

Instructions for Completing Management Reviews of Multifamily Projects

U.S. Department of Housing
and Urban Development
Office of Housing



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Detailed instructions are contained in Chapter 6 of HUD Handbook 4350.1. Form HUD-9834 shall be used for all on-site management reviews. Limited management reviews require completion of those line items of form HUD-9834, Summary Sheet, that are shaded. The Loan Management Branch Chief determines the method for gathering this information. All categories of the form HUD-9834 shall be used for all comprehensive management reviews.

A. Prior to On-Site Visit

1. The realty/loan technician should thoroughly review the project file, answer the questions on Form HUD-9834 marked with an asterisk (*) and alert the realty/loan specialist to any imminent or existing problems.
2. The realty/loan specialist should:
 - a. Review the form HUD-9834 questions completed by the realty/loan technician; the most recent physical inspection, annual financial report, and occupancy review; and other relevant file documents. This review will help the realty/loan specialist to identify potential problem areas on which the review should focus and to determine if other HUD staff (e.g., the Financial or Occupancy Specialist) should participate in the on-site visit.
 - b. Call the owner/agent to set up a date for the on-site review. Confirm the review date in writing. The owner/agent should be given at least a two-week notice.

B. On-Site Visit

1. Complete all questions on form HUD-9834. Document other significant observations.
2. Double check information and answers completed in the HUD Field Office prior to the on-site review.
3. After you have answered all of the HUD-9834 questions, hold a close-out session with the owner/agent. Discuss your observations and conclusions. Let the owner/agent explain his/her opinion of the cause of the problems and suggest recommendations for correction and target completion dates (TCD).

C. After On-Site Visit

1. Complete the Management Review Report Summary Sheet, form HUD-9834, as follows:
 - a. For each of the 45 management tasks, indicate whether existing conditions and operating procedures are acceptable or whether corrective action or improvement is needed (see codes on top of form). For each line item on which action is needed, a statement of deficiencies, recommended or required corrective action and target completion date (TCD) must be completed on the bottom half of the form.

- b. For each of the six major categories (Lines I, II, III, IV, V & VI) indicate your assessment of the appropriateness and effectiveness of the owner's/agent's management operation. On line VII indicate your assessment of the owner's/agent's overall operation. Consider the condition of the project at the time owner/agent assumed responsibility for project operations.
- c. On page 3 of the form, thoroughly explain the facts and reasoning underlying any unsatisfactory or below average rating.
- d. Mail report with an appropriate cover letter. If manager was rated below average or unsatisfactory, management must be afforded an opportunity to appeal the rating before the report is distributed to Headquarters.
- e. Guidance on appeal procedures is provided in Section 2.6 of Chapter 6 of the Handbook 4350.1.

2. Distribute the completed forms as follows:

- a. Page 2 (Summary Sheet) and Page 3: Send the originals to the project owner and copies to:
 - (1) Management Agent (gets original on HUD-owned projects)
 - (2) Project file
 - (3) Mortgagee
 - (4) When management is rated below average or unsatisfactory and after the appeals or time frame for the appeals has expired, send copy of the HUD-9834 Summary Sheet and owner's/agent's response to:
 - (a) Headquarters, Office of Multifamily Housing Management, to the attention of the Office Director having management responsibility for the project. (If the owner/agent does not submit a response within thirty (30) days of the date of the Management Review Report, then submit the form HUD-9834 and conduct follow up activities to secure response and submit the owner's response when received.)
 - (b) Director, Participation and Compliance Division, HUD Headquarters.
 - (5) Management Agent's file, if maintained.
- b. Form HUD-9834. File in project file.

3. Conduct follow-up action to verify whether required actions have been completed. Enter date correction was verified in right-hand column of Page 3 of the form HUD-9834.

Management Review
Summary SheetU.S. Department of Housing
and Urban Development
Office of Housing

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For each item reviewed, mark a block in column A (acceptable), M (management to correct within 1 yr.), or I (items requiring immediate action).
After discussing items with owner or management agent, enter the estimated completion date in the TCD (Target Completion Date) column.

Project Number: _____ Section of the Act: _____ Name of Owner: _____ Date of Report: _____

Project Status: ☐ Insured ☐ HUD-Heid ☐ HUD-Owned ☐ MIP ☐ Non-Insured
Purpose of Report: ☐ Limited Review ☐ Comprehensive Review
Type of Project: ☐ Subsidized ☐ Unsubsidized
No. of Units Inspected: _____ Date of Inspection: _____

Project Status: ☐ Current Under Mortgage ☐ Current under Workout/Modification ☐ Foreclosure in Process
☐ Delinquent Under Mortgage ☐ Delinquent under Workout/Modification
Name of Management Agent: _____
Management Term (mm/dd/yy): _____ thru _____
Name of Resident Manager: _____
Date Hired: _____

Report Based on: ☐ HUD Occupancy Review Date: _____ ☐ On-Site Interview with: _____
☐ HUD Physical Inspection Date: _____ ☐ Visited Agent's Office with: _____
Project Name & Address: _____

