing, this is
11 how we figured the recommendation that we have --
12 the comments that we had, how we can mitigate
13 some of the issues that were there.

14 One is, as I said, were TRACS new
15 releases. We recognized that they attended
16 problems all the time, with owners changing their
17 system in order to make sure that the vouchers
18 get through, that always happens. One of the
19 things that we are ready to put on the table and
20 we are going to consider, we were saying that we

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1 were going to release the 201B in June or July,
2 and then the absolute cut-off date would be a few
3 months later.

4 We always can, and likely will, if
5 we're having issues with the owner's getting up
6 to speed in changing their software, extend that
7 so we don't have those issues, extend the
8 absolute cut-off time. That was one thing that we
9 saw as a way to sort of mitigate the issue around
10 the new TRACS release.

11 There were other things that came in
12 as suggestions or as comments then. I'll tell
13 you, most of them were favorable in a lot of ways
14 because you all didn't want to deal with the
15 changing of the budgets on a regular basis, and
16 there was some other things that we saw that were
17 favorable comments. But this one, I think, was
18 the biggest one. So I thought to deal with that,
19 that we would look at it. If we had to,
20 extending the absolute cut-off date for the 201B

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1 release until then.

2 I apologize if the e-mail didn't get
3 to everybody here at this session that we're
4 having is the first that you're hearing about
5 this decision to change the payment process.

6 **MS. JEANETTE CLAUS:** To clarify what
7 you're saying -- Jeanette Claus, again -- by
8 doing that, you have to understand that the year
9 end settlement does not go away. Now, we have an
10 accounting nightmare because if the CA cannot
11 submit the approved MAT thirty, and they submit
12 something to you to get paid which is coming from
13 the site, they'll go over the ballpark. The
14 vouchers --

15 *MS. WALKER:* Are you saying that
16 you change the amount that you receive from the
17 owner? Your software won't permit you to change
18 the year end?

19 **MS. JEANETTE CLAUS:** Every software

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1 vendor is different. Some don't need -- some of
2 them will create --

3 *MS. WALKER: I'm talking about the CA*
4 *software.*

5 **MS. JEANETTE CLAUS: Right. But**
6 **there are several different software vendors out**
7 **there. They all created a voucher**
8 **(indiscernible) and they don't all trade in MAT**
9 **thirty, nor do they all have the ability to**
10 **change -- I mean, some don't offer the mechanism**
11 **to do what you're asking.**

12 **So, what you're going to receive,**
13 **perhaps, from those that have software that's not**
14 **compliant, you will receive a MAT thirty from the**
15 **owner agent. So, they've paid something. The CA**
16 **has to -- now you've got an accounting nightmare**
17 **because (indiscernible) --**

18 *MS. WALKER: Those adjustments will*
19 *be made against those individual vouchers,*

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1 *though. That's how that can be handled.*

2 *However, the requirement in accepting this*
3 *contract was that you could transmit the MAT*
4 *thirties. We made that very clear and specific.*

5 **MS. JEANETTE CLAUS: It's the same**
6 **for 201B.**

7 *MS. WALKER: In 201B, not only are*
8 *you required to send what the owner sent, but you*
9 *are actually required to enter what was approved.*

10 *So, those are two discreet amounts in 201B.*
11 *What Fred was saying about the extension of the*
12 *201B requirements, you know that whenever we do a*
13 *TRACS change, we accept both formats for a period*
14 *of time. So, if it turns out that there are*
15 *difficulties with the conversion to 201B, than we*
16 *can extend the time under which we accept both*
17 *formats. That's what we are contemplating doing.*

18 *So, like I said, rather than making*
19 *it a year end settlement issue, I would prefer to*

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1 *make it an issue of having to adjust the voucher.*

2 *If there are indeed cases, and I'd like to*
3 *discuss this probably at the TRACS meeting*
4 *tomorrow, but if there are indeed cases of*
5 *contract administrator software that preclude you*
6 *from making changes to the voucher amount before*
7 *they are submitted to HUD, because it's always*
8 *been -- and I admit to you, I am not a TRACS*
9 *expert. My name has probably been associated*
10 *with the TRACS quite a bit, but I am not a TRACS*
11 *expert.*

12 *But, it had been my assumption that*
13 *the data that a contract administrator sends to*
14 *HUD, whether it be MAT tens, for tenant*
15 *certification, or MAT thirties for voucher*
16 *amounts, are corrected data. And -- that's what*
17 *it is supposed to be though. I do know that is*
18 *what it's supposed to be. I wouldn't be*
19 *surprised if it has not been, but I do know that*

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1 *is what it's supposed to be.*

2 MR. WIRRICK: You could probably
3 check with folks from EPS tomorrow just to verify
4 my statement here, but I'm pretty certain that
5 what we approved at initial level is the MAT
6 thirty that's being sent to TRACS. So, I don't
7 think there's a difference on our end. We're
8 basing it, this recommendation, we approved in
9 that particular amount in the MAT thirty you sent
10 directly to TRACS. When we follow that up with
11 what we approve, with what's on the TRACS
12 website. So, I guess I don't -- that --

13 MS. WALKER: Say that again. I mean,
14 the amount that you are sending is the amount you
15 approved, right?

16 MR. WIRRICK: Exactly. Yes.

17 MS. WALKER: And that's the way it
18 should be.

19 MR. WIRRICK: I'm hoping that's the
20 case everywhere else, but what we approved

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1 in-house at FISCTA is the amount that's being
2 sent by the MAT thirty to TRACS.

3 MS. WALKER: Right. We will have to
4 deal with whether they are software that CAs --
5 you see, there's project level software and
6 there's CA level software. So, if they are CA
7 level software or software that the CA is using
8 to do their function, that does not accommodate
9 that approved amount being captured, then that is
10 a bona fide issue that must be addressed with
11 that software vendor, or it might be software
12 that was done in-house or whatever.

13 That is an issue that must be
14 addressed, because that is a correction that
15 would have to be allowed, because the requirement
16 is that you send the correct data. I mean,
17 that's part of the reason for having a contract
18 administrator and having the data flow through
19 the contract administrator is so that when the
20 data comes to TRACS from a contract

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1 administrator, we can make the assumption that
2 it's right.

3 MR. TOMBAR: I promise you, I won't
4 take anybody's administrative fee right now, but
5 how many of you all are sending in amounts that
6 haven't been approved to us by way of TRACS on
7 the MAT thirty? Or think you maybe doing that?
8 You said it, right there.

9 MS. CONLEY: Patricia Conley,
10 Delaware. (Indiscernible) to the electronic
11 submission, but we allow them a thirty day --
12 (indiscernible) allowed them thirty days. They
13 pay on late recert for thirty days. So, we
14 continue that process to say you have thirty days
15 to make that correction. If you don't make that
16 correction with your next submission, we're not
17 paying. We're not paying --

18 MS. WALKER: You mean on the
19 certification data?

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1 MS. JEANETTE CLAUS: But, you're
2 talking individuals.

3 MS. WALKER: Are you talking about
4 the certifications?

5 MS. CONLEY: Yes. I'm talking about
6 the certification, because we don't pay anything
7 at all.

8 MS. WALKER: *Well, let me*
9 *clarify -- you don't pay them anything at all,*
10 *and therefore you wouldn't be submitting -- if*
11 *you're not going to pay them, then you wouldn't*
12 *submit it to us until you were ready to pay them.*
13 *So, that would also correct that kind of,*
14 *inconsistency in timing.*

15 MS. CONLEY: It's still a month later
16 than what they're talking.

17 MS. WALKER: *Whenever you send it, we*
18 *will send it back to you in the amount that was*
19 *sent. And let me make one other clarification,*
20 *because I have had this question.*

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1 Oh, I'm sorry. I was supposed to
2 repeat the question. I'm bad at following
3 directions, I guess. The question was that, what
4 happens because they allow the owners thirty days
5 to make corrections when they've found errors in
6 their submissions. And, they don't pay the owner
7 until they get the correction in. Am I right?

8 MS. CONLEY: We pay them the first
9 time, and then we hold the second one.

10 MS. WALKER: Okay. They pay them the
11 first time, but they won't allow a second payment
12 until the data are corrected. That would be the
13 same thing that you would do.

14 In other words, if you are paying the
15 owner, that, under the ACC is your agreed -- I
16 mean, that's another issue as to whether it was a
17 valid reason for paying the owner, whether the
18 owner was paid properly or not. I think it's one
19 hundred percent, and I don't know if you all

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1 *backed off on that one hundred percent pre-review*
2 *requirement, however, if that's what you --*

3 MR. TOMBAR: We did not back off that
4 at all.

5 MS. WALKER: Okay. So, don't quote
6 *Eileen Walker as saying, it was okay for you to*
7 *pay an amount over -- pay an amount that you*
8 *couldn't approve, but if that were the practice*
9 *and if that were established as a valid practice,*
10 *than that's the same thing that you would do,*
11 *because I would assume that any adjustments that*
12 *had to be made as a result of corrections would*
13 *be reflected on future vouchers. Yeah.*

14 *That's the same thing that I'm*
15 *saying, that if the software has to catch up in*
16 *time, then it's behind time -- the catch up is*
17 *behind time, but you would have to keep track of*
18 *that and make the adjustments on the subsequent*
19 *vouchers.*

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1 MR. TOMBAR: Let me say this, that
2 the assumption and the expectation is that you
3 all were reviewing the vouchers before they --
4 when they were submitted, approving the amount
5 that the owners had requested, sending that
6 approved amount onto us. That was the basis for
7 this change, that we knew exactly how much that
8 owner earned on a particular month based upon
9 your review and your submission to us. So, then
10 we could pay you all the actual amount earned on
11 behalf of that owner for the given month there,
12 and offset against the actual amount earned where
13 we have a 202-8 offset. So, that is the
14 assumption that we have now, and it's based upon
15 the annual contributions contract that we have
16 with you all. So, again, we won't take any
17 administrative fee away retroactively, but get it
18 straight because this is the expectation going
19 forward.

20 MS. WALKER: And there's one other

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1 clarification, these vouchers coming in from a
2 contract administrator are not subject to the
3 normal TRACS edits. We will take what you send
4 us and we will pay you. Those vouchers coming in
5 from owners are subject to all kinds of edits,
6 and that could cause those vouchers to be held.
7 If it comes in from a contract administrator and
8 if it's assigned to that performance based ACC,
9 we will pay that amount just so long as the
10 budget authority, of course, is available for it
11 to be paid.

12 Okay. Next question.

13 **MS. BLOOM: Colleen Bloom, American**
14 **Associates for Homes of (indiscernible), on the**
15 **owner onsite. I do not to pretend to even begin**
16 **to understand the complexities of the**
17 **transmissions between these parties, let alone**
18 **the allegations. If this is targeted towards, as**
19 **I understand it, improving the flow of funds to**
20 **the property in a timely fashion, I greatly**

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1 applaud you and it sounds like that's where
2 you're headed.

3 My question is from the owner
4 perspective of the raised issue of the 202, will
5 the owner then be -- beginning with this new
6 process beginning with April first, receiving the
7 exact amount of the full contract or will you be
8 drawing back the amount of the debt service
9 payments so that they'll only be receiving the
10 rental assistance portion that would not be
11 returned to HUD? I just want to clarify which
12 we're supposed to be getting.

13 MS. WALKER: *First of all, I thank*
14 *you for that support in terms of moving in the*
15 *right direction so that everybody gets what they*
16 *need when they need it, and on time.*

17 *I think the principle part that was a*
18 *question is, what would the owner be receiving?*
19 *Is it the difference between the HAP assistance*

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1 as offset by the mortgage payment, or would it be
2 the entire amount? In that under this procedure
3 the system would be offsetting the mortgage
4 payment, but against the actual HAP, but not
5 against the requisition. That is what has caused
6 us the problems in handling, and the need to have
7 to do a whole lot of reconciling right now with
8 the loan system, because what it's doing now is
9 where the contract administrator has estimated a
10 thousand dollar HAP payment, the system is
11 offsetting the mortgage payment based on a
12 thousand dollars of subsidy. Where if the owner
13 doesn't realize a thousand dollars of authorized
14 subsidy and it's only eight hundred, now we have
15 an adjustment with the loan system. So, getting
16 the eight hundred dollars in is what's going to
17 correct that issue, and the offset will be made
18 against the eight hundred.

