

# Performance-Based Annual Contributions Contract (ACC)

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UNITED STATES

Department of Housing and Urban Development

PERFORMANCE-BASED ANNUAL CONTRIBUTIONS CONTRACT

Project-Based Section 8 Contract Administration

**1. DEFINITIONS**

**ACCEPTABLE QUALITY LEVEL (AQL).** The minimum required performance level for each Performance-Based Task. The Acceptable Quality Level for each Performance-Based Task specified in the Performance Requirements Summary (Exhibit A, Section 6). Performance is measured using the quantitative and qualitative requirements set forth in Performance Based Tasks (Exhibit A, Section 3), other provisions of the Performance-Based Annual Contributions Contract, and regulations, handbooks, forms, notices, and guidance issued by the United States Department of Housing and Urban Development.

**ADMINISTRATIVE FEES.** The sum of the Basic Administrative Fee that the United States Department of Housing and Urban Development pays the Public Housing Agency for each Covered Unit under a Housing Assistance Payments Contract (per unit per month) on the first day of the month, less any Disincentive Deduction Amount, plus any Incentive Fee for Customer Service and any Incentive Fees for Performance.

*For descriptions of terms related to determination of Public Housing Agency administrative fees, see also Section 4 of Exhibit A of the Performance-Based Annual Contributions Contract.*

**BASIC ADMINISTRATIVE FEE.** The amount that results when the Administrative Fee Percentage, approved by the United States Department of Housing and Urban Development, is multiplied by the current applicable 2-Bedroom Fair Market Rent for each Covered Unit under a Housing Assistance Payments Contract on the first day of the month during the Performance-Based Annual Contributions Contract Term.

**BASIC ADMINISTRATIVE FEE EARNED.** The Basic Administrative Fee less any Disincentive Deduction Amount.

**BASIC ADMINISTRATIVE FEE PERCENTAGE.** The percentage of the applicable annual per unit per month 2-bedroom Fair Market Rent within the State, which is used to calculate the monthly Basic Fee.

**BASIC ADMINISTRATIVE FEE PERCENTAGE LIMITATION.** The Basic Administrative Fee Percentage shall not exceed two and one-half (2.5) percent of the applicable per unit per month 2-bedroom Fair Market Rent for the State published by the United States Department of Housing and Urban Development.

**BUDGET AUTHORITY.** The maximum amount of funds available for payment to the Public Housing Agency under each Housing Assistance Payments Contract assigned to the Public Housing Agency under the Performance-Based Annual Contributions Contract. Budget authority is authorized and appropriated by the United States Congress.

**CONTRACT ADMINISTRATION OVERSIGHT MONITOR (CAOM).** Employees within the Office of Multifamily Housing, United States Department of Housing and Development, who conduct administrative, monitoring, and oversight functions related to the Public Housing Agency's compliance with and performance of the Performance-Based Annual Contributions Contract.

**COVERED UNITS.** Section 8 assisted units in the Service Area under Housing Assistance Payments Contracts assigned to the Public Housing Agency for contract administration under the Performance-Based Annual Contributions Contract.

**DISASTER PLAN:** Public Housing Agency's plan to respond to any threat or emergency that may interrupt essential Public Housing Agency functions and that the Public Housing Agency has tested and determined it to be sound and effective.

**DISASTER PLAN CERTIFICATION:** An annual certification by the Public Housing Agency that its Disaster Plan documentation is up-to-date, all employees and applicable sub-contractors have been trained and all backup plans and systems have been tested (Exhibit D).

**DISINCENTIVE DEDUCTION AMOUNT.** The dollar amount by which the Basic Administrative Fee is reduced by applying the Disincentive Deduction Percentage to the Performance-Based Task Allocation Amount of the Basic Administrative Fee if the Public Housing Agency's performance of the Performance-Based Tasks falls below Acceptable Quality Level as specified in the Performance Requirements Summary (Exhibit A, Section 5).

**DISINCENTIVE DEDUCTION PERCENTAGE.** The percentage applied to the Performance-Based Task Allocation Amount of the Basic Administrative Fee amount to arrive at the Disincentive Deduction Amount (Exhibit A, Section 5).

**FAIR MARKET RENTS (FMR).** The rents established by the United States Department of Housing and Urban Development, as required under section 8(c) (1) of the United States Housing Act of 1937, for units of varying sizes (by number of bedrooms) that must be paid in the market area to rent privately owned, existing, decent, safe, and sanitary rental housing of modest (non-luxury) nature with suitable amenities.

**FAIR MARKET RENT AREA.** The area for which the United States Department of Housing and Urban Development has established a Fair Market Rent.

**FISCAL YEAR END (FYE).** The last day of the last month of the Public Housing Agency's fiscal year.

**FULL-TIME EQUIVALENT (FTE).** One (1.00) full-time equivalent is a measure of employee work hours based on two thousand eighty (2,080) work hours per year per employee. The full-time equivalent of two employees working one thousand forty (1,040) work hours per year is one (1.00) full-time equivalent.

**HOUSING ASSISTANCE PAYMENTS CONTRACT (HAP Contract).** A project-based housing assistance payments contract authorized under Section 8 of the United States Housing Act of 1937 (but not including any such contract authorized under section 8(o)(13) or under former section 8(e)(2) of such Act) including any renewal of such contract, as authorized under the Multifamily Assisted Housing Reform and Affordability Act of 1997.