	A	M	I	TCD
A. Maintenance & Security				
1. General Physical Condition				
2. Work Scheduling				
3. Preventive Maintenance				
4. Unit Inspections				
5. Vacant Unit Preparation				
6. Equipment and Inventory Controls				
7. Procurement and Supply Practices				
8. Security Program				
9. Energy Conservation				
I. Maintenance and Security Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
B. Financial Management				
10. Accounting and Bookkeeping				
11. Budget Management				
12. Cash Controls				
13. Cost Controls				
14. Submission of Reports				
15. Financial Compliance				
16. Rental Collection				
17. Fee Collection Practices				
18. Accounts Receivable/Payable				
19. Reserves and Escrows				
II. Financial Management Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
C. Leasing & Occupancy				
20. Tenant Selection and Orientation				
21. Vacancy and Turnover				
22. Leases and Deposits				
23. Rent Schedule Compliance				
24. Application Processing				
25. Recertification System				
26. Monthly Vouchers				
27. Eviction Procedures				
28. Tenant Files and Records				
III. Leasing and Occupancy Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
D. Tenant/Management Relations				
29. Tenant Participation				
30. Provision of Tenant Services				
31. Use of Community Space				
32. Tenant Satisfaction				
IV. Tenant/Management Relations Ratings <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
E. Drug-Free Housing Policy				
33. Uniform, Written Tenant Selection Plans That Aid And Support Drug-Free Housing.				
34. House Rules That Aid And Support Drug-Free Housing.				
35. Evidence of Drug Use/Sales at Project Address.				
36. Overall Project Plan For Drug-Free Housing.				
37. Project Owner/Agent is A Member of Local Drug-Free Housing Task Force (if formed).				
V. Drug-Free Housing Policy Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
F. General Management Practices				
38. Owner Participation				
39. Organization and Supervision				
40. Staffing and Personnel Practices				
41. Operating Procedures and Manuals				
42. Training				
43. Office Administration				
44. Insurance and Bonding				
45. Management Plan and Agreement				
VI. General Management Practices Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
VII. Rating of Overall Management Operation (mark applicable box): <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

Signature, Name & Title of Person Preparing this Report & Date: _____

Signature, Name & Title of Person Approving this Report & Date: _____

Item No.	For each 'M' and 'I' item checked, describe findings and give recommendation for correction. Explain any "Below Average" or "Unsatisfactory" rating. Use photocopies of page 3 as Continuation Sheets, if necessary.	Date Completion Verified

Management Review Questionnaire

Part A: Maintenance and Security Review most recent physical inspection report before responding to the items below. Check to see if corrections requested in the report have been made. If the report indicated serious problems or if the inspection was made more than 9 months ago, you should request the HUD Maintenance Engineering Staff to complete a new Physical Inspection Report in conjunction with this review.

	N/A	Yes	No	Remarks
1. General Physical Condition				
a. Are grounds and landscaping in acceptable condition?				
b. Are exterior painted surfaces such as stairs, railings, decks, porches, windows, doors, etc. free from cracking, scaling, chipping, peeling or loose paint?				
c. Is the project generally free of broken windows, broken light globes or seriously damaged exterior doors?				
d. Are hallways, stairways, elevators, laundry rooms, garbage areas and other public areas clean?				
e. Is playground equipment in safe and acceptable condition?				
f. Is the project free of obvious fire/safety/health hazards or housing code violations?				
g. Is project free of lead-based paint contamination on surfaces exposed to children? <i>Note: An obvious health hazard related to lead-based paint would be deteriorated paint conditions on the interior walls and woodworks and exterior painted surfaces.</i>				
h. Have repairs or corrections called for on last annual physical inspection been satisfactorily completed?				
i. Have all latent defects been corrected? If not, list depository and amount of any construction escrows remaining. _____				
2. Work Scheduling				
a. Are maintenance and janitorial employees provided with written schedules for routine work (i.e., mowing lawns, cleaning trash areas, etc.)?				
b. Are emergency items given priority and acted upon quickly? Maintenance program can best be described as (check one): <input type="checkbox"/> Preventive <input type="checkbox"/> Corrective <input type="checkbox"/> Deferred				
c. Is emergency maintenance service available after regular working hours?				
d. Are purchase orders and work orders required of maintenance staff?				
e. Does management have a system for receiving, assigning, completing and billing work orders and for establishing work priorities? Avg. no. requests received per day _____ Avg. response time _____ Current backlog _____				
3. Preventive Maintenance				
a. Is there a schedule for preventive maintenance/servicing of all items listed below? Check schedules in use and indicate in parentheses whether servicing is done by on-site staff (o) or by contractor (c). <input type="checkbox"/> Heating and A/C Equipment () <input type="checkbox"/> Hot Water Heaters () <input type="checkbox"/> Cleaning Carpets and Drapes () <input type="checkbox"/> Inspect Roof and Fascias () <input type="checkbox"/> Major Appliances () <input type="checkbox"/> Elevators () <input type="checkbox"/> Motor Vehicles ()				

	N/A	Yes	No	Remarks
b. Are exterminator services provided regularly as necessary? Are tenants properly notified?				
c. Are sewer lines and roof gutters and downspouts cleaned periodically?				
d. Are lawns and plants fertilized and trimmed at appropriate time of year?				
e. Is recreational equipment serviced/stored as seasonal changes dictate?				
f. Are exterior windows cleaned on regular basis?				
g. Is there a schedule for exterior painting? Is it followed?				
4. Unit Inspections (<i>Inspect at least 2 occupied and 2 vacant units selected at random.</i>)				
a. In the case of long-term tenants:				
1) are units inspected on a regular basis?				
2) are units redecorated on a regular basis?				
3) is there a written schedule for the inspections and redecorating?				
b. In the case of vacant units:				
1) are move-in and move-out inspection forms used?				
2) is there a system for billing tenants for damages?				
3) is charge back to tenants for damages itemized in writing? Do charges to tenants appear reasonable?				
c. Is the condition of units inspected satisfactory? How many units were inspected? _____				
5. Vacant Unit Preparation				
a. Does management have a system to monitor timely preparation of vacancies for rental?				
Average preparation time for vacated units is _____ days.				
Number of vacant units requiring substantial rehab is _____.				
b. Is preparation of vacant units free from delays due to:				
1) lack of funds?				
2) insufficient supply of parts maintained at project site?				
3) use of contractor instead of on-site staff, or vice versa?				
6. Equipment and Inventory Controls				
a. Is maintenance work area and storage space adequate?				
b. Is there a satisfactory inventory system for accounting for tools, equipment, supplies and keys?				
c. Is a list of equipment and appliance serial numbers maintained?				
d. Are equipment and tools adequate to perform maintenance tasks?				
e. Is a copy of the project's as-built drawings on-site?				
7. Procurement and Supply Practices				
a. Does the project maintain a list/file of vendors who sell services or products to the project?				
b. Is an adequate amount of supplies kept on hand at all times?				
c. Is there evidence that the project has shopped around and compared prices to obtain supplies and services at the most favorable terms available?				
d. Are copies of maintenance and/or service contracts available for review?				