19 Now, of course, if the mortgage

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1 *payment were actually nine hundred or twelve,*
2 *then the requirement for the owner to make up the*
3 *difference in order to be in good standing with*
4 *the loan system is still a requirement. All*
5 *those -- see, there's another set of adjustments*
6 *involved because even -- if the payment was*
7 *twelve hundred, the requisition was a thousand,*
8 *the authorized HAP payment was eight, then not*
9 *only is there a reconciliation between the eight*
10 *and the thousand, there's also the reconciliation*
11 *with what the owner has had to send in to make --*
12 *and it is a -- bear.*

13 *MR. TOMBAR: In that example, I*
14 *should say, in that example, our field office and*
15 *not the contract administrator would be*
16 *responsible for going and getting in contact with*
17 *the owners to get the two hundred dollars or so*
18 *back to the department.*

19 **MS. BLOOM: (Indiscernible) basis,**

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1 perhaps we could have a discussion on how we can
2 facilitate the information to those owners who
3 maybe in arrears or overages, or whatever, in
4 terms of straightening out receipts and
5 (indiscernible).

6 MS. WALKER: We would definitely
7 welcome that, and that is on an off-line basis
8 working with the owner representatives to work
9 out how we actually carry out those
10 reconciliation and I definitely do welcome that
11 collaboration, definitely.

12 Okay. I think this was the next hand
13 I saw, and then maybe second questions. Okay.

14 MS. PAULHUS: Cheryl Paulhus,
15 Paulston and Associates, PHFA.

16 I actually have two questions.
17 Question number one is, TRACS in the past has
18 always accepted the dollar off. That's always
19 been acceptable for TRACS in the rounding.

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1 Obviously, I can't deal with a dollar off, I'm
2 doing a hundred percent reconciliation on the
3 properties. So, my assumption at that point is
4 being a dollar out, I'm adjusting my voucher to
5 go ahead and deal with their one dollar, either
6 that or you know, they've sent out lease
7 amendments and leases to the tenant and the -- as
8 the amount they're paying. Number one, is that
9 acceptable?

10 And, the second question that I have
11 is, I like holding all of the vouchers until the
12 twenty-fifth of the month and give you all of
13 them at once. Would you prefer that or on a
14 staggered basis, does it matter?

15 MS. WALKER: The first question was
16 TRACS has -- and I'm not quite sure I understand
17 the first one -- TRACS has always accepted a
18 dollar off. A dollar off of what?

19 MS. PAULHUS: Rounded. In doing the

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1 **50059, the rounding.**

2 MS. WALKER: In the 50059, it's
3 *accepted rounded numbers. This -- hopefully,*
4 *this procedure wouldn't be effected by it,*
5 *because the certification is one thing, the 50059*
6 *is one thing and the voucher. We don't check.*
7 *We're not at the point where we're generating the*
8 *voucher from the 50059.*

9 MS. PAULHUS: But see, our software
10 does check the 50059s. It is doing the
11 calculation internally, checking the calculations
12 of the 50059. So, if our software is saying that
13 no, the rounding is of this amount, they're --
14 MAT ten is coming in at a different amount.

15 MS. WALKER: Okay. So, your software
16 *is making the calculation precisely to the to the*
17 *penny. If the owner is submitting it so that the*
18 *result is a dollar different, then you're saying,*
19 *do you have to make the adjustment or are you*

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1 *just telling us you're going to make the*
2 *adjustment?*

3 MS. PAULHUS: No. I'm asking you
4 whether you find it acceptable. I contacted the
5 support desk and they had no idea at all. I was
6 on the phone with them an hour, and they had no
7 idea how to handle that. So, because of that,
8 what we ended up doing was adjusting their -- our
9 voucher to match their voucher, but because our
10 software does the calculation of each 50059 as it
11 comes in --

12 MS. WALKER: That would be a
13 tremendous manual effort.

14 MS. PAULHUS: Yes. On one particular
15 property, it was twelve dollars off. There were
16 twelve folks that were a dollar different.

17 MS. WALKER: Now, you're talking
18 about a dollar on each household.

19 MS. PAULHUS: Right, exactly. So,
20 after a while -- right.

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1 MS. WALKER: Fred, help me out. It's
2 the first I've heard about this.

3 MR. TOMBAR: I thought it was just a
4 dollar per project, I was going to tell you --
5 (simultaneous discussion) but a dollar per
6 household's a different matter.

7 Sam, you have something to offer on
8 this one, because this is alluding me.

9 MR. AUSMUS: *Sam Ausmus, of IPAM (ph)*
10 *Software. Because of this issue of computing*
11 *both adjustments and rounding issues, the*
12 *industry software providers started a process of*
13 *talking to one another to come up with the*
14 *correct -- excuse me, a common set of formulas.*
15 *Not correct, we'll call them a common set of*
16 *formulas, so that when the CA's grade the 50059,*
17 *the MAT ten record, they come to the same*
18 *calculation that the site based software computed*
19 *so that we don't have these issues of a dollar*
20 *being in the rental adjustment for both move-ins,*

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1 *move-outs, there are just a whole mammoth --*

2 MS. WALKER: Yeah. There's a whole
3 host of things that can --

4 MR. AUSMUS: We started that dialogue
5 this month, and we're hoping to talk about it
6 tomorrow and the next day. But it will be months
7 before it's fixed, probably 201B (ph) --

8 MS. WALKER: Right -- who will fix
9 it, because in 201B, there will be two discrete
10 amounts there; what the owner submitted and what
11 you approved. And if that's \$12 difference, then
12 you're approving --

13 MS. PAULHUS: We have rounding issues
14 on everything. We have rounding issues from
15 special claims, from adjustments, to the 50059
16 (ph). And when you have software that's doing
17 all of those calculations and now you have all of
18 the Mat 10s Coming in, the Mat 30s Coming in, all
19 of a sudden, you've got a property that's off
20 23-, \$26. But it all deals with each 50059

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1 individually.

2 What Sam said is correct: we do need
3 that. But, in the meantime, how would you guys
4 like it (indiscernible).

5 MS. WALKER: Sam said that the
6 software vendors that support the project owners
7 are now coming together to come up with a common
8 set of computations that will be consistent with
9 the Contract Administrator software, to attempt
10 to mitigate those kinds of discrepancies into the
11 future.

12 But, as for now, it would be a
13 matter, I guess, of entering the difference. I
14 mean, at what point is it substantial enough,
15 Fred?

16 I think we all agreed that one dollar
17 per contract was not a significant departure.

18 MR. AUSMUS: But HUD has delivered
19 one dollar per 50059 in the past.

20 MS. WALKER: Well, that's what I'm

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1 saying: if that results in a thousand-unit
2 project of being a thousand dollars difference,
3 that clearly is not acceptable. But at what
4 point does it become acceptable in between a
5 dollar and a thousand?

6 MR. AUSMUS: But you've been living
7 with that since the beginning of TRACS.

8 MS. WALKER: What you're saying is
9 the owner has been submitting it to us \$12 off.

10 MS. PAULHUS: And you've been paying
11 it.

12 MS. WALKER: But now we have you.
13 That's why we hired you.

14 (Laughter)

15 MR. TOMBAR: This is obviously
16 something we'll have to get back to you all on.
17 Quite soon, we will. Unfortunately, this is new
18 to me and, I think, most of us up here.

19 But it sounds like there's already a
20 precedent. And if that's so, we might be leaning

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1 heavily on the precedent. But I just want to ask
2 some folks, who aren't here, a couple of
3 questions before we make a decision.

4 MS. PAULHUS: And how long do you
5 think it would be, Fred, before you could get
6 back to us on that?

7 MR. TOMBAR: I would imagine that by
8 sometime on Thursday.

9 MS. PAULHUS: Thursday. All right.
10 Thank you.

11 MS. WALKER: Are you going to stay
12 with us for those meetings?

13 MS. PAULHUS: I will.

14 MS. WALKER: You're going to stay
15 with us tomorrow and Thursday?

16 MS. PAULHUS: Yes, I will.

17 MS. WALKER: We'll have answer by
18 then.

19 We did put out on the web page that
20 those submissions of the 2018 would have to be

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1 adjusted -- the amount would have to be adjusted
2 to the extent that what the owner submitted to
3 the CA and what is passed on to HUD is different.

4 We saw, at some point, the need to make that
5 clarification.

6 Although, like I said, from my
7 impression, I thought that's the way it was all
8 along. But we did make that clarification when
9 we posted the announcement on the web page.

10 Now, I am way over time in terms of
11 the schedule. However, we started late.

12 There's actually a whole other thing
13 I was supposed to be addressing.

14 What do you think I should do? Do
15 you think I should continue on or come back after
16 the break? Let's continue on and just get --
17 let's take these two questions.

18 **MS. PAULHUS: Eileen, could you just**
19 **answer the second half: does it matter on the**
20 **TRAC transmissions -- do you care one way --**

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1 MS. WALKER: No. As to whether -- okay. The
2 second question was she could hold the
3 transmissions and do them all on the 25th or she
4 could submit them as they are approved.

5 It doesn't matter.

6 Okay. The two questions -- one right
7 here.

8 **PARTICIPANT: I wanted to ask you**
9 **(indiscernible) funding to go through the year.**
10 **And I don't know how you're handling that**
11 **(indiscernible) because there are no funds.**

12 MS. WALKER: Right. I have a list
13 here --

14 PARTICIPANT: I missed the question.

15 MS. WALKER: Oh, I'm sorry.

16 She's asking what are we doing on the
17 underfunding contracts; those where -- actually,
18 there's really two levels of this question: one
19 where a budget has been approved that exceeds the

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1 amount of funds that are available on the
2 contract. I'll address that.

3 *Secondly is the more urgent one,*
4 *where you have payments that are due -- best*
5 *case, this month; worst case, December or*
6 *January -- that were due and there are not enough*
7 *funds in the contract to pay them.*

8 *We did get an increase in our*
9 *allotment for amendments, on Thursday of last*
10 *week. That's really the primary reason I'm not*
11 *prepared for this demonstration; because we've*
12 *been given that priority in terms of turning that*
13 *around to get you the funds.*

14 *We have been slow because none of our*
15 *routines were designed to address specific*
16 *contracts that had rejected vouchers. And that's*
17 *what we've been trying to give priority to. And*
18 *there are funds currently in process -- the*
19 *accounting office has them -- that should make*

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1 *some of the payments that you're missing made*
2 *whole; hopefully, a large number of them, very*
3 *shortly.*

4 *I have a fresh list, this morning,*
5 *that gives me a comprehensive report on which*
6 *vouchers are on hold in the system, waiting for*
7 *additional funds, and guaranteeing you that by*
8 *the end of this week, we should have all of those*
9 *made whole and, to the extent that the additional*
10 *allocation we received can be applied to future*
11 *payments, those reservations will be prepared and*
12 *forwarded to accounting.*

13 *So I do expect that in a relatively*
14 *short period of time -- and I would say by the*
15 *end of next week, hopefully -- we will have made*
16 *whole any payments that are past due or are*
17 *currently due for March.*

18 *One thing I do want to point out is*
19 *that as many contracts as I have here that are on*

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1 hold for insufficient payment, there are as many
2 or more that are being held for expired contract.

3 And that's the subject of the other
4 issue that I want to go over with you, so I can
5 try to make sure that we are all at least coming
6 to consensus on what we have to do in order to
7 make sure that renewal funds are available.

8 And that's what I wanted to say about
9 a deficit budget being approved. A budget is for
10 the Housing Authority fiscal year. If the
11 contract expires during that period, it may be
12 reasonable that the budget be approved in deficit
13 because the renewal has not been funded.

14 And we didn't want you to have to go
15 back -- we didn't want you to have to do a
16 partial requisition that you would then have to
17 go back and revise when the renewal came, and
18 along with all the other adjustments that you
19 would have to do, ongoing. That's why we set up

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1 the system so that you could go ahead and approve
2 a requisition schedule for the entire year.

3 So we've got two issues. It's not
4 just insufficient funds that result in
5 nonpayments; but I want you to be aware that it's
6 also the renewal process that is impacting the
7 nonpayment issue. And we do want to go over
8 those steps to try to make sure that those
9 contracts -- that payments commence on those
10 contracts, just as soon as possible.

11 Now, from looking at the statistics
12 that we've done over the entire portfolio, it is
13 indeed the nonrenewals that are the majority of
14 the nonpayments. They outnumber the insufficient
15 funds nonpayment something like three to one.

