

Management Review Worksheet For Residential Care Facilities (Section 232)

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

Project Name/Number	Date of Inspection	Name of Inspector
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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 nine months ago, you should consider completing a new Physical Inspection Report in conjunction with this review.

1. General Physical Condition

Yes No N/A

- 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 bulbs or seriously damaged exterior doors?
- d. Are hallways, stairways, elevators, laundry rooms, garbage areas and other public areas clean?
- e. Is the project free of obvious fire/safety/health hazards or building and health code violations?
- f. Have repairs or corrections called for on last physical inspection been satisfactorily completed?

Comments (indicate item referred to) _____

2. Work Scheduling

Yes No N/A

- a. Are maintenance and janitorial employees given 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):
 [] Preventive [] Corrective [] Deferred [] Other (Describe) _____
- 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?
 Average number of work orders received per day is: _____
 Average response time is: _____
 Current work order backlog is: _____

Comments (indicate item referred to) _____

3. Preventive Maintenance

a. Is there a schedule for preventive maintenance/servicing of the items listed below? Check schedules in use and indicate in parentheses whether servicing is done by project staff (P) or by contractor (C).

	Yes	No	N/A		Yes	No	N/A
Major Appliances ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Heating and Air conditioning Equipment ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Elevators ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Inspect Roof ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Motor Vehicles ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Cleaning Carpets and Drapes ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hot Water Heaters ()	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

	Yes	No	N/A
b. Are exterminator services provided regularly as necessary? Are residents properly notified of such services?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Are sewer lines, roof gutters, and downspouts cleaned periodically?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
d. Are lawns and plants fertilized/trimmed at appropriate time of year?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
e. Are exterior windows cleaned on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
f. Is there a schedule for exterior painting and is it followed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

4. Unit Inspections (Inspect at least two occupied and two vacant units selected at random.)

	Yes	No	N/A
a. In the case of long-term occupied units:			
1) are units inspected on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) are units redecorated on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) is there a written schedule for the inspections completed regularly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. In the case of vacant units, are move-in and move-out inspections completed regularly?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. Is the condition of units inspected satisfactory? How many units were inspected? _____	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

5. Vacant Unit Preparation

	Yes	No	N/A
a. Does management have a system to monitor timely preparation of vacant units for rental?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. Is preparation of vacant units free from delays due to:			
1) lack of funds?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2) insufficient supply of materials maintained at project site?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3) use of contractor instead of project staff, or vice versa?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. Equipment and Inventory Controls

Yes No N/A

- 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?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

7. Procurement and Supply Practices

Yes No N/A

- a. Does the project maintain a list or 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 obtained the most favorable terms available for supplies and services?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

d. Obtain copies of all current service contracts and review for name of contractor, annual contracted amount and possible identity of interest for:

_____ Elevator service _____	for \$ _____	/yr.
_____ Exterminating service _____	for \$ _____	/yr.
_____ Apartment cleaning _____	for \$ _____	/yr.
_____ Heating and A/C service _____	for \$ _____	/yr.
_____ Plumbing service _____	for \$ _____	/yr.
_____ Security service _____	for \$ _____	/yr.
_____ Trash collection _____	for \$ _____	/yr.
_____ Decorating _____	for \$ _____	/yr.
_____ Grounds maintenance _____	for \$ _____	/yr.
_____ Other _____	for \$ _____	/yr.

(Indicate by an asterisk whether there is an identity-of-interest relationship between the contractor and the owner or agent.)

- e. Is information on purchasing 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 resulting charges to the project?
- f. Do records indicate that management has:
 - 1) inspected contractor's work before authorizing payment?
 - 2) pursued corrections needed?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

8. Security Program

Yes No N/A

- a. Is exterior lighting adequate for protection and visual security?
b. Is the project free of major security problems? If not, check problem areas:
[] Break-ins [] Vandalism [] Personal Assault [] Internal Security Breach
[] Other (specify)
c. Is type and level of security service appropriate for this project?

Grid of checkboxes for Yes, No, N/A corresponding to items a, b, and c.

Comments (indicate item referred to)

9. Energy Conservation

Yes No N/A

- 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 utility rate schedules to assure that the most economic rate schedule is used?
c. Has management attempted to reduce energy consumption?

Grid of checkboxes for Yes, No, N/A corresponding to items a, b, and c.