			N/A	Yes	No	Remarks
<p>e. Does the project maintain a list/card file on outside contractors? Check services currently contracted with outside contractors and identify name of contractor and annual amount of contract.</p>						
Service	Name of Contractor	Annual Contract Amount				
<input type="checkbox"/> Elevator	_____	\$ _____				
<input type="checkbox"/> Exterminating	_____	_____				
<input type="checkbox"/> Apartment Cleaning	_____	_____				
<input type="checkbox"/> Heating and A/C	_____	_____				
<input type="checkbox"/> Plumbing	_____	_____				
<input type="checkbox"/> Security	_____	_____				
<input type="checkbox"/> Trash Collection	_____	_____				
<input type="checkbox"/> Decorating	_____	_____				
<input type="checkbox"/> Grounds	_____	_____				
<input type="checkbox"/> Other	_____	_____				
<p>(*Indicate (by asterisk) whether there is an identity-of-interest relationship between the contractor and the owner or agent.)</p>						
<p>f. Is information on pricing of goods and services from identity-of-interest firms and/or central service units reviewed for the propriety of such transactions and the reasonableness of the resulting charges to the project?</p>						
<p>g. Do records indicate that management has:</p> <p>1) inspected contractor's work before authorizing payment?</p> <p>2) pursued corrections needed?</p>						
<p>8. Security Program</p>						
<p>a. Is exterior lighting adequate for protection and visual security?</p>						
<p>b. Is the project free of major security problems? If not, check problem areas.</p> <p><input type="checkbox"/> Break-ins</p> <p><input type="checkbox"/> Vandalism</p> <p><input type="checkbox"/> Auto Theft</p> <p><input type="checkbox"/> Personal Assault</p> <p><input type="checkbox"/> Other</p>						
<p>c. Check type(s) of security service available.</p> <p><input type="checkbox"/> Tenant patrol</p> <p><input type="checkbox"/> Volunteer organization patrol (e.g. Guardian Angels)</p> <p><input type="checkbox"/> Paid car patrol</p> <p><input type="checkbox"/> Paid on-site guard</p> <p><input type="checkbox"/> Police Department car patrols in excess of normal for area</p>						
<p>d. Is type and level of security service appropriate for this project:</p>						
<p>e. Review of police reports for project address:</p> <p><input type="checkbox"/> Violent Crime Arrests</p> <p><input type="checkbox"/> Non-citizen Ineligible Aliens</p> <p><input type="checkbox"/> Drug Activity</p>						

	N/A	Yes	No	Remarks
9. Energy Conservation				
a. Has the project complied with the provisions of the Natural Gas Pipeline Safety Act (e.g., cathodic protection, etc.)?				
b. Has the owner/agent compared the utility rate schedules to assure that the most economic rate schedule is used?				
c. Has management attempted to reduce energy consumption? Check measures undertaken.				
<input type="checkbox"/> Caulking and weatherstripping <input type="checkbox"/> Storm doors and windows <input type="checkbox"/> Watersaver devices <input type="checkbox"/> Extra insulation <input type="checkbox"/> Conversion to individual metering <input type="checkbox"/> Consumer education <input type="checkbox"/> Other (specify) _____				
d. Is there a current HUD-approved Energy Conservation Plan?				
e. Are the improvements being implemented in accordance with the approved plan?				

I. Maintenance and Security Rating

- ☐ Superior
☐ Satisfactory
☐ Below Average
☐ Unsatisfactory

Part B—Financial Management (This section will assist HUD staff in evaluating the mortgagor's system of financial and accounting controls, as well as the mortgagor's compliance with HUD financial reporting requirements. If some or all of the following questions have been covered in the Audit Compliance and Internal Control Questionnaire portion of the IPA Audit, Appendix 2 of Handbook IG 4372.1, the finding of that audit should be presented below as appropriate and no further analysis of those areas is required. If, however, the auditor's unqualified certification concerning some or all of these questions is not available, additional review will be necessary to respond to these items.)

When possible, questions should be addressed to the individual responsible for the functions under review. A thorough review of all financial reports in the HUD office, including an analysis of the latest annual audited statement, should be completed prior to the field visit.)

	N/A	Yes	No	Remarks
10. Accounting and Bookkeeping				
a. Are books and records maintained as required by HUD Handbook 4371.1 (Chapter 4)? Check books of accounts maintained. Indicate where books may be examined: O - owner's office; A - agent's office; P - project site.				
<input type="checkbox"/> General Ledger () <input type="checkbox"/> Rent Receivable Ledger () <input type="checkbox"/> General Journal () <input type="checkbox"/> Cash Receipts Journal () <input type="checkbox"/> Cash Disbursements Journal () <input type="checkbox"/> Accounts Payable Journal ()				
b. Are rental receipts deposited in the name of the project in a federally insured account? If trust account is used for disbursements, are only HUD-insured projects in the pool and is the project's balance transferred to the project account at least once monthly?				
c. Are operating funds, security deposits, reserve funds, and flexible subsidy funds maintained in separate accounts and properly secured for authorized use?				