16 So you just need to be aware that it
17 may not be a matter of not having enough money,
18 but needing to get through the renewal process.
19 And that could be a matter that is directly

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1 *related to what the owner has not done, as well*
2 *as to the new process that Peter just went over,*
3 *et cetera, et cetera.*

4 *The second question?*

5 **MS. REYNOLDS: Julie Reynolds,**
6 **Jefferson County.**

7 **This kind of segues in to the**
8 **question that I had. We've got six contracts**
9 **that we were not paid for, for February and**
10 **March. Can't figure out why. They were not a**
11 **shortfall, they were not a contract renewal.**

12 **Long story, short: Our field office**
13 **said that, no, we don't know why these things**
14 **have not been paid. Any idea on who can tell us**
15 **why they haven't been paid?**

16 *MS. WALKER: The question was --*
17 *they've got six or eight contracts that were not*
18 *paid for February and March and nobody seems to*
19 *know why they weren't paid.*

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1 I'm sure we can figure out why they
2 weren't paid. If the payment was (indiscernible)
3 there will be a reason associated with it.

4 Now, we've run in to a few -- I've
5 got a list of the insufficient funds here, and
6 there's another list that I didn't bring down of
7 the expired contracts.

8 So, get with us after the meeting.
9 We can at least establish whether it's on one of
10 those two lists.

11 Now I have encountered a few
12 instances where, for reasons unbeknownst to us,
13 the payments were not being made by
14 (indiscernible) when firms were there. And we
15 made some adjustments. We worked with
16 (indiscernible).

17 One of the reasons was that when a
18 requisition schedule was approved, because we had
19 allowed it to be approved for the entire Housing

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1 Authority fiscal year, if there was a month there
2 that represented time after -- in other words,
3 that were associated with a need for renewal
4 funds -- so, say, six months into the Housing
5 Authority fiscal year, the contract needed to be
6 renewed, what (indiscernible) was doing was tying
7 down whatever money was there and not allowing
8 current payments to be made. We fixed that. So,
9 hopefully, that's not the case. We fixed that a
10 couple of months ago.

11 But, at any rate, get with me after
12 the meeting and we'll find out why you didn't get
13 paid.

14 MS. REYNOLDS: And my other
15 question -- I'm sorry -- I am one of the 12/31
16 fiscal year ends. I have been told that I have
17 an additional 45 days to do my settlement
18 statement. But you're telling me, now, that I
19 still may be butting up against that.

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1 **The last thing I was told is I need**
2 **to do a sheet on every, single one of my**
3 **properties and modify it. Is that not --**

4 MS. WALKER: *That's the way we*
5 *thought we would have guidance out by now. You*
6 *will not be penalized for the delay. Whatever*
7 *time we took, in addition, we will allow you.*

8 *My only concern is where there's a*
9 *deficit and an owner is not being paid because of*
10 *the need to do the reconciliation.*

11 MS. REYNOLDS: So I just need to hold
12 off until you all --

13 MS. WALKER: Yeah. And then you'll
14 be given 30 to 45 days to finish the process.

15 PARTICIPANT: Can we have a copy of
16 that list?

17 MS. WALKER: Well, I hesitate to give
18 the whole list out to everybody. What I'm going
19 to try to get Sean to do for me is to dump this
20 data into a database where we can sort it by

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1 Housing Authority, and give you your list. We
2 may not be able to make good on that today. Will
3 most of you be with us for tomorrow and the next
4 day? So we'll have that available, and then
5 we'll just give them out.

6 PARTICIPANT: (Indiscernible.)

7 MS. WALKER: Okay. We'll pass that
8 along to your CAOM. Get it from the CAOM. We'll
9 get those reports configured and out to the CAOMs
10 and you can get them that way.

11 The other thing we'll be providing
12 are the actual increases that have been made
13 against these particular payments, so you'll know
14 whether something is in process and what it's in
15 process for.

16 Okay. Well, I think that was
17 supposed to be the last question on that.

18 Let me quickly get through this
19 renewal procedure. Then, at the tail end, if
20 there are any other questions left, I'll try to

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1 stay around.

2 Now, the other issue that we need to
3 deal with is when the contracts under the new
4 Section 8 policy are prepared, we need to get
5 those obligations recorded in the accounting
6 system. And, without the budget authority on the
7 contract, now, our accountants don't have a way
8 of recording that information.

9 So we do have a memorandum in draft
10 that we've prepared for you that attempts to
11 address the major issues that would have come out
12 of the transition from the old Section 8
13 policy -- the 99-36 -- to the new Section 8 user
14 guide.

15 So we just briefly try to recap what
16 the renewal requirements are. I guess we mostly
17 have PBCAs in here, so we don't have to so much
18 deal with the term link (ph).

19 This memorandum is for all CAs. So,
20 for the non-performance-based CAs and for those

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1 of you all who still have contracts that are not
2 performance-based contracts, we do clarify that
3 the term of the ACC and the term of the HAP are
4 now completely mutually exclusive; so, for a
5 non-performance-based ACC, that ACC renewal is
6 separate from HAP renewal.

7 So, if the owner is due five years or
8 20 years or whatever, at the discretion of the
9 director, the HAP would be renewed. For the ACC
10 or that non-performance-based ACC, it would be
11 only one year.

12 I believe there still is an issue
13 with a document that I've been trying to get
14 clarified, and we need to get finalization of
15 what that ACC document should be. But we will be
16 doing that.

17 The budget authority is another
18 issue, whereby we have estimates in the system
19 for each renewal that is anticipated for the
20 fiscal year, and that's what field offices use

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1 for HUD-administered contracts. Now that
2 contract administrators are responsible for the
3 renewal processing and for entry of the data into
4 REMS, the field offices are now dependent upon
5 those REMS entries to get the data on the new
6 rent.

7 What I've done in the memo is try to
8 outline for you so you can understand what the
9 computation is. If we had enough money, we'd
10 just fund the contracts based on the rent
11 potential. But we don't have those kinds of
12 funds. And the differences -- when you talk
13 about a dollar, now that we're up to the point of
14 having 100- to 200,000 units expired in a year,
15 that could become a substantial amount if we are
16 not attempting to fund them based on our
17 expectation of what the subsidy payments are.

18 So, for clarity, I wanted you to
19 understand what the formulas are that we're using
20 for the computation of funding for both contract

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1 amendments and renewals.

2 Basically, what the system will
3 provide for our field office is an estimate of
4 the funding requirements, based on historical
5 payments. They'll take the amount that's been
6 paid on that contract over the number of units
7 that it's been paying for. So it computes an
8 average for the billed units and then applies
9 that to the total number of units under contract.

10 That usually provides an adequate cushion in
11 terms of any special claims and what-have-you.

12 We have done that analysis and found
13 that this formula pretty much works without
14 having to make an adjustment for the anticipation
15 of special claims. At that point, what we would
16 want to do is take the difference in the rent
17 potential that has resulted from the renewal rent
18 going into place.

19 So it would be the gross rent
20 potential on the old rent, subtracted from the

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1 rent potential from the new rents -- whether that
2 would be an increase or decrease -- and that
3 amount would be applied to the original estimate
4 of what the subsidy is on the historical
5 payments.

6 Now the limitation that the field
7 office has, now, is that they have to rely on you
8 to know what the new rents are. Whereas, we had
9 anticipated -- and, actually, I thought we had it
10 automated -- there has been some difficulty with
11 the system being able to identify the new rents
12 as they reside in the REMS renewal module. And
13 that's what we're relying on.

14 I understand there are also some
15 issues with the entry of the data and
16 availability of the data. So we're continuing to
17 try to resolve those issues. Eventually, the
18 system will be able to compute the difference
19 between the old rent potential and the new rent
20 potential.

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1 What I plan to ask you -- the memo,
2 as it's current written, doesn't ask you to do
3 it, but some conversations I've had with the
4 field in the past few days, I think it might be a
5 good idea to ask you to provide to the field
6 office what the change in the rent potential is.

7 Scream if that's a bad idea and I'll
8 make the field office deal with it. But I know
9 it would be helpful to them if, in the course of
10 renewing a contract, that you could provide them
11 with the computation of what the changes in rents
12 are.

13 What I'll do is provide a worksheet
14 with the memo and something that you could just
15 quickly fill in and send to the field office. It
16 would serve a couple of purposes. It will
17 benefit you, in that you will know that the field
18 office is aware that funding needs to be
19 processed on that project.

20 Then, it would benefit the field

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1 office in having ready -- without having to go to
2 REMS and print the new rents and make the
3 computation and get the old rents out of TRACS
4 and make the computation. It will probably
5 facilitate their being able to expedite the
6 renewal.

7 So that's the modification in the
8 memo that I'm going to make. To follow, part of
9 the computational course would then be to
10 multiply that, times the number of months in the
11 renewal term or in the funding period, which is
12 going to be limited to 12 months, regardless of
13 what the remainder of the term of the contract
14 is.

15 So, once the field office has that
16 information, they'll go ahead and reserve the
17 funds in the system and provide to you a revision
18 in the ACC -- in Exhibit C of the ACC that
19 identifies all of the additional amounts that are
20 being provided in conjunction with contract

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1 renewals.

2 What we've asked in the memo is that
3 field offices provide you with a copy of the
4 TRACS report that's produced at the point that
5 the reservation of funds are going into the
6 system. And that will give you some advance
7 notice as to what the actual funding amounts are.

8 It will also be confirmation to you that that
9 process is proceeding.

10 So that would come from your CAOM.
11 It will be a list of amounts. It's called the
12 TRACS ARAMS Reservation for Approval Report.
13 We're providing that to you as a courtesy so you
14 can proceed with the preparations of the
15 documents that are associated with the budget
16 authority.

17 However, we would ask that you
18 wouldn't execute the HAPS -- execute the funding
19 document, I should say, until you get the actual
20 revision to the ACC. I won't call it an

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1 amendment, for Cyndy's sake. But we're calling
2 the revisions that actually augment amounts in
3 Exhibit C -- they don't actually give you a
4 recapitulation of the entire portfolio, but just
5 the projects that are being funded and the
6 amounts.

7 Examples of those documents will be
8 provided for in the Memorandum. I wish I could
9 have provided a draft for you today. We are very
10 close to getting a draft -- I mean, to getting
11 the final done but I didn't think it was at the
12 point that we would -- I didn't want to cause
13 further confusion.

14 What we will be asking you to do, in
15 addition to preparing the documents for the
16 renewal of the HAP, as stipulated in Peter's memo
17 on the Section 8 Renewal User Guide, we'll be
18 asking you to prepare a one-page document that
19 basically identifies for the owner -- it's a
20 notification to the owner and also for Fort

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1 Worth, of the amount of budget authority that's
2 being provided for the renewal.

3 And that will be the document that
4 Fort Worth will use while it's incumbent upon
5 them to still make those entries into the system,
6 until we actually obligate the budget authority
7 and make those amounts available for payment.

8 So I wanted you to be aware that that
9 could be the reason that some of these projects
10 are in the system with a status of non-renewal;
11 whereas, you may have completed the renewal
12 process, the funding may have been reserved by
13 the field office.

14 But if that final step of the HAP
15 getting back to Fort Worth with the amounts that
16 they can obligate hasn't been completed, then
17 that might be the only thing that has to be done.

18 I just want to say one more thing:
19 and that's to discuss the difference between the
20 initial subsequent renewals, where a document

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1 with a HAP contract is actually required in order
2 to complete the renewal. Because, in those
3 cases, we would have you just attach this
4 one-page notification to the owner of the budget
5 authority to that contract; but that both of
6 those documents, together, is what constitutes
7 the renewal document.

8 Where we're talking about a
9 multi-year contract and we're beyond the first
10 year -- so it's the second year of a five-year
11 contract or whatever -- the only thing that's
12 required is the notification form.

13 So, as long as you have the funds
14 that have been provided by the field office and
15 you have confirmation that those funds have,
16 indeed, been reserved and obligated in the
17 system, then at that point, all that is required
18 is preparation of notification to the owner that
19 these funds are being made available for that
20 additional one-year period. And then that would

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1 be the document, stand-alone, by itself, that the
2 accounting center would need in order to obligate
3 the funds.