Check measures undertaken:

- Energy Audit Completed Extra Insulation
Caulking and Weatherstripping Conversion to Individual Metering
Storm Doors and Windows Consumer Education
Watersaver Devices Other (specify)

Comments (indicate item referred to)

10. Maintenance Program Rating (Check applicable box)

- [] Superior [] Above Average [] Satisfactory [] Below Average [] Unsatisfactory

Part B — FINANCIAL MANAGEMENT — This part will assist the mortgagee in evaluating the mortgagor's system of financial and accounting controls, as well as the mortgagor's compliance with HUD financial reporting requirements. Some items may have already been covered in your review of the latest annual audited financial statement.

11. Accounting and Bookkeeping

Yes No N/A

- 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 by placing in parentheses an (O) for Owner's office; an (A) for Agent's Office; or (P) for Project Site.
[] General Ledger () [] Rent Receivable Ledger ()
[] General Journal () [] Cash Receipts Journal ()
[] Accounts Payable Journal () [] Cash Disbursements Journal ()
b. Are operating funds, security deposits and reserve funds, maintained in separate accounts and properly secured for authorized use?
c. Does mortgagor make frequent postings (at least monthly) to ledger accounts?

Grid of checkboxes for Yes, No, N/A corresponding to items a, b, and c.

Comments (indicate item referred to)

12. Budget Management

Yes No N/A

- a. Is an operating budget prepared annually and is it approved by owner?
If yes, obtain a copy of current year's budget. Yes No N/A
- b. Is a budget used to monitor and control operating expenses? Yes No N/A
- c. Are monthly or quarterly reports prepared indicating variances between actual income and expenses and budgeted income and expenses? Yes No N/A

Comments (indicate item referred to) _____

13. Cash Controls

Yes No N/A

- a. Are collections deposited on the day received or, pending deposit, are they properly controlled? Yes No N/A
- b. Are there adequate controls over cash accepted? Check controls used:
[] Prenumbered rent receipts [] Bank collections [] Safe [] Lock Box
- c. Do different persons handle bank deposits and accounts receivable, or is an alternative safeguard in effect? Yes No N/A
- d. Are all disbursement checks prenumbered, properly identified with account numbers and supported by vouchers or invoices? Yes No N/A
- e. 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? Yes No N/A
- f. Are funds (i.e., receipts, disbursements, petty cash, etc.) periodically checked on a surprise basis by a responsible official (other than on-site employees)? Yes No N/A
- g. Are bank statements reconciled promptly upon receipt by someone other than check signer and by one who has no cash receipt or disbursement function? Yes No N/A

Comments (indicate item referred to) _____

14. Cost Controls

Yes No N/A

- a. Does Owner/Agent solicit bids (formal or informal) in order to obtain materials, supplies and services on most advantageous terms to project? Give recent example: _____
_____ Yes No N/A
- b. Are bills (including mortgage payment) paid in sufficient time to avoid late penalties? Yes No N/A
- c. Are vendor bills paid in time to obtain maximum trade discounts? Yes No N/A
- d. Are operating expenses (including taxes and utilities) periodically reviewed to assure that the project is paying lowest possible rate? Identify any efforts by Owner/Agent to reduce expenses/effect cost savings: _____ Yes No N/A
- e. Do project operating costs or expenses appear reasonable compared to those of similar projects? Yes No N/A

Comments (indicate item referred to) _____

15. Submission of Reports

Yes No N/A

- a. Have the following financial reports been submitted on a timely basis and in acceptable form?
 - 1) Annual Audited Financial Statement: Due ___ / ___ / ___; Received ___ / ___ / ___
 - 2) Monthly Accounting Reports (Forms HUD-93479, 93480, 93481)
- b. Does Agent/Owner contact IPA early enough to enable the IPA to prepare annual financial report within 60 days of the close of fiscal year?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

16. Financial Compliance and Condition

Yes No N/A

- a. If the Owner/Agent has taken unauthorized distributions, reimbursements or supervision fees, have these been repaid? If no, indicate amount due project \$ _____.
- b. Is the management fee paid to agent in accordance with the time schedule and amount authorized?
Fee authorized = \$ _____ (____%) Fee Paid = \$ _____ (____%)
- c. Is agent charging project for expenses which HUD policy requires the agent to pay?
- d. Has owner corrected any findings made on your review of last annual financial statement?
- e. Is current resident fee schedule sufficient to meet project needs?
- f. Does balance in security deposit trust account equal or exceed liability? If no, explain how deficit will be funded: _____

- g. If security deposits are invested in an interest-bearing account, is interest passed through to residents or transferred to project account?
- h. Complete the following as of the end of last month (___ / ___ / ___):
Cash on hand = \$ _____ Accounts Receivable = \$ _____ Accounts Payable = \$ _____