	N/A	Yes	No	Remarks
d. Does the mortgagor make frequent postings (at least monthly) to the ledger accounts?				
e. Is owner adhering to HUD-approved repayment Plan? (i.e. loan from reserve for replacement, 236 excess income, capital improvement loan, etc.)				
11. Budget Management				
a. Is an operating budget prepared annually and is it approved by the owner? If yes, obtain copy of current year's budget.				
b. Is current budget on site and used by staff to monitor and control operating expenses?				
c. Are monthly or quarterly reports prepared indicating variances between actual income and expenses and budgeted income and expenses?				
*d. Are rent increase requests submitted to HUD promptly when needed?				
12. Cash Controls				
a. Are collections deposited on the day received or, pending deposit, are they properly controlled?				
b. Are there adequate controls over cash accepted? Check controls used. <input type="checkbox"/> Prenumbered rent receipts <input type="checkbox"/> Bank collections <input type="checkbox"/> Safe <input type="checkbox"/> Lock Box				
c. Do different persons handle bank deposits and accounts receivable, or is an alternative safeguard in effect?				
d. Are all disbursement checks prenumbered, properly identified with account numbers and supported by vouchers or invoices? Is the supply of unused checks adequately safeguarded and under the custody of persons who do not sign checks manually, control the use of facsimile signature plates, or operate the facsimile signature machine?				
e. Are funds (i.e., receipts, disbursements, petty cash, etc.) periodically checked on a surprise basis by a responsible official (other than on-site employees)?				
f. Are bank statements reconciled promptly upon receipt by someone other than check signer and by one who has no cash receipt or disbursement function?				
13. Cost Controls				
a. Does owner/agent solicit bids (formal or informal) in order to obtain materials, supplies, and services on most advantageous terms to project? If yes, give recent example: _____				
b. Are bills (including mortgage payment) paid in sufficient time to avoid late penalties?				
c. Are vendor bills paid in time to obtain maximum trade discounts?				
d. Are operating expenses (including taxes and utilities) periodically reviewed to assure that project is paying the lowest possible rate? Identify any efforts by owner/agent taken to reduce expenses/effect cost savings. _____ _____ _____				
*e. Do project operating expenses appear reasonable compared with similar projects? Indicate latest MIPS rating and check problem areas flagged by MIPS. <input type="checkbox"/> Administrative <input type="checkbox"/> Maintenance <input type="checkbox"/> Utility <input type="checkbox"/> Taxes & Insurance <input type="checkbox"/> Financial				

	N/A	Yes	No	Remarks
14. Submission of Reports				
*a. Have the following financial reports been submitted on a timely basis and in acceptable form?				
1) Annual Audited Financial Statement				
Date last report was due ____/____/____				
Date last report received ____/____/____				
2) Monthly Accounting Report (93479, 80, 81)				
3) Excess Income Report (HUD 93104) (Section 236 only)				
4) Quarterly performance report for projects on flexible subsidy, modification, workout, etc. (9813c)				
5) Annual operating budget (cooperatives)				
b. Does agent/owner contact CPA early enough to enable CPA to prepare report within 60 days of close of fiscal year?				
*c. Does agent generally provide sufficient documentation for rent increases?				
15. Financial Compliance and Condition				
*a. Has all excess income due HUD been submitted? On Section 236 projects, excess collections are to be calculated on HUD 93104 and sent to HUD monthly. On 221(d)(3) BMIR projects, excess rental collections are to be deposited in the residual receipts account with the mortgagee within 60 days after close of fiscal year.				
*b. Have all required deposits to the residual receipts fund been made?				
*c. If the owner/agent has taken unauthorized distributions, reimbursements or supervision fees, have these been repaid? If no, indicate amount due project _____				
*d. Is management fee paid to agent in accordance with time schedule and amount specified in management certification? If not, enter: Fee per agreement \$ _____ (%) Fee Paid \$ _____ (%)				
*e. Is agent charging project for expenses which the agreement requires agent to pay?				
f. Has owner corrected all findings on HUD audits or on the annual review? List findings outstanding: _____ _____ _____				
*g. Does annual financial analysis or MIPS printout indicate that project is free of actual or incipient financial problem? For each of last 3 years, enter annual cash flow or deficit before depreciation: 19 _____ \$ _____ 19 _____ \$ _____ 19 _____ \$ _____				
h. Is current HUD-approved rent schedule sufficient to meet project needs?				
*i. Does balance in security deposit trust account equal or exceed liability? If not, explain how deficit will be funded: _____				
j. If security deposits are invested in an interest-bearing account, is interest passed through to tenants or transferred to project account?				
*k. Complete the following as of end of last month (____/____/____) Cash \$ _____ Accounts Receivable \$ _____ Accounts Payable \$ _____				

	N/A	Yes	No	Remarks
16. Rental Collection Practices				
a. Is there a written rental collection policy?				
Late charge of \$ _____ on _____ day.				
Delinquent notices sent on days _____				