4 So that's basically what the memo is
5 going to say. Like I said, we're providing
6 examples of all of these documents. We even
7 discussed the adjustment to the effective date
8 that is necessary for the markup to market cases
9 where the owner was late.

10 The notification document does
11 provide for a separate effective date for the
12 renewal rents, as opposed to the budget
13 authority. They're different. And I promise
14 you, between now and the time that I send out
15 this memo, I'll figure out where I'm going to ask
16 you to repeat the rent.

17 We designed this document to serve
18 several purposes. If there's just a regular rent
19 increase and you want to notify the owner of the
20 new rent and the funding associated with it, it

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1 can serve that purpose.

2 Of course, when you're doing the
3 second, third, or fourth year, there are going to
4 be rent increases, (indiscernible) increases, and
5 what-have-you. This one document will facilitate
6 the notification to the owner, so there is a
7 place for rent on there.

8 When it's an initial or subsequent
9 renewal -- I think I need to think about that a
10 little bit more; as to whether you would be
11 required to put the rent on the notification
12 document. Right now, we're not requiring the
13 field offices to do it.

14 The only instance where it would
15 become an issue is where the effective date of
16 the rents would be different from the date of the
17 renewal. So I'll think about that and try to
18 make that clear in the memo.

19 Any questions, quickly? And I'll
20 take a couple of quick ones and then we'll break.

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1 We've got to break.

2 MR. HERNANDEZ: Isiah Hernandez.

3 One issue is the rising -- we're required, under
4 the terms of our contract, to review utility
5 allowance schedules. We're finding that the vast
6 majority have not been reviewed or updated in
7 years -- years upon years.

8 That's becoming a concern that,
9 obviously, there are residents out there who are
10 at a much lower amount than they probably should
11 be. In our dialogue with some of the field
12 staff, they're questioning our recommendations
13 and what's happening out there. So there's
14 probably a funding issue, in the future, that's
15 going to rise out of the recommendations, that
16 you need to be aware of.

17 Secondly, probably more field staff
18 work might be a motive in terms of that utility
19 allowance requirement and what's going to be

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1 **happening.**

2 *MS. WALKER: The question was --*
3 *utility allowances have not been reviewed for a*
4 *number of years with these contracts that you're*
5 *getting. We are doing the utility allowance*
6 *reviews at this time and, apparently, there's*
7 *some disagreement with the field office as to*
8 *what?*

9 **MR. HERNANDEZ: No, No. I don't**
10 **think they are aware that we're reviewing these**
11 **things, and we're coming up with a lot of active**
12 **recommendations to update some of these utility**
13 **allowances that are quite outdated and need to be**
14 **reviewed.**

15 **So there's probably -- again, there's**
16 **been some discussion about funding not being in**
17 **place. That's fine. But we have an obligation**
18 **to review and make recommendations. I don't want**
19 **this to be a continuation of holding back on the**

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1 **renewal -- because that is occurring.**

2 *MS. WALKER: Okay. Well, one thing,*
3 *we've removed the utility allowance from the*
4 *schedule that appears on the contract or on the*
5 *notification. So the only thing that you'd have*
6 *to agree on, I guess, is the contract rent.*

7 *We have to make sure there's a*
8 *mechanism in place so that the utility allowances*
9 *can be properly recorded and reflected and*
10 *approved and what-have-you.*

11 *If the contract goes into place and*
12 *the renewal is approved and there is additional*
13 *funding needed, then that's going to be reflected*
14 *in the HAP. So the only issue is whether the*
15 *renewal is being held up. And I believe you get*
16 *to approve the renewals. I don't think that's*
17 *subject to field office approval, is it?*

18 **PARTICIPANT: No.**

19 **MS. WALKER: So the renewal is not**

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1 subject to field office approval.

2 MR. HERNANDEZ: That's not always the
3 case. I think that maybe there are some people
4 that are doing that. But the contract renewals
5 are often being sent there (ph).

6 MS. WALKER: The contract renewals
7 are often being reviewed by the field office?

8 MR. HERNANDEZ: Oh, yeah.

9 PARTICIPANT: (Indiscernible)
10 transition period.

11 MS. WALKER: Is it the transition
12 period?

13 MR. HERNANDEZ: Well, I think so. I
14 think that's probably the biggest --

15 MS. WALKER: So, officially, the
16 field office is responsible for the renewal. I'm
17 sure we can work that out.

18 PARTICIPANTS: No.

19 MS. WALKER: Uh-oh. I'm out of my
20 arena, obviously.

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1 MS. LEAR: You're right: during the
2 transition period, the field office is taking a
3 sampling to review contract renewals. But, de
4 facto, they should not be renewing every, single
5 contract renewal that you do. That was not the
6 intent of the transition period.

7 We specifically referenced them just
8 pulling a sampling. And the sampling was only
9 for a quality assessment process. It was not to
10 review your processing in terms of approving or
11 not approving.

12 All we were looking at and all we
13 want the field staff to do is to look at the
14 contract renewal to make sure that you are
15 processing them in accordance with the
16 requirements for the contract renewal. That's
17 all there is. It should not be holding up -- and
18 I guess I have to preface that by saying, unless
19 there's something fairly egregious in there, that
20 we have to stop it, it is only for quality

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1 assessment. Only.

2 And if it is something that is going
3 beyond that, then, obviously, we do need to be
4 aware of it so we can make sure we're clarifying
5 that to field staff.

6 MS. WALKER: But we've taken the
7 utility allowance off of the actual documents
8 that you'll be processing for the renewals. So,
9 of course, if there are additional amounts that
10 impact the funding, then that will be reflected
11 in the HAP payments that you're seeing.

12 MR. HERNANDEZ: It is a good idea to
13 have them reviewed because, really, they are very
14 outdated and I think in resident (indiscernible),
15 I think it's important.

16 MS. WALKER: I'll mention it could be
17 at this point.

18 Okay. One more.

19 MS. DU: I have one and then I'm
20 talking about the others.

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1 MS. WALKER: Okay.

2 MS. DU: One is, on the budget --

3 MS. WALKER: Your name and
4 affiliation.

5 MS. DU: Lucie Du, from HFA.

6 On the budget authority, we've been
7 actually actively been working with the field
8 offices as to setting the funding authority and
9 everything.

10 You were talking about -- what we've
11 been doing is we've been getting the average of
12 the historical payments and then we've been
13 applying whatever factor; whether it's price
14 percent factor or three percent or four percent
15 factor, depending on the rent increase numbers
16 and what it will allow us.

17 When you were talking about the
18 differential between the gross rent potential,
19 old versus new, are you talking about adding that

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1 differential -- actual differential or is what
2 we're doing based on the percentages?

3 MS. WALKER: The question was --
4 she's been actively working with the field office
5 in terms of establishing the budget authority
6 amounts. What you've been doing is computing the
7 average and applying a percentage increase based
8 on the percentage increase in the rent potential.
9 The question was is the difference between the
10 old rent potential and the new rent potential
11 going to be an addition to that.

12 We had always -- even when we were
13 using the percentages, we had always wanted to --
14 actually, what the difference in the old
15 potential versus the new potential does is it
16 guarantees that the entire amount of the change
17 in the rent is reflected in the formula. We had
18 always wanted to do that.

19 It's just, when field offices are

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1 *having to do it manually, sometimes it was*
2 *easier -- especially since we were allowing a*
3 *five percent automatic increase -- to just use*
4 *the five percent. Because when they knew that*
5 *the rent increase was less than the five percent,*
6 *then they just applied the five percent.*

7 *I would think that that technique*
8 *would still be acceptable. However, the*
9 *preferred way would be that if we know that, in*
10 *aggregate, the rents are going up by \$50,000,*
11 *that we get that \$50,000 fully reflected and*
12 *limited to that amount. So that's the rationale*
13 *behind the change of formula.*

14 *Okay. I'm going to get out of the*
15 *way. And I'll let these people, who are much*
16 *better than I at sticking to schedules, deal with*
17 *what comes next.*

18 *I thank you all for your time.*

19 MS. LEAR: *Thank you, Eileen.*

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1 (Applause)

2 MS. LEAR: Are you going to stick
3 around for a little bit? So Eileen will be out
4 the door.

5 A couple of things: We'll go ahead
6 and take a break.

7 If it's okay with Fred, we'll just
8 collapse his two pieces to the end of the day.

9 If we could be back by 3:20 -- let's
10 say, a 15-minute break.

11 Also, the other thing is --

12 PARTICIPANT: 3:15.

13 MS. LEAR: 3:15? Okay. 3:15.

14 The question records -- we have left
15 blanks out there. If you have any questions, at
16 all, about things that we've uncovered today that
17 you would like to see a response for, if you
18 could just drop them off at this front table,
19 we'll take them with us.

20 With that, we'll see you back at

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1 3:15.

2 (Pause for break)

3 MS. LEAR: We're going to go ahead
4 and get started again. If everybody could take
5 their seats. We're going to go ahead and
6 collapse both of Fred's pieces, schedule-wise,
7 due to time constraints.

8 MR. TOMBAR: There are a few things
9 that have come up during the day that I want to
10 reiterate before we get started on the things I
11 wanted to talk about this afternoon.

12 One is -- as I was saying, the
13 Inspector General just completed the annual
14 departmental audit. In it, there are two things
15 that they still point as material weaknesses for
16 us. One is in the area of financial control.
17 The other is in the area of systems. You all are
18 right in the middle of both of those because you
19 use our systems and you handle a whole bunch of
20 our monies.

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1 There's one thing that I heard
2 earlier that gave me heartburn: and that is that
3 there may be some vouchers that are coming
4 through from you all with the assumption that we
5 have that they've been approved -- the amounts on
6 those vouchers have been approved. That is not,
7 in fact, the case.

8 Fortunately, the process that we have
9 now, I think, deals with it all, works it all out
10 at the end of the year when we do a year-end
11 settlement. But going forward, obviously, that
12 won't be the case. What we pay on a monthly
13 basis will be based upon that assumption that
14 what you all send to us is an approved amount
15 that's actually earned by the owner on the
16 particular month.

17 So we ask you to pay attention to
18 that to make sure that what you're sending to us
19 is, in fact, the amount that's earned by the
20 owners.

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1 The other thing is that Eileen said
2 of the budget -- the annual budget that you all
3 prepare, that you'll have somewhere between 60
4 and 90 days. The number, I think, is 90 days.
5 It has to be in 90 days before the start of your
6 fiscal year.

7 That requirement hasn't changed.
8 Eileen hasn't -- like some of the rest of us --
9 memorized every IBPS and thought of its
10 implications in every part of the country. So
11 she just stays in the details of what she deals
12 with; and that's the money.

13 But the requirement -- the individual
14 performance standard is still 90 days in advance
15 of the end of the fiscal year -- start of the
16 fiscal year.

17 PARTICIPANT: Prior to --

18 MR. TOMBAR: The start. Okay. The
19 start.

20 At any rate, that was one thing I

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1 wanted to clarify, to make sure that we didn't
2 have any misunderstanding there.

3 Eileen asked me to speak to the issue
4 of the advance disbursement to you all on HAP
5 contracts. I know that I've been saying -- at
6 least four, probably like six months, now, to
7 those who wanted to hear it -- that we were
8 working on this and it was something that -- and
9 I said February or March, at the latest.

10 I always say that Pat Tombar didn't
11 raise her sons to be liars, but HUD has made me
12 one. I give dates all the time and, for
13 circumstances, beyond the control of anybody,
14 that take place, the dates are missed and they
15 slip.

16 One of the things I'll tell you
17 all -- just a short story. But one of the first
18 experiences I had in coming to HUD -- and I came
19 to HUD from a consulting firm. As a consultant,
20 you live and die by your deadlines. You either

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1 make them or you don't eat -- you don't get paid.

2 So deadlines were sacred to me. They were like

3 Sunday. They were sacred.

4 Here, I missed one deadline that was
5 really important. And it was important to a lot
6 of you all here because it was the first deadline
7 that we had for getting the Request for Proposals
8 out of the door. And I was told, as I came in
9 one morning, we're not going to be able to get it
10 out on that date because we have to go up on the
11 Hill and have a meeting with someone about this
12 RFP, and we can't do the meeting until sometime
13 after the end of next week.

14 My heart dropped. I said, "What?"
15 And then the attitude: "Oh, yeah, we forgot to
16 tell you that we had to do this meeting, anyway."