**INCENTIVE FEE FOR CUSTOMER SERVICE.** An annual fee for customer service that the Public Housing Agency may earn that is equal to five (5) percent of the total Basic Administrative Fee Earned for each twelve (12) month period of the term of the Performance-Based Annual Contributions Contract.

**INCENTIVE FEES FOR PERFORMANCE.** Annual fees for performance that the Public Housing Agency may earn if it achieves twelve (12) months of one-hundred (100) percent quality level performance of Performance-Based Tasks numbers one (1) through five (5). This performance level is greater than the Acceptable Quality Level specified in the Performance Requirement Summary (Exhibit A, Section 5). The incentive for each Performance-Based Task is one (1) percent of the total Basic Administrative Fee Earned for each twelve (12) month period of the term of the Performance-Based Annual Contributions Contract

**INDEPENDENT AUDITOR (IA).** An auditor who meets the auditor qualifications of Government Auditing Standards, including the qualifications relating to independence and continuing professional education. Additionally, the audit organization is to meet the quality control standards of Government Auditing Standards.

**MULTIFAMILY ASSISTED HOUSING REFORM AND AFFORDABILITY ACT OF 1997, AS AMENDED (MAHRA).** The statute authorizing the renewal of Housing Assistance Payments Contracts for project-based assistance under Section 8 of the United States Housing Act of 1937 upon termination or expiration of such contracts (42 U.S.C. section 1437f).

**PERFORMANCE-BASED ANNUAL CONTRIBUTIONS CONTRACT (ACC).** This contract between the United States Department of Housing and Urban Development and the Public Housing Agency.

**PERFORMANCE-BASED ANNUAL CONTRIBUTIONS CONTRACT TERM (ACC TERM).** A term of twenty-four (24) months unless extended at the sole election of the United States Department of Housing and Urban Development.

**PERFORMANCE-BASED ANNUAL CONTRIBUTIONS CONTRACT YEAR END (ACC YEAR END).** The last day of the last month of each twelve (12) month period of the Performance-Based Annual Contributions Contract Term.

**PERFORMANCE-BASED CONTRACT ADMINSTRATOR (PBCA).** Any entity determined by the United States Department of Housing and Urban Development to meet the definition of “public housing agency,” as defined in section 3(b)(6)(A) of the United States Housing Act of 1937, and to be qualified to enter into and to perform the obligations of such an agency under the Performance-Based Annual Contributions Contract.

**PERFORMANCE-BASED SERVICE CONTRACT (PBSC).** The Performance-Based Service Contract is based on the development of Performance-Based Tasks in measurable terms with established quantitative and qualitative performance standards and review methods to assure quality performance of the work.

**PERFORMANCE-BASED TASK (PBT).** A functional task that a Public Housing Agency must perform as described in the Exhibit A, Section 3, in accordance with the requirements of the Performance-Based Annual Contributions Contract and regulations, handbooks, forms, notices, and guidance issued by the United States Department of Housing and Urban Development.

**PERFORMANCE-BASED TASK ALLOCATION AMOUNT.** The Basic Administrative Fee amount that is allocated to each Performance-Based Task based on the Performance-Based Task Allocation Percentage, as specified in the Performance Requirements Summary (Exhibit A, Section 5).

**PERFORMANCE-BASED TASK ALLOCATION PERCENTAGE.** The percentage of the Basic Administrative Fee Amount allocated to each Performance-Based Task for its performance, as specified in the Performance Requirements Summary (Exhibit A, Section 5). The Basic Administrative Fee Amount multiplied by the Performance-Based Task Allocation Percentage determines the Performance-Based Task Allocation Amount. This is the amount to which the Disincentive Deduction Percentage, if applicable, is applied to arrive at the Basic Administrative Fee Earned.

**PERFORMANCE REQUIREMENTS SUMMARY (PRS).** Exhibit A, Section 5 of the Performance-Based Annual Contributions Contract. The United States Department of Housing and Urban Development may amend the Performance Requirements Summary during the term of the Performance-Based Annual Contributions Contract by giving written notice to the Public Housing Agency.

**PROGRAM EXPENDITURES.** Amounts (including housing assistance payments and administrative fees) that may be charged against program receipts in accordance with the Performance-Based Annual Contributions Contract and the requirements of the United States Department of Housing and Urban Development.

**PROGRAM PROPERTY.** Program Receipts, including funds held by a depository institution, and the rights or interests of a Public Housing Agency under a Housing Assistance Payments Contract for Covered Units.

**PROGRAM RECEIPTS.** Administrative Fees and Housing Assistance Payments funds paid by the United States Department of Housing and Urban Development to the Public Housing Agency under the Performance-Based Annual Contributions Contract, and interest earned on Housing Assistance Payments funds in connection with the administration of the Section 8 program under the Performance-Based Annual Contributions Contract.

**PUBLIC HOUSING AGENCY (PHA).** The entity, as defined in section 3(b)(6)(A) of the United States Housing Act of 1937, that has entered into the Performance-Based Annual Contributions Contract with the United States Department of Housing and Urban Development.

**QUALITY CONTROL PLAN (QCP).** The PHA's internal control plan to ensure compliance with the provisions of the Performance-Based Annual Contributions Contract through procedures such as separation of duties, checks and balances, and reviews.

**SECTION 8.** Section 8 of the United States Housing Act of 1937, as amended (42 U.S.C. section 1437f).

**SERVICE AREA.** The State in which the Public Housing Agency provides contract administration services under the Performance-Based Annual Contributions Contract.

