



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Multifamily West Region
San Francisco Regional Office
One Sansome Street, Suite 1200
San Francisco, CA 94104-4430

www.hud.gov

MEMORANDUM FOR: Owners and Management Agents of HUD-Insured
and HUD-Assisted Properties

FROM: Matt Naish, Regional Director, Multifamily West Region

SUBJECT: West Region 2022 Bookkeeping Fee Ranges

PURPOSE

This memorandum creates a bookkeeping fee policy for properties located in Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming, American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands.

Basic bookkeeping stores records and information about all of the financial transactions associated with managing projects. A small project may only have a few financial transactions to record monthly, while larger properties may have many. The implementation of flat fees or set rates for each state establishes consistency and a reasonable compensation standard for a service whose cost can vary widely. In a broad sense, a reasonable flat fee structure is a straightforward alternative versus the wide spectrum of pricing or justification of expenses.

The bookkeeping maximum fees shown below are effective as of the date of this memorandum and will remain as such until superseded by a future notice. If you have any questions concerning this schedule, please contact your HUD Account Executive.

Bookkeeping fees per state:

State	Maximum Fee PUPM
Alaska	19.00
Arizona	11.00
California	13.00
Colorado	13.00
Hawaii	12.00
Idaho	12.00

Serving Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming

Montana	11.00
Nevada	11.00
North Dakota	11.00
Oregon	11.00
South Dakota	11.00
Utah	11.00
Washington	14.00
Wyoming	11.00
American Samoa	11.00
Guam	11.00
Northern Mariana Islands	11.00

BACKGROUND

To move ahead with the development of new bookkeeping fee policy for the West Region, a working group was designated to set direction through research and historical experiences with many Multifamily colleagues and stakeholders. The following information was considered:

- How much was charged to the project for bookkeeping services;
- How much time was spent monthly doing bookkeeping and with how many employees;
- How were services routinely calculated and for how many units;
- How much competing agents charged; and
- Conditions when the cost for accountancy was dramatically lower from one agent to another.

The Region conducted outreach to the active agents of subsidized properties in our servicing area to request specific feedback on costs associated with bookkeeping at subsidized properties. The information received as a result of this outreach was compiled, analyzed, and then used to establish baseline rates for properties located in states under the jurisdiction of San Francisco and Denver. Hereafter, initial bookkeeping fee ranges will be reviewed and established every two years.

What costs are covered by the fee?

Recording property-related expenses, income, and transactions and reconciling financial accounts fits within Multifamily's expectations for this fee. Other tasks tied to payroll accounting, tax preparation and audits or gaining insights into a project's financial health are actually quite different in kind from bookkeeping and would therefore not be allowed. Likewise, the cost of associated software/computer systems is addressed by Handbook 4381.5 as a frontline cost separate from fees.

Typically, basic bookkeeping for HUD properties includes the following tasks:

- Recording, categorizing, and tracking daily payments and expenses;
- Preparing adjusting entries;
- Monthly bank reconciliations;
- Generating monthly financial statements;
- Maintaining general ledgers and historical accounts; and
- Providing year-end financials for audit.

Additionally, books and accounts of the operations of the project must be kept in accordance with HUD requirements. Those requirements are primarily contained in HUD Handbook 4370.2 REV-1 – *Financial Operations and Accounting Procedures for Insured Multifamily Projects*.

IMPLEMENTATION

Effective the date of this Memorandum:

1. For all budgets prepared on or after the memorandum date, bookkeeping fees must be coded to expense line 6351 on HUD form 92547-A and will be capped at the PUPM amount above.
2. *Whether or not an individual regulatory agreement or subsidy contract renewal option requires submission of an annual budget to HUD*, all owners and management agents (O/As) will begin charging to operating for bookkeeping costs using the per unit per month (PUPM) fee for the state in which the property is located, per the table shown above. O/As must not continue billing bookkeeping costs directly to operating (i.e., salaries/benefits).
3. For FASS financial statement reporting, O/As must use the appropriate account number from HUD Chart of Accounts to record the cost of bookkeeping fees not included in the management fee but paid to either the management agent or another party. Example: in the Statement of Profit and Loss/Statement of Activities, the code is 6351.

APPEALS

- a. The O/A may appeal the maximum bookkeeping fee to the Asset Management Division of the Regional or Satellite Office with jurisdiction over the property.
 - (1) Appeals must be submitted in writing within 30 days after the date of this memorandum.
 - (2) In the appeal, O/As must justify a higher bookkeeping fee by demonstrating that the volume of work associated with monthly recordkeeping requirements is consistently more than normally experienced. O/A must also show that the volume and costs are reasonable as compared to similar properties.

- b. The Asset Management Director will issue a decision within 30 days after receiving an appeal.
- c. Until a decision is made regarding an appeal, the agent can continue to collect the disputed expense from the property. If the appeal decision requires a reduction in the bookkeeping fee, the reduction will be retroactive to the date of this memorandum. Therefore, within 30 days after the date of the appeal decision, the owner and the agent must:
 - (a) Reduce the fee to the amount specified in Asset Management's decision; and
 - (b) Refund to the project any excessive fees collected.