Eviction procedures commence on _____ day.				
Referred to collection agent on _____ day.				
b. Does rent collection policy in effect reflect that stated in approved management plan?				
c. Does rent collection policy appear to be uniformly applied? (Check rent collection cards on a sample of tenants at various stages of delinquency.)				
d. Is an aged tenant delinquency report prepared monthly?				
1) During an average month, how many tenants have not paid their rent by the tenth of the month? _____				
2) During an average month, how many tenants have not paid their rent by the end of the month? _____				
17. Fee Collection Practices (Those fees that are collected separately from rent that should be reflected in lease and house rules.)				
a. Mandatory meals				
b. Pets				
18. Accounts Receivable/Payable				
a. Are tenant accounts receivable within acceptable limits? Amount of receivables in No. 15K is _____ % of monthly rents due from tenants. Of this amount, \$ _____ is more than 30 days past due.				
b. Does procedure for write-off of bad debts appear reasonable?				
c. Has annual "write-off of tenants' accounts receivable for the last two fiscal years been less than 1% of gross rents due from tenants?				
Tenant delinquent accounts written off last 12 months equals \$ _____				
d. Are accounts payable reasonably current? Indicate amount of accounts payable more than 60 days old: \$ _____				
19. Reserves and Escrows				
a. Complete chart below.				
	As of ____ / ____ / ____			Held in Interest-Bearing Account? Yes/No
Name of Reserve	Total	Per Unit	Monthly Deposit	
Replacement Reserve	\$ _____	\$ _____	\$ _____	
Gen. Operating Res. (Co-ops)				
Residual Receipts				
Other				
b. Do the balances in replacement or general operating reserve accounts appear adequate to meet future needs? If not, what action is recommended?				

*c. Have monthly deposits to these reserves been increased since the project was completed?				

	N/A	Yes	No	Remarks
d. Has mortgagor/HUD performed analysis to determine future Replacement Reserve needs?				
e. Is only one account (i.e., the appropriate reserve or operating expense account) being billed for repairs that are eligible for reimbursement from the reserves?				
II. Financial Management Rating				
<input type="checkbox"/> Superior				
<input type="checkbox"/> Satisfactory				
<input type="checkbox"/> Below Average				
<input type="checkbox"/> Unsatisfactory				

Part C—Leasing and Occupancy (The responses to some of the items in this portion of the review may have been covered in a previous HUD Occupancy Review or in the Audit Compliance and Internal Control Questionnaire portion of the IPA Audit, Appendix 2 to Handbook IG 4372.1, Audit Guide for Mortgagors Having HUD Insured or Secretary Held Multifamily Mortgages for Use by Independent Public Accountants. If both the report and the Audit Questionnaire indicated satisfactory performance, a spot check of tenant files and some of these items may suffice. If however, an on-site, in-depth occupancy review has not been completed within the past 9 months or if there has been a turnover in on-site staff since the last review, perform a full occupancy review in conjunction with this management review. In addition to interviewing appropriate project staff, also review a reasonable sample (approximately 15%) of the tenant files.)

	N/A	Yes	No	Remarks
20. Tenant Selection and Orientation				
a. Have written tenant selection procedures been established? If yes, ask to see a copy. If no, describe procedures for reviewing and approving tenant applications.				
b. Has project implemented tenant preference requirements? Ask to see a copy of tenant waiting list, or other documentation, if either is available, to ascertain.				
c. Does management check references of applicants? Checks with: <div style="margin-left: 20px;"> Previous Landlord Employer Personal References Credit Bureau (Cost = \$ Other _____ </div>				
d. Is affirmative marketing plan on site? Does advertising program reasonably comply with affirmative marketing plan? Estimate racial mix of current tenants: <div style="margin-left: 20px;"> Ethnicity American Indian or Alaskan Native _____ % Asian or Pacific Islander _____ % Black _____ % Hispanic _____ % White _____ % </div>				
e. Has any local authority or project owner received complaints of prohibited discrimination? (e.g., based on race, age, sex, handicap, familial status)				
f. If an applicant is rejected, does management provide the applicant with an explanation for the rejection? Is the explanation written?				
g. Are new tenants given informational handbooks or manuals?				

	N/A	Yes	No	Remarks
<p>h. Does project staff personally interview new tenants and provide orientation to the project? Check topics covered.</p> <p><input type="checkbox"/> Project Rules</p> <p><input type="checkbox"/> Lease Terms</p> <p><input type="checkbox"/> Maintenance Request Procedures</p> <p><input type="checkbox"/> Explanation of Appliances</p> <p><input type="checkbox"/> Location of Shopping, Schools, Transportation, Community Services, etc.</p> <p><input type="checkbox"/> Grievance Procedure</p> <p><input type="checkbox"/> Security Deposit and Charge Backs</p> <p><input type="checkbox"/> Rent Payment Procedure</p> <p><input type="checkbox"/> Energy Conservation</p> <p><input type="checkbox"/> Subsidy Policies and Rules</p>				
i. Do project staff and new tenant jointly inspect unit prior to occupancy?				
21. Vacancy and Turnover				
<p>a. Is the vacancy rate satisfactory and not excessive? List month-end vacancies for last 6 months.</p> <p>Month _____ Total _____ Avg. _____</p> <p>No. Vacant _____</p> <p>No. Vacant Today _____ (%)</p> <p>No. Ready for Occupancy _____</p> <p>Avg. Length of Vacancy = _____ days</p>				
b. Is vacancy percent in 21a above less than vacancy factor used in last rent increase approval? Used _____ %.				
<p>c. Is project free from vacancy problems due to any of the following factors? If not, check the factors contributing to vacancies.</p> <p><input type="checkbox"/> Security Problem</p> <p><input type="checkbox"/> Non-competitive Amenities</p> <p><input type="checkbox"/> Inadequate Marketing</p> <p><input type="checkbox"/> Project Reputation</p> <p><input type="checkbox"/> Bedroom Mix/Size (_____ bdrm hard to rent)</p> <p><input type="checkbox"/> Poor Maintenance</p> <p><input type="checkbox"/> Rents too High</p> <p><input type="checkbox"/> Location</p> <p><input type="checkbox"/> Lack of Demand</p> <p><input type="checkbox"/> Tenant/Management Relations</p>				
<p>d. Is advertising program in use appropriate? Check type of ads used and enter cost/month.</p> <p><input type="checkbox"/> Newspaper (\$ _____ /Mo.)</p> <p><input type="checkbox"/> Radio (\$ _____ /Mo.)</p> <p><input type="checkbox"/> Contacts with community groups (\$ _____ /Mo.)</p> <p><input type="checkbox"/> Other (Specify) _____</p>				
e. Does the project maintain a waiting list of prospective tenants? Is the list updated regularly? How many are now on list? _____				