**STATE.** One of the fifty (50) United States, the District of Columbia, the United States Virgin Islands, or the Commonwealth of Puerto Rico.

**THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.** The Federal agency authorized under Section 8 of the United States Housing Act of 1937 to enter into the Performance-Based Annual Contributions Contract.

**UNITED STATES HOUSING ACT OF 1937, AS AMENDED (1937 Act).** The statute in which the Section 8 program and related requirements are codified (42 U.S.C. section 1437).

## 2. ACC

### a. Purpose

- (1) This ACC is a contract between the PHA and HUD to administer project-based Section 8 Contracts as a PBCA. The ACC was awarded by HUD pursuant to a proposal submitted in response to HUD's published "Invitation for Submission of Applications: Contract Administrator for Project-Based Section 8 Housing Assistance Payments (HAP) Contracts" for PHAs to provide contract administration services for units assisted pursuant to a HAP Contract.
- (2) Under Section 8, HUD is authorized to enter into an ACC with a PHA that enters into a HAP Contract with an owner of a multifamily housing project to make housing assistance payments for housing units occupied by eligible households, including a HAP Contract assigned to the PHA by HUD for contract administration services under the ACC. Under the ACC, the PHA will provide contract administration services for Covered Units.
- (3) The ACC does not apply to contract administration of Section 8 projects assisted under the Section 8 moderate rehabilitation program (24 CFR part 882), including the Section 8 moderate rehabilitation single room occupancy program, or to contract administration of projects assisted under the Section 8 project-based voucher program or the project-based certificate program (24 CFR part 983).

### b. Exhibits

This ACC includes the following exhibits, each of which is part of the ACC:

Exhibit A: PHA Contract Administration Responsibilities

Exhibit B: HAP Contracts

Exhibit C: Annual Financial Operations Report & FTE Certification

Exhibit D: Disaster Plan Certification

Exhibit E: Service Area

Exhibit F: Basic Administrative Fee Percentage

HUD may unilaterally amend Exhibit B from time to time to add HAP Contracts and/or withdraw HAP Contracts by giving the PHA written notice of the revised Exhibit B. Each such notice shall constitute an amendment of Exhibit B.

c. ACC Term

- (1) The PHA shall provide contract administration services for Covered Units during the ACC Term which shall consist of twenty-four (24) months.
- (2) After the initial term of the ACC, HUD may unilaterally elect to extend the ACC at HUD's sole discretion and shall exercise such extension by written notice to the PHA of HUD's election. HUD shall give any such extension notice at least three (3) calendar months before the expiration of the term of the ACC or an extension, if any.

**3. PHA CONTRACT ADMINISTRATION SERVICES**

1. Coverage

- (1) The PHA shall enter into or assume HAP Contracts with owners of Covered Units to make housing assistance payments to the owners of such units during the HAP Contract term.
- (2) During the ACC Term, the PHA shall provide contract administration services for the Covered Units in the Service Area.
- (3) HUD will assign to the PHA existing HAP Contracts for Covered Units. The PHA agrees to accept all such assignments by HUD for the purpose of administering such HAP Contracts in accordance with the ACC during the ACC Term. Upon assignment by HUD, the PHA immediately and automatically assumes, during the ACC Term, the contractual rights and responsibilities of HUD, or of any PHA that is or was party to the HAP Contract, pursuant to such HAP Contracts for Covered Units in accordance with the ACC and HUD requirements.

2. Services

- (1) The PHA shall perform all PHA responsibilities under the ACC in accordance with applicable provisions of:
  - The 1937 Act; and
  - MAHRA; and
  - Other applicable Federal laws, including any amendments to or changes in such laws; and

- HUD regulations and requirements, as amended or revised from time to time. Amendments will be effective no later than the first month of the next quarter following such notification; and
  - This ACC.
- (2) The PHA shall perform all of the following PBTs as described in the Exhibit A, Section 3 and as required by HUD issued regulations, handbooks, notices, and guidance.
- Conduct management and occupancy reviews.
  - Adjust contract rents.
  - Pay monthly vouchers from Section 8 owners.
  - Renew HAP Contracts and process owner opt-outs (i.e., HAP expiration and non-renewal by owner) and HAP Contract terminations.
  - Respond to tenant health, safety, and maintenance issues.
  - Submit monthly and quarterly reports.
  - Submit ACC Year End reports and certifications.
  - Submit PHA FYE reports and certifications.
- (3) The PHA shall require owners to comply with HUD requirements for occupancy of Covered Units, including requirements governing eligibility for assistance, resident contributions to rent, and examinations and reexaminations of household income.
- (4) The PHA shall determine the amount of housing assistance payments to owners in accordance with the terms of the HAP Contracts and HUD requirements. The PHA shall pay owners the amount of housing assistance payments due to owners under such HAP Contracts from the amount paid to the PHA by HUD for this purpose.