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

17. Rental Collection Practices

Yes No N/A

- a. Is there a written resident fee collection policy for private pay residents?
 - _____ Late charge of \$ _____ on _____ day.
 - _____ Delinquency notices sent on days _____, _____, _____.
 - _____ Collection procedures commence on _____ day.
- b. Does collection policy appear to be uniformly applied?
- c. Is an aged resident delinquency report prepared monthly?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

18. Accounts Receivable/Payable

Yes No N/A

- a. Are resident accounts receivable within acceptable limits?
Amount of Accounts Receivable shown in Item 16h is ____ % of monthly receipts due from residents.
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 resident's accounts receivable for the last two fiscal years been less than 1 percent of gross rents due from residents? Resident delinquent accounts written off last 12 months equals \$ _____.
- d. Are accounts payable reasonably current? Indicate amount of accounts payable more than 60 days old: \$ _____.

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

19. Reserves and Escrows

- a. Complete the following table:

Name of Reserve	Value as of ____ / ____ / ____			Held in Interest-Bearing Account? (Check Box)	
	Total	Per Unit	Monthly Deposit	Yes	No
Replacement Reserve	\$	\$	\$		
Other	\$	\$	\$		
Other	\$	\$	\$		
Other	\$	\$	\$		

Yes No N/A

- b. Do the balances in replacement or general operating reserve accounts appear adequate to meet future needs?
If no, what action is recommended? _____

- c. Have monthly deposits to these reserves been increased since the project was completed?
- d. Has mortgagor/mortgagee 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?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

20. Financial Management Rating:

(Check appropriate box)

- [] Superior [] Above Average [] Satisfactory [] Below Average [] Unsatisfactory

21. Resident Selection and Orientation

Yes No N/A

- a. Have written resident selection procedures have been established? If yes, obtain copy.
If no, describe procedures for reviewing and approving resident applications.
- b. Is affirmative marketing plan on site?
Does advertising program comply with affirmative marketing plan?
Estimate racial mix: White (____%) Black (____%) American Indian or Alaskan Native (____%)
Asian or Pacific Islander (____%) Hispanic (____%)
- c. Are new residents given information handbooks or manuals?
- d. Does project staff personally interview new residents and/or family members and provide orientation to the project?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

22. Vacancy and Turnover

Yes No N/A

- a. Is the vacancy rate satisfactory and not excessive?
List month-end vacancies for last six months:

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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Month							Total	Avg.
Number Vacant								

Number Vacant Today = _____ (____%) Number Ready for Occupancy _____
 Average Length of Vacancy = _____ days

Yes No N/A

- b. Is project free from vacancy problems due to any of the following factors? If no, check the factors contributing to vacancies:

____ Security Problem	____ Poor Maintenance
____ Non-competitive Amenities	____ Rents too High
____ Inadequate Marketing	____ Location
____ Project Reputation	____ Lack of Demand
____ Bedroom Mix/Size (____ bdrm hard to rent)	____ Resident/Management Relations

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- c. Is advertising program in use appropriate: Check type of ads used and enter cost per month:
 [] Newspaper @ \$_____/month [] Radio @ \$_____/month
 [] Contacts with Community Groups @ \$_____/month
 [] Other (Specify) _____ @ \$_____/month

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- d. Does the project maintain a waiting list of prospective residents?
Is the list updated regularly? How many are on this list? _____
- e. Has the project had a significant turnover problem?

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments (indicate item referred to) _____

23. Leases and Deposits

Yes No N/A

- a. Are the security deposit and first month's rent the only charges made when applicant is accepted for occupancy?

List other charges and amounts:

Other (Specify) _____ @ \$ _____ per month

Other (Specify) _____ @ \$ _____ per month

Comments (indicate item referred to) _____

24. Resident Files and Records

Yes No N/A

- a. Are resident files organized, properly maintained and secured in a confidential manner?
b. Do resident files contain all the necessary forms and documents?

Are these signed by the resident and the owners, as required?

Check items typically found in files: _____ Application (signed) _____ Security Deposit Receipt

_____ Unit Inspection _____ Correspondence _____ Other

- c. Is there a chronological record of maintenance inspections and work completed for each unit maintained in the project office?

Comments (indicate item referred to) _____

25. Leasing and Occupancy Rating

- a. Occupancy Compliance — List any deficiencies which were noted in prior review(s) which are still outstanding:

- b. Rating: Check appropriate box:

[] Superior [] Above Average [] Satisfactory [] Below Average [] Unsatisfactory