	N/A	Yes	No	Remarks
f. Has the project had a significant turnover problem? Indicate number of units becoming vacant during the last six months. Month _____ Total _____ Avg. _____ No. of Units _____ (____%)				
22. Leases and Deposits				
*a. On subsidized projects, is HUD model lease used? If not, has lease in use been approved by HUD? On non-subsidized projects, does lease meet HUD requirements?				
b. If necessary, are the HUD approved lease and/or the owner's/agent's rules and regulations available to project tenants in foreign language version?				
c. In Section 236 projects with tenant paid utilities, is the model lease being used in compliance with the provisions of Chapter 4, Section 5 of Handbook 4350.1 with respect to tenant paid utilities? Check to assure regulatory agreement has also been amended.				
d. Is amount of security deposit within limits set for this HUD program?				
e. Are the security deposit and first month's rent the only charges made when applicant is accepted for occupancy? List other charges and amounts. Type _____ Amount _____ \$ _____ \$ _____				
f. Has the project implemented the pet rule (elderly only) requirement?				
g. Obtain copy of pet policy to ascertain if the pet policy and amount of pet deposit is reasonable?				
h. Has the Pet policy (elderly only) been incorporated into the lease?				
23. Rent Schedule Compliance				
*a. Is a HUD-approved Rent Schedule (HUD-92458) on file? List and compare the rental charges.				
	Rent Used	Form HUD-92458 Rent	Rent Used	Form HUD-92458 Rent
_____ Bedroom	\$ _____	\$ _____	_____ Bedroom	\$ _____
_____ Bedroom	_____	_____	_____ Bedroom	_____
_____ Bedroom	_____	_____	_____ Bedroom	_____
_____ Bedroom	_____	_____	_____ Bedroom	_____
b. In non-subsidized projects, is the gross potential income from apartments equal to or less than rents approved on the latest Form HUD-92458?				
c. In Section 221(d)(3) projects, is the rent for each dwelling unit at or below the upper limit of the approved rent range shown on the latest Form HUD-92458?				
d. In Section 236 projects, are Basic Rents and Market Rents the same as shown on the latest Form HUD-92458?				
e. In project receiving Section 8 assistance, are rents charged for Section 8 units the same as rents charged for all similar units in the project?				
f. Are charges for equipment and services included in the rent the same as shown on the latest Form HUD-92458? Do these charges equal or exceed management's cost for providing these services and equipment?				
g. Is the other income-producing space in the project rented at or above the rates shown on the latest Form HUD-92458?				

	N/A	Yes	No	Remarks			
h. Are the number of non-revenue producing dwelling spaces at the project the same as shown on the latest Form HUD-92458?							
24. Application Processing							
a. Are proper income limits used?							
b. Are income, assets (if applicable) and medical and other expenses (child care allowance, handicapped assistance expenses, elderly household allowance) independently verified?							
c. Is income properly calculated? Are deductions from income properly calculated?							
d. Is size of unit reasonably related to size of the family?							
e. When tenants are paying their own utilities, have certification/recertification forms (Form HUD-50059) been revised to reflect utility allowance?							
f. Are application forms signed by both the tenant and the owner and sent to HUD on a timely basis?							
g. Are appropriate preference rankings applied to prospective tenants?							
25. Recertification System							
a. Does management use a tickler system to identify recertifications that are coming due? Are recertifications completed on or before the anniversary date?							
b. Is request for new verification of income sent to tenant at least 60 days before the anniversary date?							
c. Are tenants notified of any rent change resulting from the recertification prior to the effective date of the rent change?							
26. Monthly Vouchers							
*a. Is project utilizing all subsidy units allocated to it? Complete the following chart. Explain why subsidies are not used.							
Secondary Subsidy	Rent Supp.	RAP	LM Sec. 8	Existing Sec. 8	Sec. 23	Flex. Subsidy	Total
(1) No. of Units Approved							
(2) Annual Contract Amount	\$	\$	\$	\$	\$	\$	\$ /yrs.
(3) No. of Units Used Last Month							
(4) Estimated Usage This Year	\$	\$	\$	\$	\$	\$	\$ /yrs.
*b. Are monthly vouchers submitted to HUD on time?							
*c. Are billings properly prorated for move-ins and move-outs?							
d. Are claims for Section 8 vacancy payments supported by accounting records and owner recertifications?							
e. Does agent monitor monthly subsidy usage and promptly request increases in contract authority when warranted?							
27. Eviction/Termination of Assistance Procedures							
a. Does management have a written policy for handling evictions?							
b. Are eviction policies and procedures consistent with HUD requirements?							
c. When tenants are evicted, are they evicted only with good cause and are they given adequate notice of the reason for evictions?							