3. The PHA shall take prompt and vigorous action, to HUD's satisfaction, and as required or directed by HUD, to ensure owner compliance with the terms of HAP Contracts for Covered Units within the scope of the ACC.
4. Limitation on the Total Number of units Administered by the PHA and Serviced by Certain Subcontractors
  - (1) The total number of Section 8 Project-Based units that HUD will assign to the PHA under this ACC and any other performance-based ACC between HUD and the PHA will not exceed thirty-three (33) percent of the total number of units in the Portfolio of All Active Section 8 Project-Based Contracts as published by HUD without HUD's prior written approval.
  - (2) The PHA shall not at any time during the ACC Term enter into any contract with an entity for such entity to perform fifty (50) percent or more of the FTEs required to perform PBTs numbers one (1) through six (6) under this ACC if the total number of Section 8 Project-Based units for which such entity is performing such services under this and other ACCs exceeds thirty-three (33) percent of the total number of units in the Portfolio of All Active Section 8 Project-Based Contracts as published by HUD without HUD's prior written approval.
  - (3) HUD will grant such approval only in exigent circumstances, as determined solely by HUD, to ensure continuity of effective contract administration.

#### **4. PROGRAM RECEIPTS**

##### **a. Housing Assistance Payments**

- (1) HUD will make housing assistance payments to the PHA for Covered Units in accordance with HUD requirements.
- (2) The amount approved and paid by HUD for housing assistance payments shall be sufficient for timely payment by the PHA to owners under HAP Contracts for Covered Units. If the PHA is unable to make timely payments to owners because of HUD delay in paying the PHA the amount sufficient for such payment (and such HUD delay is not caused by the PHA's action or failure to act), the PHA's failure to make timely payments to owners shall not be a default by the PHA under the ACC.

##### **b. Administrative Fees**

- (1) The PHA earns a Basic Administrative Fee for each Covered Unit on the first day of the month in accordance with Exhibit A.

- (2) In addition to the Basic Administrative Fee, the PHA may earn annual Incentive Fees for Performance and Customer Service in accordance with Exhibit A.
- (3) The payment of Administrative Fees is subject to the availability of appropriated funds.
- (4) Basic Administrative Fees are subject to Disincentive Deductions if performance of the PBTs specified falls below the AQL specified in the PRS (Exhibit A, Section 5).
- (5) HUD will not pay a Basic Administrative Fee for any Covered Units for which the HAP Contract has been terminated.

c. Interest Earned

The dollar amount of interest earned on housing assistance payments deposited in a financial institution in connection with administration of the Section 8 program under the ACC.

## **5. FINANCIAL MANAGEMENT**

a. Use of Program Receipts

- (1) The PHA shall use program receipts in compliance with the U.S. Housing Act of 1937 and all HUD regulations and other requirements.
- (2) The PHA shall use Administrative Fees to pay the operating expenses of the PHA to administer HAP Contracts.
- (3) The Administrative Fees that exceed the PHA's costs to perform the ACC are not subject to HUD requirements governing use of Program Receipts. The PHA may use or distribute any such excess Administrative Fees for any purpose.
- (4) The PHA shall use HAP funds to pay housing assistance to owners for Covered Units.
- (5) HAP funds in excess of current needs for payments for Covered Units shall be invested in accordance with HUD requirements and, if required, as determined by HUD, promptly remitted to HUD.
- (6) Interest earned on HAP funds shall be remitted to HUD at the end of the ACC year (see Annual Interest Certification requirement Exhibit A, PBT #8) or shall be invested in accordance with HUD requirements.

b. Depository

Unless otherwise required or permitted by HUD, all Program Receipts shall be promptly deposited with an institution under the control of, and whose deposits are insured by, the Federal Deposit Insurance Corporation under the following conditions:

- (1) The PHA must determine that the financial institution has a rating consistent at all times with current minimally acceptable ratings as established by Government National Mortgage Association (GNMA).
- (2) The PHA must monitor the institution's ratings no less than on a quarterly basis, and change institutions when necessary.
- (3) The PHA must document the ratings of the institution where funds are deposited and maintain the documentation in the administrative record for three years, including the current year.
- (4) The PHA shall enter into a Depository Agreement in the form prescribed by HUD.
- (5) The PHA may only withdraw deposited Program Receipts for use in connection with the program in accordance with HUD requirements, including payment of housing assistance payments to owners.
- (6) If HUD determines that the PHA has committed any default under the ACC, and has given the PHA notice of such determination, HUD may freeze deposited Program Receipts held by the depository institution and may withdraw deposited funds. The depository agreement shall provide that, if required under a written freeze notice from HUD to the depository institution:
  - The depository institution shall not permit any withdrawal of deposited funds by the PHA unless withdrawals by the PHA are expressly authorized by written notice from HUD to the depository institution.
  - The depository institution shall permit withdrawals by HUD of deposited funds.
- (5) Unless approved by HUD, the PHA may not deposit under the depository agreement monies received or held by the PHA in connection with any other ACC or other contract between the PHA and HUD.

## **6. FIDELITY BOND COVERAGE**

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

## **7. MANAGEMENT REQUIREMENTS**

- a. The PHA shall (without any compensation or reimbursement in addition to Administrative Fee in accordance with Section 4.b of the ACC) perform all PHA obligations under the ACC, and provide all services, materials, equipment, supplies, facilities and professional and technical personnel, needed to carry out all PHA obligations under the ACC, in accordance with sound management practices, Federal statutes, the ACC, and HUD regulations and requirements, as amended or revised from time to time.
- b. The PHA shall:
  - (1) Maintain telephone service during normal and customary business hours.
  - (2) Design and implement procedures and systems sufficient to fulfill all PHA obligations under the ACC.
  - (3) Take necessary actions to maintain professional working relationships with owners, management agents, residents and their representatives, neighborhood groups, and local government agencies.
  - (4) Refer inquiries from Congress or other governmental entities to HUD and promptly provide relevant information for HUD's responses.