17 So it was something that we controlled, too.

18 Anyway, I left that day, as upset as
19 I possibly was and probably as close as I
20 probably was to wanting to leave because this had

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1 violated something that was a principle for me.
2 I realized that deadlines actually were
3 suggestions -- deadlines at this place are
4 suggestions and they're certainly not the law.
5 And it's not because folks don't --

6 (Indiscernible audience dialogue)

7 MR. TOMBAR: But the interesting
8 thing is that -- what I recognized is that the
9 deadlines were suggestions, because operating in
10 this place is so incredibly complex. It is
11 difficult to get almost anything done, and so
12 much happens that is merely unforeseen and beyond
13 the control of those who are involved in it.

14 Having said that, though, we are
15 still committed to the idea that you all -- that
16 the owners want their money on the 1st. They're
17 used to getting it, even though the contract says
18 that we will give the money to them -- I think
19 it's on or about the 1st or somewhere around the
20 1st or something like that. But it doesn't say

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1 "on the 1st."

2 PARTICIPANT: (Indiscernible.)

3 MR. TOMBAR: No, no, no, no. I'm
4 saying that the contract that we have with the
5 owners does not guarantee the money there on the
6 1st of the month.

7 But, heretofore, historically, we've
8 paid the owners on the first of the month.
9 That's been, culturally, what they've come to
10 expect from us. So, with you all involved, they
11 don't have any expectations of anything other
12 than that, especially since we told them we were
13 going to make this as seamless and as transparent
14 to them as possible. So the expectation is still
15 there.

16 We realize, though, that if we get
17 the money to you all on the 1st, that some of
18 your banks, although they probably can, they will
19 say that they can't because they want to get
20 float on the government's money. They will say

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1 they can't turn it around in the same day.

2 We have, heretofore, said let us know
3 how much time it will take your bank to turn that
4 money around. And that will be the requirement
5 that we'll have for you.

6 To eliminate the need for that, what
7 we had hoped to do, starting this month or last
8 month, was to advance the money to you all for
9 requisitions that had been approved. Now, in
10 this case, it would be for vouchers that have
11 actually been approved.

12 We gave an advance of the 1st of the
13 month, so that you would have that money sitting
14 in your bank. The bank would be happy because
15 they get three days' worth of float, and you all
16 would be happy because you've got a guarantee
17 that the money was there, and the owners would be
18 happy because they had a guarantee.

19 Because there was a pretty good
20 chance, if you all did what you were supposed to

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1 do and the bank did what it was supposed to do,
2 that the money would be there on the 1st, which
3 they have become culturally accustomed to.

4 We're still committed to that. The
5 only problem -- the problem -- not the only
6 problem, but the problem in this case was, the
7 very same people who changed the payment process
8 for us in terms of the systems coding -- the very
9 same people who were working on the year-end
10 settlement that gave rise to the change in
11 payment process, and the very same people who,
12 before that, were working on the audit, settling
13 all the books so that the IG could finish the
14 audit are the same people who need to do the
15 coding to do the three-day advance.

16 They can't do it all. As much as we
17 try, we only get 24 hours in our day around here
18 and folks don't work too much more than ten of
19 those, anyway.

20 At any rate, that's where we are.

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1 But we're still working with it. In fact, we're
2 meeting with the CFO's office the last week to
3 discuss this. We're going to have a follow-up
4 meeting, sometime; probably not this week --
5 given the fact that you all are here and we have
6 to entertain you and answer your questions -- but
7 the following week, to finish up the requirements
8 for that particular thing.

9 With that, I'm going to move on to
10 talk, just a little while, about communications.

11 I have an hour left. There's a meeting I need
12 to run to that starts at 4:30. But we're going
13 to spend an hour -- a brief period of that time,
14 talking on communications.

15 But then I want to open it up. I
16 think you all have been here, sitting patiently,
17 listening to us all day. And we want to hear the
18 things that are issues to you all, and then talk
19 about next steps and where we go from there.

20 communication. It's not working.

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1 You didn't get the e-mail that says the payment
2 process was going to change. We recognize that.

3 It's not working, in some ways. But
4 I'll tell you that I see that it is working in
5 some other ways, and here's one indication: Fred
6 Tombar doesn't get as many e-mails from contract
7 administrators, directly, as he did about five
8 months ago.

9 It means that you all are getting in
10 touch with somebody else to get the questions
11 answered. They may be going to Cyndy, now; I
12 don't know. But I think that they're actually
13 going to the CAOM.

14 One of the things, when we started
15 this effort, that we recognized was that we
16 needed somebody on-site, meaning in the field
17 office, who would be the direct, day-to-day
18 contact with you all. For several months, during
19 the transition and implementation, we actually
20 didn't have those people in place, and certainly

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1 didn't have them trained and brought up to speed
2 in the way that they needed to be to actually do
3 the work.

4 I think many of our CAOMs in the room
5 can attest to the fact that we did the best we
6 could; sort of building the train as we were
7 riding on it. But we stopped in a station a
8 couple of weeks ago and actually provided some
9 detailed training, had an opportunity to refocus
10 and look at where we are and retool.

11 The CAOM, as you all know, can be a
12 tremendous asset for you all in terms of
13 communication; getting questions to them, getting
14 issues to them, because they ultimately have the
15 pen that will sign and authorize your
16 administrative fees. So if they're issues that
17 impact your ability to do your job, the CAOM
18 should know about it. If they are issues that
19 the CAOM cannot resolve that are large in import,
20 we have our desk officers here to resolve those.

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1 The communication that you all have
2 had between the CAOMs, I'm going to encourage you
3 all. And I think I did it in the meeting that we
4 had last month with the National Council State
5 Housing Agencies. But I'm going to encourage it
6 again, here.

7 There are a few states, I know, where
8 there are regular meetings going on with the
9 people in the field office -- CAOM, supervisory
10 project managers, and I think sometimes the
11 operations offices and hub directors even get
12 involved in these meetings -- regular meetings to
13 discuss issues and to resolve them.

14 I think they're important,
15 especially -- we're less than one year into this
16 thing. It provides, I think, a really good forum
17 for the discussion of issues and the resolution
18 of issues. I'll encourage you all to do that.
19 I've already encouraged our CAOMs. And if they
20 haven't taken the initiative to come to you all

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1 and say, let's set up a regular one of these, bug
2 them because they should be bugged and they
3 should be doing this.

4 Where it's happening, it works quite
5 well. Can I get hands that will attest to that?

6 All right.

7 Talk to these folks if you need some
8 more proof of the fact that it works, and works
9 well.

10 We recognize -- again, I always say
11 it: your success is our success. So, in order
12 for you all to be successful, we need to know how
13 we can help you and what the issues are and have
14 a regular and constant way to resolve problems.
15 That's one thing, in the way of communications,
16 that I encourage.

17 The other is -- and I apologize --
18 while there are frequently-asked questions, there
19 are not frequently-answered questions; at least
20 not in a public forum.

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1 So there are questions that come in
2 that either fall into one or two categories. One
3 is that they are frequently asked, which means
4 that we hear about them more than three times a
5 month. In my book, if more than three folks are
6 asking these three questions, out of 36 contract
7 administrators --

8 PARTICIPANT: (Indiscernible.)

9 MR. TOMBAR: -- 37 contract
10 administrators, then we've certainly got an issue
11 there: almost ten percent of our contract
12 administrators are asking a question. That's
13 frequently enough to let everybody know about the
14 answer.

15 The other category is the
16 seldomly-asked damn good questions. Folks aren't
17 asking them, maybe just because they haven't had
18 to deal with them. But they are things that we
19 want to get out to everybody.

20 We started out with the best of

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1 intentions, to use a facility on our contract
2 administration web site, to put those questions
3 and their answers out there on a regular basis.
4 I am glad to see that we have more than we had
5 two months ago, but not more than we had last
6 month.

7 So that means that we're doing --
8 it's taken us about a couple of months to update
9 them. That's changing.

10 I know, already, that I spent some
11 time this weekend reading a submission of
12 about -- there were about six or seven questions
13 that came in with answers. Other folks have come
14 to me and said, hey, do you think this would make
15 a good frequently-asked question or a damn good
16 seldomly-asked question, and I answer yes.

17 When you get the answer to it, and it
18 involves some research and things like that and
19 talking to folks in other offices around here --
20 like the one-dollar-off issue, those are the

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1 things that we need to get out, commonly, to
2 everybody on that web site that we have for
3 frequently-asked questions.

4 I commit to you that we will do a
5 better job of it because we have folks who are
6 taking it seriously, who are assigned to it. So
7 that's one way to make sure that happens.

8 The final thing that I'll offer in
9 the way of communication -- and then I'm going to
10 open it up and ask you all what will you offer in
11 the way of communications -- is actually this:
12 Someone suggested -- we had sort of a test case
13 in this thing.

14 Some of you all came in, back in
15 November or October it was, for a meeting that we
16 had to discuss the Section 8 payment process and
17 some of your issues with that process and some of
18 your recommendations to improve it.

19 Well, that was the agenda on the
20 table that day, but it got into larger issues of

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1 contract administration and what we could do to
2 improve the contract administration effort.

3 And I appreciate those suggestions
4 that came in. We have considered some of those.
5 They've actually been incorporated into some of
6 the recommendations that we have to improve the
7 Section 8 payment process. But others were, as I
8 said, a little bit beyond the bounds and scope of
9 that particular effort, that particular thing
10 that we were working on at that time. Still,
11 we're keeping those -- we have those and we're
12 considering those and moving forward with some of
13 those as recommendations.

14 But this forum is a place for regular
15 communication and -- well, irregular
16 communication, I should say. Because irregular
17 Communication is for your CAOM. But this forum
18 is an opportunity for us to bring up issues that
19 have larger import, that aren't just particular
20 to an Alabama situation or Michigan situation;

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1 but have, as I was saying earlier today, a larger
2 import and larger impact.

3 So I encourage you all to continue to
4 come here, but to help us to know how to make it
5 better. One suggestion I've got already -- and
6 I'm going to take more -- is to notify you all
7 sooner, so that you can get cheaper rates on your
8 tickets and better hotels. We got that one;
9 don't need to hear it again.

10 I thought that by saying it the
11 meetings that we have, that you all would know.
12 But we'll do our best to actually -- I think to
13 tie them to the TRACS meetings, as well.
14 Because, in so doing, you all only have to buy
15 one ticket to come out here, unless you want to
16 come to Washington.

17 PARTICIPANT: While you're in such a
18 good mood, could you order warmer weather, next
19 time for us from the South, anyway?

20 MR. TOMBAR: Well, let me tell you.

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1 I was in the South this week and was very
2 worried -- I flew back yesterday. I was very
3 worried about not being able to get here today.
4 So I took the first thing that was jumping out of
5 the city this weekend to get back over here.

6 But, yeah, I'm a Southern boy at
7 heart. I'm a Southern boy, period. I grew up in
8 New Orleans, so I'm tired of this stuff. I can
9 deal with a week of winter and then I'm ready to
10 move on to spring.

11 **MS. LEAR: Fred, the transcript --**
12 **the availability of the transcript in terms of**
13 **communication?**

14 *MR. TOMBAR: Oh, yes. There's a*
15 *gentleman back here who is here because he is*
16 *transcribing -- or will have someone transcribe*
17 *all of what we said here today.*

18 *We recognize that there were some*
19 *folks who couldn't make it because of the short*
20 *timeframe that we gave you all to come out here.*

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1 *And we recognize, also, that sometimes we say*
2 *things in these meetings that end up becoming*
3 *policy, and folks hear it differently. So, to*
4 *make sure that we get it all down and get it*
5 *consistently --*

6 *I hope we have the opportunity to*
7 *review this and edit it before it goes out.*

8 MS. LEAR: Yes. And, Fred, what we
9 would like to propose is having it posted to the
10 web site.

11 MR. TOMBAR: We certainly can put it
12 out on the web site, so everyone can have access
13 to it.

14 Yes?

15 **MS. GREATHOUSE: Debora, West**
16 **Virginia Housing. TRACS has an announcements**
17 **page which is where I find out about the TRACS**
18 **meetings and other important information. The**
19 **contract administrator page does not have an**

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1 **announcements page.**

2 **With an announcements page, you could**
3 **have posted the memo that you handed out last**
4 **month -- I was there last month and got that --**
5 **and any other important announcements. Rather**
6 **than trying to e-mail everybody, just the**
7 **announcements page, like the TRACS page has.**

8 *MR. TOMBAR: Great. We'll look and*
9 *see what the announcements page looks like in*
10 *that. If they have it, we can have it, too.*

11 PARTICIPANT: Then you have to e-mail
12 them and tell them to make sure they go there and
13 read it.

14 MR. TOMBAR: You all check the
15 contract administration web site every day,
16 right? It's bookmarked.

17 MS. DU: I actually did have a
18 suggestion on -- if the timing of the meeting
19 for the next meeting would be after the reporting
20 period. We have ten business days to put

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1 together our reports --

2 (Simultaneous discussion)

3 MR. TOMBAR: Very good point. The
4 suggestion was for the timing of the meeting; to
5 make them sometimes outside of the reporting
6 period.