	N/A	Yes	No	Remarks
d. Are eviction procedures initiated promptly, when warranted?				
1) Number of evictions completed during last 6 months _____.				
2) Average cost per eviction \$ _____.				
3) Eviction handled by:				
<input type="checkbox"/> attorney on staff of owner/agent				
<input type="checkbox"/> attorney on contract				
<input type="checkbox"/> attorney on call				
e. Is Legal Services actively involved in evictions at this project?				
f. Does eviction procedure comply with that shown in approved management plan? Describe process used in evicting tenants for causes other than nonpayment of rent.				

g. Does management provide written policy on termination of assistance to tenants (e.g. incorporated into a tenant handbook)?				
h. Are these policies consistent with HUD requirements?				
i. Number of terminations of assistance incurred over the past year:				

28. Tenant Files and Records				
a. Are tenant files organized, properly maintained, and secured in a confidential manner?				
b. Do tenant files contain all the necessary forms and documents? Are these signed by the tenant and the owners, as required? Check items typically found in files.				
<input type="checkbox"/> Application (signed)				
<input type="checkbox"/> Income Verifications				
<input type="checkbox"/> Lease (signed)				
<input type="checkbox"/> Lease addenda				
<input type="checkbox"/> Security Deposit Receipt				
<input type="checkbox"/> Recertification Form(s)				
<input type="checkbox"/> Unit Inspection				
<input type="checkbox"/> Correspondence, including complaints and requests for service				
<input type="checkbox"/> Other _____				
c. Is there a chronological record of maintenance inspection and work for each unit maintained in the project office?				
III. Leasing and Occupancy Rating				
*a. Occupancy Review Compliance—List deficiencies in occupancy procedures noted in prior occupancy review(s) or elsewhere (e.g. Appendix 2 of 4372.1) which are still outstanding.				
Review Date	Deficiency	Corrected		Action Needed
		Yes	No	

b. Rating:

- ☐ Superior ☐ Below Average
☐ Satisfactory ☐ Unsatisfactory

Part D—Tenant/Management Relations (When assessing tenant/management relations, the critical point is whether or not management is aware of and sensitive to tenants' concerns and is using the optimum resources available to address these concerns. The principal sources of information for completing this section will be correspondence in the project file, interviews with on-site management staff and, when appropriate, interviews with some residents of the project.)

	N/A	Yes	No	Remarks
29. Tenant Participation				
a. Is there an active tenant organization at this project?				
b. Does the tenant organization appear to represent the majority of the residents? What tenants appear to be under-represented? _____				
c. Does the tenant organization meet frequently with management? Give frequency _____ Date of last meeting _____				
d. Is tenant organization supported by project funds? How much? _____				
e. Are there brochures and newsletters available regarding project policies and activities? Does management encourage tenant input to the newsletter?				
f. Is tenant involvement in project operations encouraged? Check areas in which involvement is encouraged. <input type="checkbox"/> Project rules <input type="checkbox"/> Redecorating schedule <input type="checkbox"/> Use of community space <input type="checkbox"/> Energy conservation <input type="checkbox"/> Social service program <input type="checkbox"/> Security program				
g. Have tenants been notified of and given an opportunity to comment upon proposed rental increases, capital improvements, proposed sale of project, change of ownership/management agents, and other areas where tenant notification and comment is required by HUD?				
30. Provision of Tenant Services				
a. Has management made efforts to determine what community resources and social services are available to meet tenant needs?				
b. Do social services provided by either the project or neighborhood appear adequate to meet the tenants needs? Check services available and identify agency providing the service (i.e., CETA; city/county/state; church/school; community groups, etc.) and any cost to project.				
	Source Agency	Cost to Project		
<input type="checkbox"/> Child Care	_____	_____		
<input type="checkbox"/> Recreation	_____	_____		
<input type="checkbox"/> Health Care	_____	_____		
<input type="checkbox"/> Vocational Training/ Job Placement	_____	_____		
<input type="checkbox"/> Meals	_____	_____		
<input type="checkbox"/> Financial Counseling	_____	_____		
<input type="checkbox"/> Substance Abuse Counseling	_____	_____		
<input type="checkbox"/> Other (specify) _____	_____	_____		

	N/A	Yes	No	Remarks
c. Has management made an effort to employ tenants? If so, describe and indicate how many tenants have been employed in the past two years.				
31. Use of Community Space				
a. Is indoor community space adequate and is it in satisfactory condition?				
b. Does managing agent plan and use the space effectively?				
c. Have written procedures been established for reserving the space (including a fee schedule, when appropriate)?				
d. Is outdoor recreation space adequate and in good condition?				
32. Tenant Satisfaction				
a. Do residents appear reasonably satisfied with the overall quality of housing services provided by the project?				
Maintenance Services				
Security				
Social Services				
List any areas of dissatisfaction				
b. Does management respond promptly to maintenance requests and other resident complaints?				
c. Do project files indicate it is not necessary for tenants to communicate with HUD to resolve project problems?				
d. Does management have an effective method for resolving tenant grievances and are the tenants aware of it?				
IV. Tenant/Management Relations Rating				
<input type="checkbox"/> Superior				
<input type="checkbox"/> Satisfactory				
<input type="checkbox"/> Below Average				
<input type="checkbox"/> Unsatisfactory				

Part E—Drug-Free Housing Policy

	N/A	Yes	No	Remarks
33. Uniform, Written Tenant Selection Plans That Aid and Support Drug-Free Housing.				
34. House Rules That Aid and Support Drug-Free Housing.				
35. Evidence of Drug Use/Sales at Project Address.				
a. Police Reports/Arrest Records				
b. Physical Inspection/Paraphernalia				
36. Overall Project Plan for Drug-Free Housing				
37. Project Owner/Agent is A Member of Local Drug-Free Housing Task Force (if formed).				
V. Drug-Free Housing Policy Rating				
<input type="checkbox"/> Superior				
<input type="checkbox"/> Satisfactory				
<input type="checkbox"/> Below Average				
<input type="checkbox"/> Unsatisfactory				

Part F—General Management Practices (Thoroughly review the management plan and management agreement before completing this Part of the review. If you determine in Question No. 43a that the management plan does not reflect systems and procedures in use at the project, or if you believe that the systems and procedures set forth in the plan are not appropriate for the project, in Part I specify deficiencies and recommend revisions to practices/content of the plan.)