## **8. PROGRAM RECORDS**

- a. The PHA shall maintain complete and accurate accounts and other records related to operations under the ACC. The records shall be maintained in the form and manner required by HUD, including requirements governing computerized or electronic forms of recordkeeping. The accounts and records shall be maintained in a form and manner that permits a speedy and effective audit.
- b. The PHA shall maintain complete and accurate accounts and records for each HAP Contract.

- c. The PHA shall furnish HUD such accounts, records, reports, documents and information at such times, in such form and manner, and accompanied by such supporting data, as required by HUD, including electronic transmission of data as required by HUD.
- d. The PHA shall furnish HUD with such reports and information as may be required by HUD to support HUD data systems.
- e. HUD and the Comptroller General of the United States, or their duly authorized representatives, shall have full and free access to all PHA offices and facilities, and to all accounts and other records of the PHA that are relevant to PHA operations under the ACC, including the right to examine or audit the records and to make copies. The PHA shall provide any information or assistance needed to access the records.
- f. The PHA shall keep accounts and other records for the period required by HUD.
- g. HUD may review and audit PHA performance of its responsibilities under the ACC. The PHA shall comply with Federal audit requirements. The PHA shall engage an IA to conduct audits that are required by HUD. The PHA shall cooperate with HUD to promptly resolve all audit findings, including audit findings by the HUD Inspector General or the General Accounting Office.
- h. Records, reports, documents, and information regarding tenants collected by the PHA pursuant to or in furtherance of HUD regulations shall be protected under the Privacy Act of 1974, 5 U.S.C. § 552(a), and the Federal Information Security Management Act (FISMA), 44 U.S.C § 3541.

## **9. DEFAULT BY PHA**

- a. Definition of default

Occurrence of any of the following events is a default by the PHA under the ACC:

- (1) The PHA has failed to:
  - Comply with PHA obligations under the ACC, or
  - Comply with PHA obligations under a HAP Contract with an owner, or
  - Take appropriate action, to HUD's satisfaction or as required or directed by HUD, for enforcement of the PHA's rights under a HAP Contract.

- (2) The PHA has made any misrepresentation to HUD of any material fact.
- b. Termination of ACC because of PHA default
- (1) HUD may terminate the ACC at any time in whole or in part if:
    - HUD determines that the PHA has committed any default or pattern of default under the ACC,
    - HUD has given the PHA notice of the default and a reasonable opportunity to cure the default prior to termination, and
    - The PHA has not corrected the default within the cure period provided by HUD.
  - (2) In determining the length of time within which the PHA must cure the default, and in determining the remedial actions that the PHA must take to do so, HUD shall have discretion to consider the circumstances of the case, including, but not limited to, such factors as any prior failure(s) or pattern(s) of failure by the PHA to comply with PHA obligations under the ACC, and the seriousness of any such failure(s).
  - (3) If HUD determines that urgent or other exigent circumstances require immediate termination of the ACC, HUD may terminate the ACC at any time, without allowing any opportunity to cure by giving notice to the PHA. Such circumstances include diversion or misuse of program receipts, PHA misrepresentation to HUD of any material facts, or any failure of program administration that, in HUD's sole determination, adversely affects, or may so affect, the welfare of assisted families.
  - (4) If HUD elects to terminate the ACC, HUD shall terminate the ACC by written notice to the PHA, which shall state:
    - The reason for termination, and
    - The effective date of the termination.
- c. Other remedies
- (1) HUD may take title or possession to any and all Program Property:
    - Upon occurrence of a default by the PHA, or
    - Upon termination of the ACC in whole or in part, or
    - Upon expiration of the ACC Term.

- (2) HUD's exercise or non-exercise of any right or remedy for PHA default under the ACC is not a waiver of HUD's right to exercise that or any other right or remedy at any time.

## 10. CONFLICT OF INTEREST

- a. Neither the PHA, nor any PHA contractor, subcontractor or agent for operations under the ACC, nor any other entity or individual with administrative functions or responsibility concerning contract administration under the ACC, may enter into any contract, subcontract, or other arrangement in connection with contract administration under the ACC in which any covered individual or entity has any direct or indirect interest (including the interest of any immediate family member), while such person is a covered individual or entity or during one year thereafter.
- b. "Immediate family member" means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.
- c. "Covered individual or entity" means an individual or entity that is a member of any of the following classes:
  - (1) A member, officer or director of the PHA, or other PHA official with administrative functions or responsibility concerning contract administration under the ACC.
  - (2) If the PHA is an instrumentality of a governmental body:
    - A member, officer or director of such governmental body.
    - A member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.
  - (3) An employee of the PHA.
  - (4) A PHA contractor, subcontractor or agent with administrative functions or responsibility concerning contract administration under the ACC, or any principal or other interested party of such contractor, subcontractor or agent.
  - (5) An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a PHA contractor, subcontractor or agent.