7 As you all know, contract
8 administrators only have ten business days to get
9 us the report on their previous month's
10 activities. Right now, we're in the middle of
11 that timeframe. And we'll pay more attention to
12 that, going forward.

13 (Indiscernible) attracts people
14 because if we have the things running somewhat
15 concurrently, then theirs is going to impact
16 that.

17 MS. PAULHUS: Fred, on the suggestion
18 Lucie just made: It was a great suggestion. The
19 problem is, if you look at the entire cycle that
20 needs to be done for housing finance agency --

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1 like, if her report is not getting done, then I'm
2 trying to get TRACS out, and if TRACS isn't being
3 done -- so there's like a portion that I don't
4 think there's time in any month that's really
5 good.

6 MR. TOMBAR: So we can only do it,
7 like, on --

8 MR. AUSMUS: We voted back here.

9 MS. PAULHUS: Sam said, if she
10 doesn't get her part, none of us get paid. So
11 we'll let Lucie have her way.

12 MR. TOMBAR: Okay. Good. We
13 recognize that business happens, of course, all
14 month long, so it is difficult to get those two
15 or three days where nothing is going on. If
16 there's nothing going on, you let us know and
17 we'll find some other requirements for you.

18 MR. KANIS: (Indiscernible) on the
19 physical inspections directly from REAC?
20 Because, now, it goes in to the field office and

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1 they've got to then disseminate the information
2 and those kinds of things. If somebody is away,
3 we may not get it.

4 MR. TOMBAR: The question is:
5 Could the contract administrators get the
6 information on the REAC physical inspections
7 coming directly to them.

8 It doesn't come from REAC. I think
9 that we might be able to get it directly to you
10 all if we have (indiscernible).

11 (Indiscernible discussion.)

12 MS. ZEMITIS: Now it's on. Okay.

13 Fred's right. It goes out -- there's
14 a gentleman, Robert Norman, that works in our
15 systems who now sends it directly to the CAOMs.
16 What we could do -- in fact, one thing I've
17 jotted down, already, today is to ask the CAOMs
18 to give us an updated; not only e-mail address
19 but also a mailing address for all of you.

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1 *Because we've noticed that addresses have*
2 *changed, you've moved, so forth, since we first*
3 *got in touch.*

4 *We could add this to the list; that,*
5 *perhaps, if you could give us a name of a person*
6 *that should be getting these physical*
7 *inspections, I'm sure we could have that*
8 *transmitted.*

9 MR. TOMBAR: And I should say, on a
10 physical inspection report, one of the other
11 things that we're hoping to do with that report
12 is to identify -- now it just lists for the
13 entire state, all of the flags that we've had.
14 You've got to sort of find out which ones belong
15 to you.

16 MS. ZEMITIS: Actually, Fred, I think
17 it goes out for the entire nation.

18 MR. TOMBAR: Yeah. It goes out for
19 the entire nation but what it does is, for a
20 particular state, it lists all of the

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1 developments that have had a flag on a physical
2 inspection. What we're trying to do is revise
3 the report so that we could put some type of mark
4 or identifier that these have been assigned to a
5 performance-based contract administrator.

6 PARTICIPANT: In last Thursday's
7 report, the last column that is now added shows
8 that this is CA --

9 MR. TOMBAR: Look at that. We did
10 it, already. So, last Thursday's report -- if
11 you haven't gotten it yet, you'll probably have
12 it when you get back. But it's the very last
13 column. So you have to go to the last column to
14 see if it comes out to a CA.

15 MS. HARRISON: I have one problem --

16 MR. TOMBAR: Your name?

17 MS. HARRISON: Sarah Harrison from
18 Chicago. We have some physical inspections that
19 REAC has done, but they never have come over on
20 Robert Norman's report. I have sent e-mail

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1 **messages -- and they just aren't anywhere.**
2 **They're gone. They're in REMS (sp) and showing**
3 **release (ph). They've never come over on the**
4 **report. What do we do with those?**

5 *MR. TOMBAR: The question was --*
6 *they've had some developments that have had*
7 *physical inspections, but the information has*
8 *never showed up on one of the reports that we*
9 *have.*

10 *If those -- the contract numbers --*

11 MS. HARRISON: I sent them a couple
12 of times and we're just waiting.

13 MR. TOMBAR: We'll follow up on it.
14 Thank you, Sarah.

15 **PARTICIPANT: (Indiscernible) from**
16 **New York State. I was wondering if it would be**
17 **also possible to get some sort of direct**
18 **notification for things that are put in the**
19 **enforcements, and particularly for those that are**

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1 not going because they have low physical
2 inspection scores. If there's a financial
3 reason, you really don't have a way of
4 recognizing that, other than going to every
5 project and looking at the REMS system.

6 MR. TOMBAR: So the question is, is
7 there some way to get direct notification on
8 contracts in your portfolio that have been
9 assigned -- or accepted by the enforcement center
10 (ph)? Which is it?

11 PARTICIPANT: Well, actually, both.

12 But just like they were talking about
13 getting notification for physical inspection
14 reports, periodically. Because what happens is,
15 if it goes for other than the physical
16 inspection -- if it goes for financial, we really
17 don't know it. And we'd like to get some sort of
18 reporting mechanism, that we would find that out
19 immediately, instead of down the road sometime.

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1 MR. TOMBAR: Okay. So the suggestion
2 is to get something from us on contract
3 developments where we have contracts that have
4 been referred to the enforcement center. And the
5 reason?

6 PARTICIPANT: Well, actually, if they
7 could give us a report with any of it, it would
8 be helpful. But we can't see the physical
9 inspection score -- if it's below 30, it
10 automatically goes. Those that go for financial
11 reasons, that they don't have reserves, that
12 there's whatever, we really don't have any way of
13 recognizing that. We don't get any notification.

14 So what happens is -- right now,
15 we've got 747 contracts. We have to go into
16 every one, periodically, and see if anything was
17 checked off on the (indiscernible). If we could
18 get a report generated, it would tell us, without
19 having to go through the six million people and
20 CAOM.

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1 MR. TOMBAR: And, actually, what this
2 speaks to is -- at one point, we were talking
3 about -- and still have, at least on the plans
4 for the future -- developing a report server that
5 you all would have access to be able to generate
6 some of these types of reports on your own, out
7 of REMS.

8 It's an infrastructure issue and an
9 expensive proposition for us here. But it's
10 something that we recognize would definitely have
11 value. But, in the meantime, we need to come up
12 with something, a stop gap to solve this issue.

13 Other questions. Yes, ma'am.

14 **MS. REYNOLDS: Julie Reynolds,**
15 **Jefferson County. We're having a hard time. A**
16 **(indiscernible) our MORs. We go out -- we've got**
17 **a couple of different scenarios. One, we go --**
18 **if property has had an unsatisfactory or below**
19 **average five, six, seven times in a row, we'll go**
20 **out there. When we go out there, we basically**

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1 have no stick; is that correct?

2 I mean, you can -- this is my point:

3 We've talked to the field office about what they
4 want us to do with these properties and what our
5 responsibility is to these properties. We're
6 supposed to assign risks to these properties,
7 saying how risky they are, in the portfolios.

8 Once we go through all of that --

9 (Indiscernible simultaneous
10 discussion)

11 MS. REYNOLDS: We do for our
12 portfolios.

13 MS. DU: If you do, it's not because
14 it's a requirement under these RFPs.

15 MS. REYNOLDS: It's a requirement for
16 our department.

17 PARTICIPANT: It's not under the
18 contract.

19 MS. REYNOLDS: I understand that.

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1 We can support an unsatisfactory? Do
2 we just walk away until next year? I guess
3 that's my question.

4 MR. TOMBAR: Not at all.

5 MS. REYNOLDS: Tell us what our
6 responsibility is and tell us what we can do.

7 MR. TOMBAR: *Okay. One stick that*
8 *you do have is that you can abate Section 8*
9 *payments right away. And you don't need --*
10 *although they may want you to do it, you don't*
11 *need the approval of anybody in a local HUD*
12 *office to do that.*

13 PARTICIPANT: Yes, they do.

14 PARTICIPANT: Yes, they do.

15 MS. REYNOLDS: I wouldn't do it
16 without approval of my HUD office.

17 MR. TOMBAR: Who said you do?

18 PARTICIPANT: They need to work with
19 the HUD office.

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1 MS. REYNOLDS: We do work with the
2 office.

3 MR. TOMBAR: I would say work with
4 the HUD office, but --

5 MS. REYNOLDS: We do. We work with
6 them every day. And I would never do it without
7 their approval but --

8 PARTICIPANT: Do they have to
9 approve? That's a question. Do they have to
10 approve it or not, Fred?

11 MR. TOMBAR: *If I remember*
12 *correctly, and -- I'm not going to recommend --*

13 *(Simultaneous discussion)*

14 MS. MEYERS: This is Margaret from
15 (indiscernible). The ACC is very poorly written
16 on that aspect, and it gives us no clear guidance
17 on what we can do and can't do, and you all
18 refuse to change it.

19 MS. LEAR: *Let me see if I can try*

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1 and help you here. With unsatisfactory or below
2 averages -- actually, with any management review,
3 our expectation is that, in writing it up,
4 obviously, these are not arbitrary and capricious
5 ratings. They are supported by what you're
6 writing up.

7 Then our expectation is that you will
8 follow up, to ensure that the owner is taking the
9 corrective action, as stated in the management
10 review.

11 Also, by the same token, because they
12 are below average and unsatisfactory, those are
13 required to go in to the HUD field office. The
14 HUD field office needs a heads-up because,
15 technically, what's going to happen with that
16 property if it is going down the wrong road
17 because of the findings that you're making and
18 the ratings you're giving, it could very well be
19 that we, HUD, as an agency, will also have to

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1 work with you because we may have to take, if you
2 will, legal action for cause, whether it's a
3 regulatory agreement or not.

4 So, no, we do not want you walking
5 away. The preposition is that you are our eyes
6 and ears out there; you will document it; you
7 will be the beginning of our administrative
8 trail, should we have to take aggressive action
9 with that owner.

10 MS. REYNOLDS: But that trail has
11 been there.

12 MS. LEAR: Well, that may be the
13 case.

14 We, also -- I can tell you I know,
15 from where I come from, because of lack of travel
16 money, we have properties that haven't been seen
17 in I can't tell you how long. And just because
18 they've been operating and operating poorly does
19 not mean, from this day forward, when you perform
20 that management review, that that was okay.

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1 All it's saying is that it was done.

2 It's water under the bridge, going forward. If
3 you are finding things that are problematic, they
4 have to be documented, and we will follow
5 through; "we" being you, the PBCA. And if it
6 is -- if the problems are extreme enough that HUD
7 has to become involved, in terms of having to
8 take action against those contractual agreements
9 that we have responsibility for, such as the
10 regulatory agreement, we will.

11 We actually expect -- and I think
12 this also goes back to the issue in New York with
13 not being apprised of things that are going to
14 the enforcement center. This is a partnership
15 between the HUD field office and the
16 performance-based contractor. None of these
17 happen exclusively, beside themselves.

18 Our expectation is that you are
19 working directly with that HUD field office,
20 especially when you hit a situation like you're

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1 talking about, where these people have to be
2 monitored even more so because there are, I'm
3 assuming, just a whole array of problems that
4 need to be resolved.

5 And if we have an owner -- if you've
6 said it's been unsatisfactory, year after year,
7 and it's been habitual and he has not cured, it
8 seems to me that he's not going to cure it this
9 time, either, so you will have to work with the
10 field office.