	N/A	Yes	No	Remarks		
38. Owner Participation						
a. Is the project owner actively involved in project affairs? If yes, describe. _____ _____						
b. Does management agent submit reports to owner as required by management agreement or plan, if one exists? Check reports required and indicate frequency. (Obtain copies, if possible.) <div style="display: flex; justify-content: space-between;"> <div> Type <input type="checkbox"/> Cash flow/accounting <input type="checkbox"/> Move out/move in <input type="checkbox"/> Delinquency <input type="checkbox"/> Maintenance <input type="checkbox"/> Other (specify) _____ </div> <div> Frequency _____ _____ _____ _____ _____ </div> </div>						
c. If project is owned by a cooperative or nonprofit entity, does Board of Directors meet regularly? How often? _____						
d. If project is owned by a cooperative, are minutes prepared?						
39. Organization and Supervision						
*a. Do management agreement and plan, if they exist, and/or the Management Entity Profile and Management Certifications, clearly describe the relationships and responsibilities of the owner and the agent? Do on-site staff understand these relationships?						
b. Does owner/agent have a system/procedure for providing field supervision of on-site personnel? Name of Field Supervisor(s) _____ Freq. of Visits by Supervisor _____						
c. Are lines of supervision between on-site staff and agent's central staff described in writing and understood by staff?						
d. Are duties of on-site staff described in writing (e.g., job description, etc.) and are they clearly understood by on-site staff?						
e. Has the owner/agent established a written personnel policy for employees?						
40. Staffing and Personnel Practices						
*a. List all staff billed to project account.						
Name *	Title	Date Employed	Hours per Week	Monthly Salary or Wage	If a free apt. give number of bedrooms	Position approved in mgmt plan? Yes / No

*Indicate by asterisk those employees living on site.

	N/A	Yes	No	Remarks									
b. Does above staffing reasonably correspond to that submitted in support of last rent increase?													
c. Are the number of skills of staff appropriate for this project?													
d. Are staff recruited in accordance with affirmative action and tenant employment goals specified in management plan?													
41. Operating Procedures and Manuals													
a. Is a copy of the current management plan, if it exists, on-site and available to staff? If not, answer N/A.													
b. Do on-site staff refer to this plan in their day-to-day activities?													
c. Is there a procedures manual on site for staff use? (Obtain copy, if available.)													
d. Does manual adequately cover HUD requirements?													
e. Are HUD manuals, handbooks or other guide materials available on site for staff use?													
42. Training													
a. Does owner/agent have a formal ongoing training program for its staff? Check types of training used. <input type="checkbox"/> On Site (Frequency _____) <input type="checkbox"/> IREM <input type="checkbox"/> HUD Seminars <input type="checkbox"/> NCHM <input type="checkbox"/> Local Colleges <input type="checkbox"/> Other (specify) _____													
b. When on-site staff have questions or concerns, do they know who to call for assistance? Who do they call? _____													
c. Does owner/agent have a system to keep on-site staff informed of changes in either HUD policies or project operating procedures?													
43. On-Site Office Administration													
a. Are there signs enabling applicants/tenants to easily locate the office?													
b. Is office organized and neat in appearance?													
c. Are office hours posted?													
d. Are office hours convenient for prospective applicants and tenants?													
e. Is rent collection policy posted?													
f. Is affirmative fair housing sign posted?													
g. Are emergency phone numbers posted?													
44. Insurance and Bonding													
a. List current insurance coverage and premiums. <table border="0" style="width: 100%;"> <thead> <tr> <th></th> <th>Basic Coverage</th> <th>Annual Premium</th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Liability</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </tbody> </table>		Basic Coverage	Annual Premium	Property	\$ _____	\$ _____	Liability	\$ _____	\$ _____				
	Basic Coverage	Annual Premium											
Property	\$ _____	\$ _____											
Liability	\$ _____	\$ _____											
b. Is property insurance adequate to cover replacement cost?													
c. Has the project been able to obtain property or liability insurance coverage without any major difficulties? If not, describe problems.													

	N/A	Yes	No	Remarks
d. Has the owner/agent attempted to obtain lower insurance coverage rates? If yes, describe.				
e. Does the owner/agent have a fidelity bond which is at least equal to potential collections for two months and which provides coverage for all employees handling cash? (Obtain copy, if available.)				
45. Management Plan and Agreement				
a. Have owner and managing agent executed and submitted an appropriate management certification (Form HUD-9839-A, B, or C) to HUD? Date of certification ____/____/____.				
b. Is the agent in compliance with the terms of the management certification?				
c. Has a management entity profile been submitted to HUD and is it relevant to the agent's organization and how it operates? Date of profile ____/____/____.				
d. Is there an approved management plan relevant to the needs of the project?				
e. If a plan exists, is the owner/agent complying with the management plan?				
f. Is a management agreement in force? Term of Agreement ____/____/____ thru ____/____/____ Management Fee ____%				
g. Is the agent in general compliance with the terms of the management agreement, if one exists?				
VI. General Management Practices Rating				
<input type="checkbox"/> Superior				
<input type="checkbox"/> Satisfactory				
<input type="checkbox"/> Below Average				
<input type="checkbox"/> Unsatisfactory				