- (6) A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.
- d. The PHA shall require any covered individual or entity to disclose his, her or its interest or prospective interest in any contract, subcontract or other arrangement in connection with contract administration under the ACC to the PHA and HUD.
- e. During the term of the ACC, the PHA shall not own or otherwise possess any direct or indirect interest in any Covered Unit (including a unit owned or possessed, in whole or in part, by an entity substantially controlled by the PHA), and shall not claim or receive any administrative fee for contract administration of a unit in which the PHA has any such interest.
- f. Notwithstanding paragraph e, if the PHA is a State, or an agency or instrumentality of a State (not including a municipality, county or other agency of local government), and provides or has provided financing for development, repair or improvement of Covered Units, and holds a mortgage of the real property to secure such financing:
  - (1) The existence of such mortgage or interest shall not be considered a conflict of interest under paragraph e, (provided that the PHA has not obtained any other ownership interest in the property, by exercise of its remedies as mortgagee or otherwise), and in such case, paragraph e shall not bar the PHA from claiming or receiving an administrative fee for contract administration of such Covered Units.
  - (2) The PHA shall fully disclose such mortgage or interest to HUD, regarding any defaults by the mortgagee or borrower under such mortgage, and any actions considered or taken by the PHA to enforce the mortgage or the terms of such financing against the owner or the real property. The PHA will provide HUD copies of written notices of default it provides to borrowers and written notices of remedial steps to be undertaken by the borrower. HUD may require the PHA to take measures or actions necessary to assure that the PHA's interest as lender or mortgagee does not prejudice the PHA's full and vigorous performance of contract administration services for the Covered Units in accordance with the ACC, or HUD may amend Exhibit B of the ACC to withdraw such Covered Units, and the funding for such units, from the scope of the ACC.
- g. HUD may waive the conflict of interest requirements for good cause. Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP Contract under which such individual is or may be assisted, or with respect to a HAP Contract in which such individual or entity is a party or has any interest.

- h. No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of the ACC or to any benefits which may arise from it.

## **11. EQUAL OPPORTUNITY**

- a. The PHA shall comply with all equal opportunity requirements imposed by Federal law, including applicable requirements under:
  - (1) The Fair Housing Act, 42 U.S.C. 3601-3619 (implementing regulations at 24 CFR parts 100 et seq.).
  - (2) Title VI of the Civil rights Act of 1964, 42 U.S.C. 2000d (implementing regulations at 24 CFR part 1).
  - (3) The Age Discrimination Act of 1975, 42 U.S.C. 6101-6107 (implementing regulations at 24 CFR part 146).
  - (4) Executive Order 11063, Equal Opportunity in Housing (1962), as amended, Executive Order 12259, 46 FR 1253 (1980), as amended, Executive Order 12892, 59 FR 2939 (1994) (implementing regulations at 24 CFR part 107).
  - (5) Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. 794 (implementing regulations at 24 CFR part 8).
  - (6) Title II of the Americans with Disabilities Act, 42 U.S.C. 12101 et seq.
- b. The PHA shall submit a signed certification to HUD that the PHA shall carry out its responsibilities under the ACC in accordance with the Fair Housing Act, Title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, Executive Order 11063, Section 504 of the Rehabilitation Act of 1973, and Title II of the Americans with Disabilities Act.
- c. The PHA shall cooperate with HUD in the conduct of compliance reviews and complaint investigations pursuant to applicable civil rights statutes, Executive Orders, and related rules and regulations.

## **12. COMMUNICATION WITH HUD**

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

### **13. EXCLUSION OF THIRD PARTY RIGHTS**

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

**PUBLIC HOUSING AGENCY**

\_\_\_\_\_  
Name of Public Housing Agency

\_\_\_\_\_  
Name and title of authorized representative (print)

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

\_\_\_\_\_  
Name and title of authorized representative (print)

\_\_\_\_\_  
Signature of authorized representative

\_\_\_\_\_  
Date

## EXHIBITS

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**EXHIBIT A**  
**PHA RESPONSIBILITIES**

**1. OBJECTIVES**

**1.1. Programmatic Objectives:** HUD seeks to achieve three programmatic objectives.

- Calculate and pay Section 8 rental subsidies correctly.
- Administer project-based Section 8 HAP Contract consistently.
- Take actions to ensure that owners fulfill their obligations to provide decent housing for eligible families.

**1.2. Administrative Objectives:** HUD seeks to achieve three administrative objectives.

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

**2. PHA CERTIFICATION**

The entity executing the ACC with HUD certifies that is a “public housing agency,” as defined in section 3(b)(6)(A) of the 1937 Act, 42 U.S.C. section 1437a(b)(6)(A), and that it satisfies all legal requirements set forth in the “Invitation for Submission of Applications: Contract Administrators for Project-Based Section 8 Housing Assistance Payments (HAP) Contracts.” The entity executing the ACC with HUD further certifies that it will continue to satisfy the above-referenced definition of “public housing agency” and that it will remain in compliance with the foregoing requirements throughout the ACC Term.

**3. PBTs**

This section describes the eight (8) PBTs that the PHA must perform.

1. Management and Occupancy Reviews.
2. Adjust Contract Rents.

3. Review and Pay Monthly Vouchers.
4. Renew HAP Contracts and Process Terminations or Expirations.
5. Tenant Health, Safety, and Maintenance Issues.
6. Administration — Monthly and Quarterly Reports.
7. Administration — ACC Year End Reports and Certifications.
8. Annual Financial Reports — PHA FYE.

Each PBT description contains the following elements:

**Outcome:** The required result of the PBT.

**Requirements:** A description of specific elements required to perform the PBT. HUD will measure the PHA's performance of each such element as the performance standard to determine its AQL and to calculate the amount of the Administrative Fee.

**References:** HUD regulations, handbooks, notices, and guidance and other requirements, as amended or revised from time to time, that set forth additional requirements related to performance of the PBT.