11 MR. KANIS: Five years of
12 unsatisfactory. Why would we even get turned
13 over that property?

14 PARTICIPANT: Isn't there
15 (indiscernible) that they would recommend
16 (indiscernible) Section 8 abatement?

17 PARTICIPANTS: No.

18 (Indiscernible simultaneous
19 discussion)

20 MR. TOMBAR: I think I remember this

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1 issue -- in spite of what the lawyers might be
2 saying.

3 We've tried to be clear on this one
4 in that, for abatement, that you would not have
5 to get the approval of the HUD office; but,
6 certainly work with the HUD office. Notify them
7 that you intend to do it. I mean, it's just a
8 CYA thing.

9 PARTICIPANT: (Indiscernible)
10 recommend that first because --

11 PARTICIPANT: Of course, you
12 recommend, first. But the issue is, do you have
13 to wait to get approval. And there's a
14 difference between working with them and waiting
15 to get approval.

16 MS. LEAR: The issue on the
17 abatement -- what I remember very vividly when
18 we were doing the RFP, because there was a
19 question whether or not we would have PBCAs do
20 that -- is that if it is abated, you will

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1 continue to receive your administrative fees for
2 those units. And that seemed to be the big
3 concern.

4 But you were to work with the field
5 office on the abatement. You could abate.

6 MR. TOMBAR: Yeah, but the issue is,
7 do they need field office approval in order to
8 abate.

9 **PARTICIPANT: If the field office is**
10 **not responding, can we take action without**
11 **specific approval?**

12 MR. TOMBAR: *We will check that one*
13 *and get back to you.*

14 *My understanding -- and I haven't*
15 *read that particular section, however poorly*
16 *written it may be.*

17 PARTICIPANT: It doesn't give us very
18 much authority --

19 MR. TOMBAR: I will grant you that
20 the only enforcement authority that you do have

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1 is the ability to abate. I mean, beyond
2 threatening very loudly and screaming through the
3 phone, it's abate. It's to hold back the money.

4 And I do remember that, as we were
5 going through -- I think I remember, at least, as
6 we were going through the drafting of the
7 Requests for Proposals, that we didn't want to
8 encumber this process, sort of the one stick that
9 you all had, by having multiple layers of HUD
10 review -- and any layers of HUD review, if I
11 remember correctly.

12 There may have been someone who
13 impressed differently on the issue, so something
14 else came out of the resolution. I apologize. I
15 don't remember the details that well. But we'll
16 check it and we'll certainly get back with you
17 all soon; maybe Thursday.

18 MS. LEAR: Fred, there's one more
19 thing I want to add. When they come into the
20 office with those kinds of ratings, we also flag

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1 the 2530. So there are things that start kicking
2 in immediately. It's not nothing happens.

3 MR. TOMBAR: Karen.

4 MS. ANDERSON: If you're not getting
5 good help from your field office, perhaps your
6 director can go to the HUD director and say --

7 MS. REYNOLDS: We talk to our HUD
8 director every day. We have great communications
9 with our field office. It's not that we're not
10 communicating with them and they don't understand
11 what the problem properties are.

12 From what our understanding is -- and
13 we've never been told this. But it's kind of our
14 understanding that they live in the political
15 climate and their political climate is, it's a
16 little bit better for them not to do it but it's
17 a little bit better for us to do it because we
18 don't have the political climate they do. Now,
19 they have not said that. That's the
20 understanding that I get from it. That's my

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1 understanding.

2 MR. TOMBAR: Here's the thing --
3 we'll check to see where the authority is.

4 The issue was -- that Karen raised --
5 and that's Karen from Minneapolis -- was you need
6 to work with your HUD director to work with the
7 field office on these issues.

8 Certainly, that's -- but, I mean,
9 we're saying here that -- I don't know if you
10 have to talk to the HUD director every day,
11 but -- and there is, indeed -- we do operate in a
12 political climate here. But the bottom of that
13 (indiscernible) at its base, what's important
14 about this is making sure that we're protecting
15 the rights of the tenants in those developments.

16 And if there is an owner who is not
17 doing right and you go out and you
18 (indiscernible) and it's unsatisfactory, then we
19 should not be paying the good government's money.
20 I know, I just finished doing my taxes and, I

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1 don't want my money going to pay somebody who's
2 not doing right with the programs.

3 We certainly should -- you all
4 certainly should be able to abate and we should
5 certainly support you all in that. If that's not
6 happening (indiscernible) bring it up. It's a
7 big issue systemically. We'll deal with it and
8 we'll put some backbone in some of our folks on
9 the local level to make sure that we get it done.

10 Dave?

11 MR. BARRIOS (sp): I wanted to --

12 MR. TOMBAR: Your name?

13 MR. BARRIOS: It's David Barrios from
14 San Francisco. I wanted to throw some caution on
15 the use of the words "abatement" and "suspension"
16 in Section 8 because we've had some bad
17 experiences on those things.

18 When we abate, we basically cut off
19 (indiscernible). And we cannot put it back.
20 When we suspend, we can put the Section 8 back

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1 in, the issues are resolved (ph).

2 Because it happened to us in San
3 Francisco -- I don't know about the rest of the
4 country -- where we used the word "abatement."
5 And once the project is repaired and we're ready
6 to put the Section 8 back in, they came in with
7 this legal argument that you can't restore the
8 Section 8 because you've abated it.

9 (Indiscernible simultaneous
10 responses)

11 MR. TOMBAR: We don't have suspension
12 as even an option.

13 But let me just say this, and we'll
14 move on from this issue. Abatement is the only
15 stick that we've given to the contract
16 administrator in the way of enforcement. I do
17 not have a problem with not paying and never
18 going back to pay for housing that the owner is
19 not providing -- that the owner is providing that
20 doesn't meet Housing quality standards. If

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1 there's an issue, we shouldn't be paying for it.

2 That's simply it.

3 **PARTICIPANT:** What about late
4 **recerts, Fred? Now we're being told by TRACS**
5 **that 14 months in, if we don't have recerts -- if**
6 **they're more than 13 months old, we're going to**
7 **have to abate -- "abate" is the term that's been**
8 **used by the TRACS folks -- the payment for that**
9 **unit for however long it takes to get the recert.**

10 *MR. TOMBAR: We're not there yet,*
11 *but we're getting there. We certainly are -- I*
12 *mean, I'll tell you, this is after having fought,*
13 *for the past six weeks, with the IG on these*
14 *things. They are requiring us to get tough. If*
15 *the owner is not doing what they're supposed to*
16 *be doing, they're saying, you shouldn't be paying*
17 *them. And they're right.*

18 **PARTICIPANT:** I'm not disagreeing
19 **with them. I'm just saying, we're supposed to be**

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1 **doing that, right?**

2 *MR. TOMBAR: Right.*

3 PARTICIPANT: The term that HUD uses
4 for us to do that is called abatement, and it
5 does get turned back on to that unit, in spite of
6 what --

7 MR. TOMBAR: I'm going to tell you
8 all, over the past three weeks, I've probably
9 dealt with -- and it's not abatements; it's
10 actually to contract administrators'
11 administrative fees. We withheld administrative
12 fees -- and it wasn't any performance-based
13 contract administrators; it was for
14 non-performance-based contract administrators.
15 We withheld administrative fees because they
16 weren't Complying with some terms of the
17 contract.

18 Somebody said, "Oh, they fixed it.
19 You can go back and pay them now." I'm, like,
20 "Not no; but hell, no." You know, if you didn't

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1 do what you were supposed to do, you don't get
2 paid. That's just basic -- help me, Lawyer:
3 isn't that basic contracting stuff?

4 MS. MEYERS: I'm sorry. Say that
5 again, please.

6 MR. TOMBAR: If you're not meeting
7 your end of the contract, then we have no
8 obligation to meet our end of the contract,
9 right? If you're not doing what you're supposed
10 to do, we don't have to pay you for it, right?

11 MS. MEYERS: I guess I would say that
12 if you find yourself in court, where both parties
13 are in breach of contract, it's not necessarily
14 all that clear.

15 What you would prefer to have in your
16 contract is something that says, if you do not
17 comply, I do not have to pay you. It's much
18 better that way. You will automatically get the
19 right for you not to perform when someone else
20 fails to perform.

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1 MR. TOMBAR: I hope that our lawyers
2 were a little bit more clear on those sections in
3 that particular -- they weren't.

4 MS. MEYERS: A suggestion might be
5 that if you do issue something, a guidance on
6 whether or not we can use abatement process is to
7 make sure that you give clear definition of what
8 you consider abatement to be and whether or not
9 those funds are simply being held and can be
10 restored or not. So that, if we choose to take
11 some action, we're clear about what the impact
12 will be on the project.

13 MS. BROWN: Diana Brown. It might be
14 helpful, if abatement is the way that we can go
15 as an enforcement tool, that guidance would be
16 given to the CAs so that we know what we would
17 have to do before the abatement is actually
18 issued. Because if we just take that step,
19 without consulting with HUD, if it hasn't gone
20 all the way to General Counsel's Office for legal

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1 review, then it could be a problem. Because I
2 know, in the field offices, when they do it, it
3 has to have a level of legal review before it's
4 actually issued.

5 MR. TOMBAR: Here's the thing. The
6 suggestion was, once we get it clear, we put it
7 out there and let you all know.

8 She pointed out that, in the past
9 when the field offices have been involved with
10 abatement actions, they had to undergo some level
11 of legal review before we would actually pay.

12 I appreciate that. You're right. We
13 need to: one, get clear about this and let you
14 all know, clearly, what the guidance is going to
15 be on this one; two, that we need to make sure
16 that we have all the i's dotted and t's crossed
17 on this one when we get to this.

18 Because it is a stick and it is the
19 biggest one that you all have, and it's one of
20 the bigger ones that we have. It does have

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1 political impacts, as some have mentioned up in
2 here, that we have to deal with and we need to
3 make sure that we're on firm legal standing and
4 ground when we do it.

5 Having said all that, here's the
6 thing: The basic thing is that we don't you all
7 to be soft on the owner. We don't want you to be
8 excessively hard on the owners, unnecessarily.

9 You're there because we can't be
10 there. We weren't there because we didn't have
11 the resources to be there. You're out there,
12 you're finding out some things that we didn't
13 know; and rightly so. Now, we're saying, fix it.

14 Let's work together. Let's get it done.
15 Hopefully, we'll get cooperation from the owners
16 and all it takes is a notification that something
17 isn't quite right.

18 But if it takes more than that and
19 they're being recalcitrant in some ways, we have
20 something to work with. If they're going to be

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1 stubborn, then we're going to be stubborn right
2 back.

3 So, that's it. I'm not saying, as
4 soon as you go out and you have an unsatisfactory
5 manager that the next thing you do is abate. It
6 may be that a really good documentation of it --
7 the person puts together a well-thought-out plan,
8 they're meeting every milestone that they have on
9 that plan, they're doing what they need to do,
10 and the issue is being resolved. Hopefully,
11 that's the way we can approach these things.

12 But there are some folks who just --
13 I mean, we have them, unfortunately, out there;
14 bad owners that just don't care. And where they
15 don't care, we don't care about withholding the
16 money from them. So that's the issue.

17 MR. KANIS: (Indiscernible) letters.

18 We have some owners that won't respond on the
19 physical inspections with EH&S items and where
20 they haven't responded to resident complaints.

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1 We just dictated two last week on
2 some that went out like that. And we told them
3 we have to consult with HUD about the
4 possibilities of abatement or termination if you
5 don't respond. This is after we've written them
6 and called them and written them and called them
7 and written them and called them. I don't know
8 where we are on them today.

9 MR. TOMBAR: Eric?

10 MR. STRONG: Still some issue,
11 (indiscernible) problems. From what I
12 understand, when our folks go out for a
13 management review, I mean, we're certainly not
14 doing a physical inspection. We're doing
15 observations. And we have found properties that
16 had great REAC inspections, but some that looked
17 like nothing any of us would want to live in or
18 want any of our residents to live in, but they
19 had scored a 95.

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1 It's my understanding -- I just
2 wanted to confirm this -- that, really, in that
3 sort of situation, about all we can do is to,
4 through the field office or directly -- and I'm
5 not sure which -- request a REAC confirmatory
6 inspection; is that correct?