All references mentioned in the description of the tasks are generally available on HUD's website at the following Uniform Record Locator (URL): <http://www.hud.gov/offices/adm/hudclips/index.cfm>. Copies of HUD guidance or directives may be ordered through the HUD website, or through the HUD Multifamily Clearinghouse at 1-800-685-8470.

HUD does not represent that the references listed in the ACC, or on the HUD website are a complete listing of current relevant HUD regulations and requirements. The PHA is required to comply with HUD regulations and requirements, as amended or revised from time to time.

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

**Quality Assurance:** A listing of the methods and resources HUD will use to verify the accuracy of the PHA's reported performance and accomplishments. HUD may use other methods that it deems appropriate to assure quality.

### 3.1. PBT #1 – Management and Occupancy Reviews

The PHA must conduct an on-site Management and Occupancy Review (MOR) of each assigned Section 8 project. The review must evaluate, analyze, or assess the owner’s operating policies, procedures, and practices related to compliance with the HAP Contract as set forth in regulations, handbooks, forms, notices, and guidance issued by HUD.

**Outcome:** Identify and resolve areas of noncompliance with HUD regulations and requirements, as amended or revised from time to time.

#### **Requirements:**

- Schedule and conduct reviews of each project in the assigned portfolio annually during the term of the ACC, using Form HUD 9834. Evaluate the owner’s operating policies, procedures, and practices related to compliance with the HAP Contract.
- Verify compliance with HUD regulations and requirements, as amended or revised from time to time, regarding occupancy issues (e.g., resident eligibility and selection, examination and reexamination of family income and assets, household characteristics), and verify that correct documentation is contained in each resident file to support claims for payment under the HAP Contract. Use the following resident file random sampling:

<b>Number of Units</b>	<b>Minimum File Sample</b>
100 or fewer	5 files plus 1 for each 10 units over 50
101-600	10 files plus 1 for each 50 units or part of 50 over 100
601-2000	20 files plus 1 for each 100 units or part of 100 over 600
over 2,000	34 files plus 1 for each 200 units or part of 200 over 2200

If the PHA’s review of the sample indicates a pattern of deficient owner or management agent performance in one or more of areas of income and rent determination or process, the PHA must require the owner to conduct a one-hundred (100) percent review of the files and report the results of the review to the PHA. The PHA must evaluate the review done by the owner to determine its reliability and accuracy.

- Notify the jurisdictional HUD office by close of next business day of any potential fraud or potential violations of law identified during the PHA review.
- Prepare and submit to the owner a written report, on form HUD-9834, within thirty (30) calendar days of the PHA review, which records and describes deficiencies, findings and corrective actions.
- Provide the jurisdictional HUD office with reports rated below average or unsatisfactory.

- PHA must review and document compliance by Section 8 owners with civil rights regulations in accordance with the requirements of the Joint Agreement, Office of Fair Housing and Equal Opportunity and The Office of Housing, General Operational Procedures for the Civil Rights Front-End and Limited Monitoring Reviews of Subsidized Multifamily Housing Projects.
- Enter data into the appropriate HUD data system.

### **REAC Follow-up**

- Obtain copy of owner certification that all Exigent Health and Safety (EH&S) deficiencies have been corrected.
- Determine whether EH&S and other deficiencies have been corrected.
- Recommend actions to stop HAP payments supported by specific reasons for the actions to the jurisdictional HUD office.
- If directed by HUD, stop HAP payments when owner fails to correct violations within designated time period.

### **Enterprise Income Verification (EIV) Monitoring**

Monitor owner/management agent compliance with EIV requirements as specified in Rental Income Determination Quality Control Monitoring Guide for Multifamily Housing Programs and Housing Notice H 2010-10, EIV System.

### **References:**

HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing

Form HUD-9834, Appendix 1, HUD Handbook 4350.1

HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs

Housing Notice H 2010-02, EIV & You Brochure

Housing Notice H 2010-10, EIV System

Housing Notice H 09-15, Implementation of the Violence Against Women and Justice Department Reauthorization Act of 2005 for the Multifamily Project-Based Section 8 Housing Assistance Payments Program.

Rent and Income Determination Quality Control Monitoring Guide for Multifamily Housing Program.

Joint Agreement, Office of Fair Housing and Equal Opportunity and the Office of Housing, General Operational Procedures (GOP) for the Civil Rights Front-End and Limited Monitoring Reviews of Subsidized Multifamily Housing Projects.

<b>Performance Standards</b>	
•	Conduct on-site MOR review at each project in the assigned portfolio annually during the term of the ACC.
•	The Form HUD-9834 Summary Report is transmitted to the owner within 30 calendar days of completion of the on-site MOR.
•	The Form HUD-9834 Summary Report utilizes HUD’s written rating policy.
•	The Form HUD-9834 Summary Report is substantiated by the appropriate supporting documentation (HUD form 9834 and tenant file review forms).
•	The MOR complies with HUD handbooks and Rent and Income Determination Quality Control Guide for Multifamily Housing Programs.
•	Review and respond to owner response to the Form HUD-9834 Report findings, within thirty (30) calendar days of receipt.
•	Respond to owner appeal within forty-five (45) calendar days of receipt.

**Quality Assurance:**

On-Site Reviews

Data Systems Reports

**3.2. PBT #2 – Adjust Contract Rents**

Contract rents under HAP Contracts that are adjusted at times other than Contract Renewal during the contract HAP Contract term must be adjusted in accordance with the HAP Contract and HUD requirements.