7 MR. TOMBAR: *From the field office,*
8 *you can call and request it.*

9 *Sometimes, you may look at it and say*
10 *the person either went to the wrong address or --*

11 (Indiscernible simultaneous
12 discussion)

13 MR. TOMBAR: Certainly, go to the
14 field office. In that case, when you go out and
15 do a management and occupancy review, and you say
16 there's no way possible the person was alive that
17 could have given this one a 95, let the field
18 office know and they'll put it in to REAC to have
19 it reinspected.

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1 In the back.

2 **MS. ATKINSON:** Joan Atkinson,
3 **Maryland Department of Housing. When is the**
4 **revised 9834 Coming out?**

5 *MS. LEAR: It's not out. The*
6 *marked up one is out.*

7 *MR. TOMBAR: The question was from*
8 *Joan Atkinson in Maryland: When is the revised*
9 *9834 Coming out.*

10 *MS. LEAR: It's in OMB. There's no*
11 *way of knowing. What we've been saying and what*
12 *we'll continue to say is you, unfortunately, have*
13 *to live with the marked up 9834. It's going to*
14 *be out for comment, my understanding is, fairly*
15 *soon.*

16 **MS. ATKINSON:** Okay. And then to
17 **piggyback that -- because, based on the**
18 **handbooks, there's a percentage of units,**
19 **technically, that you're supposed to inspect.**

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1 **But the revised 9834 kind of eliminates that**
2 **requirement. So should we inspect the units or**
3 **just stick to the files?**

4 *MS. LEAR: You won't be inspecting*
5 *units, per se. That's a REAC function. We have*
6 *had to keep very clear lines of protocols on who*
7 *is responsible for what.*

8 *However, I will also say that because*
9 *of what we need you to look at -- I mean, we need*
10 *you to look at things like what they're doing in*
11 *terms of unit readiness. In terms of unit*
12 *readiness, you would probably look at a vacant*
13 *unit because there's questions you have to ask*
14 *that you have to respond to on the form. So, in*
15 *terms of unit inspection; no, you're not doing*
16 *that.*

17 *However, I will also say that if*
18 *there has been a physical inspection, you're*
19 *required to do follow-up with the owner: the*

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1 owner has provided you follow-up information; you
2 happen to go out and be on site for a management
3 review, and everything that he has said, as an
4 owner, that he's done, you go out and find out he
5 hasn't done anything. So it's no unit
6 inspections, per se.

7 Will you be looking, in general, at
8 the property? Yes. Will you be looking at
9 certain things in order to answer how they're
10 operating at the property? Yes, you will. And
11 because of that, the owner will have to still
12 give notice that you could be looking in units,
13 but not for an inspection.

14 (Indiscernible simultaneous
15 discussion)

16 **PARTICIPANT: Can we go into**
17 **occupied units?**

18 *MS. LEAR: Again, it depends on the*
19 *intent of what you're trying to do. If you're*

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1 following up on physical inspection and it
2 happens to be -- I'm sorry -- on a REAC
3 inspection and the sites happen to be in occupied
4 units and you want to make sure what the owner
5 said he did, in terms of follow-up, yes, you can.

6 PARTICIPANT: Okay. Assume no
7 physical follow-up; just a management review.

8 MS. LEAR: I can't see -- well, you
9 still could go into occupied units if you're
10 trying to determine how the owner/agent is
11 managing the property in terms of maintenance --
12 I mean, you're going to have questions you have
13 to answer on that management review form that
14 require a certain amount of information
15 collection. And you can't do it by just doing a
16 tenant file review. It can't be done.

17 MS. DU: I'm a little confused
18 because I don't know -- where, in the marked up
19 9834, does it say you don't need to do unit

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1 **inspections?**

2 MS. LEAR: REAC is doing the
3 *inspections, period.*

4 MS. DU: No, no; but as a part of the
5 MOR.

6 MS. LEAR: *The management occupancy*
7 *review does not require you to do unit*
8 *inspections.*

9 MS. DU: How could you assess
10 their --

11 MR. TOMBAR: It's a terminology
12 thing.

13 MS. LEAR: Yes. It's semantics,
14 totally. We're talking about physical
15 inspections. You will not be doing physical
16 inspections because REAC does it.

17 MR. TOMBAR: But will you be going
18 into the unit and observing things? Yes.
19 Reviewing things? Yes. But will you be
20 inspecting? No.

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1 MS. DU: Not from a REAC sense.

2 (Indiscernible) the units, occupied and vacant,
3 to see how they --

4 (Indiscernible simultaneous
5 discussion)

6 MR. THOMAS: Francis Thomas of New
7 Jersey Housing. In the ACC contract, they
8 specify -- there's a section in there which I
9 (indiscernible) -- that specifies, for every
10 hundred units, we have to go in and inspect, say,
11 five. (Indiscernible.)

12 (Indiscernible simultaneous
13 discussion)

14 MR. TOMBAR: There's a table on
15 page -- on the third page of Section 3 of the
16 RFP, Section 3, Exhibits A and B, that deals with
17 the file review.

18 MR. THOMAS: Tenant files review; --

19 MR. TOMBAR: Yeah. That's about
20 files.

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1 MR. THOMAS: -- not units.

2 (Indiscernible simultaneous
3 discussion)

4 MR. TOMBAR: Other questions?

5 MS. SANCHEZ: Pilar from Texas.

6 Just a suggestion -- since we've been talking
7 about things that we need guidance on from you --
8 is some utility allowance recommendation
9 procedures. The ACC only says we are to
10 recommend increases or decreases. Then I hear
11 that some CAOMs are really looking for us to make
12 decisions and approvals on increases. So it's
13 not clear on what steps to take on utility
14 allowances.

15 When we make a recommendation, who
16 actually approves it? What do we submit to the
17 field office? When is it approved and when is it
18 implemented? Because the utility allowance CAOM
19 has been taken off the rent schedule form, so

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1 **where is it ever reported now? So, we need**
2 **guidance.**

3 MR. TOMBAR: *I think Eileen was*
4 *saying that that was part of something that*
5 *she'll prepare to give to you all. We'll*
6 *certainly follow up with some instruction on*
7 *utility allowances, how the process is supposed*
8 *to work.*

9 Other issue?

10 MR. HERNANDEZ: I think the great
11 work that you did on the revision of the voucher
12 process got a little overshadowed by the
13 nullification or lack thereof. But it was great
14 work, and thank you.

15 MR. TOMBAR: I'll take the credit but
16 I didn't do anything.

17 All right. Let me speak to another
18 issue. And it's not a communications issue. I
19 don't know what to call it but it's something
20 that I've become aware of and I would be remiss

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1 if I didn't mention it here.

2 I recognize that in some of our field
3 offices, we have overzealous project managers and
4 supervisory project managers in some places that:
5 one, the project managers have done what you all
6 are doing for some time, and still feel really
7 tied to the particular properties that are now in
8 your portfolios. I think they are looking for
9 opportunities to instruct you on how it should be
10 done because that's the way they did it for the
11 past years.

12 Then we have supervisory project
13 managers who think that the goal here is to catch
14 you all in making a mistake. So they're out
15 there to put pitfalls in front of you, so you can
16 fall in them, and tell you "I told you so" when
17 you do.

18 I hope that we've done some things to
19 mitigate that and, really, eliminate it
20 altogether. But if it's still happening, it is

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1 something that you need to communicate to your
2 CAOM. In fact, let your CAOM know, but let me
3 know, directly. I want to know about that.

4 I've spoken to our field leadership
5 about this. I don't think that attitude, in any
6 way, helps you to do well, helps us to do well,
7 as a unit here. I call it the whack-a-mole
8 mentality, where -- the game where the mole pops
9 its head up and you hit it over the head. It
10 doesn't work. It only leaves you with a
11 headache.

12 This is performance-based
13 contracting, so we will hold your feet to the
14 fire. In the performance-based contracts -- in
15 spite of what the lawyers in this room might
16 say -- we're explicit about what the requirement
17 are, and we're going to hold your feet to the
18 fire there.

19 But we want you to succeed. Your
20 success is our success, again. I mean, it's

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1 cliche-ish in every way but I'm going to continue
2 to use it.

3 So, where you make your mistakes, we
4 want to provide technical assistance and follow-
5 up, to make sure that you don't make those
6 mistakes again in the next month and the
7 subsequent months.

8 So that's where we are. But to the
9 extent that we have the overzealousness going on
10 in our field offices, let us know about it,
11 directly, here, so we can do something to control
12 it. Because I think it's something that serves
13 to the detriment of this effort rather than the
14 betterment of it.

15 Gene?

16 MR. RAICA: Gene Raica from
17 (indiscernible). It might be easier if you pass
18 out directives to be passed on to the overzealous
19 senior property managers. We tell them, but
20 unless they get something that originates here,

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1 they still think that they have undue control.

2 It could be informally. The CAOM is doing
3 everything else. They could pass that on to
4 them, as well.

5 PARTICIPANT: (Indiscernible)
6 protocol thing.

7 MR. TOMBAR: We'll do some follow-up.
8 We started with the directors in the last
9 conference call. We have a bi-weekly conference
10 call. We have another one coming up this week.
11 I'll mention it again. And we'll put out
12 something that doesn't seem overbearing, in the
13 way of an e-mail, to remind folks about it. If
14 it will help, we'll do that.

15 I know, in some places it's much
16 worse than others. Wherever it is, I don't think
17 it really helps us at all. So let us know about
18 that and we'll take some steps to try to
19 eliminate it.

20 Eric?

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1 MR. STRONG: Fred, I just want to
2 say, from the way the RFP was done in the ways
3 that implement a transition --this has been a
4 joy.

5 (Applause)

6 MR. TOMBAR: I appreciate that.

7 I remember when I first started
8 meeting with some of you all at the various
9 conferences and whatnot. We're going to learn
10 from others experience and mistakes. But I
11 appreciate that.

12 And it's a testament, I think, not
13 only to what we're trying to do here; but to you
14 all.

15 I know, sometimes we've had some real
16 difficulties with it -- and Margaret came back.
17 The last time she was in this building, it wasn't
18 a pleasant experience, I don't think.

19 We have resilient folks in all
20 corners of the state.

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1 PARTICIPANT: It was a year ago.

2 MR. TOMBAR: I always told the
3 folks -- and I think these are the rooms where we
4 have the systems training. I always say to the
5 folks who came to the latter sessions of the
6 systems training that "You all have got it so
7 much better because you're starting after the
8 first folks."

9 I'm an oldest child and my parents
10 experimented on me. I think, to some extent, we
11 experimented on Michigan and Massachusetts and
12 Iowa and other folks that started in the first
13 couple of months. And you all benefited greatly
14 from it.

15 The very first kickoff conference
16 that we had was a learning experience -- a
17 painful learning experience, at times. But we
18 got through. We prevailed.

19 Jessica Grantling who some of you may
20 have met -- she's my program assistant. She's

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1 been the one who's been getting the ACCs that,
2 for some reason, were stuck in here and couldn't
3 get out. And, again, I've been made out a liar
4 because I promised you'd get them tomorrow or get
5 them the next day. And, for some reason, they
6 just didn't get out of here.

7 Anyway, she was asking me, "What's
8 the deal with these ACCs?" I said, "How much
9 time have you got?" She said they're probably
10 the same for every organization. All you've got
11 is a signature page (indiscernible). But it
12 wasn't quite there.

13 But, at any rate, through it all, I
14 think we've gotten to a place -- if I had to give
15 us a grade, I think, back in September in San
16 Francisco when were at the National Conference of
17 State Housing Agencies Meeting, I left there,
18 feeling that we were doing a B to B+. In spite of
19 some of the things that I heard, I felt pretty
20 comfortable.

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1 Then, the next time -- and I can't
2 remember when that was -- that I talked to a
3 bunch of you all, I felt like we had lost some
4 footing; that we had moved down to the B- range.

5 For some reason, I'm starting to feel
6 a whole lot better about things. I think we're
7 getting back to the B to B+, recognizing that we
8 have work to do.

9 My hope is that we can look at this
10 thing a year-and-a-half out and that we've got
11 months and months of A's going.

12 I told you -- I didn't lie in this
13 case -- that the transition was going to be
14 difficult, that it was going to require
15 flexibility, but we were going to get through it,
16 and that all we needed to do was work through it
17 in the spirit of partnership.

18 I thank you all for that. I thank
19 you for being here. More importantly, I thank
20 you for being out there. Thanks for coming.

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1 (Applause)

2 (Whereupon, the focus group was

3 concluded.)

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