The PHA must process contract rent adjustments correctly when requested by the owner under appropriate Budget-Based, Annual Adjustment Factor, Operation Cost Adjustment Factor, and Special Adjustments options and in a timely manner.

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

**Outcome:** Contract rent adjustments are timely and correct.

**Requirements:**

**A. Budget-Based Rent Adjustments**

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

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

- Analyze the project's operating budget and supporting documentation for a rent adjustment to determine reasonableness according to guidance in HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing;
- Document contract rent increases on a rent schedule (Form HUD-92458);
- Analyze adjustments of the owner utility allowance schedule, if applicable;
- If the HAP Contract requires the owner to maintain a reserve for replacement, analyze adjustment to the monthly reserve for replacement deposit, as required, and recommend action to HUD;
- Approve or disapprove the amount of rent adjustment and provide written notification to the owner;
- Verify accurate, timely completion and submission of the adjusted rent schedule by the owner; and
- Submit proposed rent increases greater than ten-percent (10%) to HUD for approval or disapproval. HUD must notify PHA of the decision and the PHA must provide written notification to the owner.
- Enter data into the appropriate HUD data system.

**B. Annual Adjustment Factor (AAF)**

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

The PHA must perform the following tasks:

- Determine the amount of annual adjustments in accordance with HUD requirements;
- Analyze adjustments of the owner utility allowance schedule, if applicable;
- If the HAP Contract requires the owner to maintain a reserve for replacement, analyze adjustment to the reserve for replacement, and recommend action to HUD;

- Validate comparability study if submitted by the owner to support a rent adjustment request;
- Verify accurate, timely completion and submission of adjusted rent schedule by the owner; and
- Enter data into the appropriate HUD system.

**C. Operating Cost Adjustment Factors (OCAF)**

- Determine the amount of OCAF in accordance with HUD requirements;
- Analyze adjustments of the owner utility allowance schedule, if applicable;
- Calculate the amount of rent adjustment and provide written notification to the owner;
- Validate comparability study if submitted by the owner to support a contract renewal request;
- Verify accurate, timely completion and submission of adjusted rent schedule by the owner; and
- Enter data into the appropriate HUD system.

**D. Special Adjustments**

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

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

- Analyze a special adjustment request from the owner;
- Recommend action to the appropriate jurisdictional HUD office;
- Based on notification from HUD, notify the owner of rent adjustment approval or disapproval;

- Verify accurate, timely completion and submission of an adjusted rent schedule by the owner; and
- Enter data into the appropriate HUD data system.

### **E. Rent Appeals**

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

The PHA must perform the following tasks:

#### **First level appeal**

Analyze the owner's rent appeal request.

Provide the owner with written notice of PHA decision and justification within thirty (30) calendar days of receipt of the owner's request.

If the appeal is approved:

- Verify accurate, timely completion and submission by the owner of the adjusted rent schedule, and
- Enter data into the appropriate HUD data system.

If the appeal is denied:

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

#### **Second level appeal**

If the appeal is approved by HUD:

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

If the appeal is denied by HUD:

Any decision rendered by HUD will be final and will not be subject to further appeal above that level.

**References:**

HUD Handbook 4350.1, Multifamily Asset Management and Project Servicing  
Section 8 Renewal Policy Guide Book

<b>Performance Standards</b>
• Process rent adjustment request within thirty (30) calendar days of the owner’s complete submission, as defined by written HUD guidance.
• Process the rent adjustment according to current written HUD policy.
• Receive HUD approval for budget-based rent increases of more than ten (10) percent..
• Process utility allowance adjustments based on current policy.
• Respond to owner appeals within thirty (30) calendar days of receipt.

**Quality Assurance:**

On-Site Reviews

Data Systems Reports

**3.3. PBT #3 – Review and Pay Monthly Vouchers**

Part 208 of Title 24 of the Code of Federal Regulations, “Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects,” requires Section 8 project owners to request housing assistance payments by vouchers submitted monthly through the Tenant Rental Assistance Certification System (TRACS). Vouchers are due the tenth (10<sup>th</sup>) day of the month preceding the month for which the owner is requesting payment. For vouchers received after the tenth (10<sup>th</sup>) day of the previous month, the PHA must submit voucher within twenty calendars days of receipt. A PHA may not pay owners until owner vouchers are received, reviewed, and approved.

**Outcome:** Payments of Section 8 vouchers and claims are only authorized and paid for eligible Covered Units. Payments are to be made to owners monthly by the first business day after receiving HAP funds from HUD.

**Requirements**

**A. Verify and certify accuracy of monthly Section 8 vouchers**

The PHA must verify and provide written documentation certifying the accuracy of owner payment requests by the last day of each month before the month when payment

is due to the owner in accordance with the HAP Contract. The PHA disburses housing assistance payments to the owner in response to the owner's payment request as verified by the PHA. To accomplish this task, the PHA must:

- Monitor owner compliance with obtaining access to and using EIV system;
- Monitor owner compliance with requirements for entry of all resident certification and recertification data in TRACS;
- Verify voucher submissions by owner through the TRACS system by the tenth day (10<sup>th</sup>) of the month proceeding the month for which the owner is requesting payment;
- Verify through TRACS that the amount of the housing assistance payment paid on behalf of each resident is accurate;
- Verify that all re-certifications are completed by the owner in a timely manner and entered into TRACS;
- Verify that the owner's payment request does not include any vacant units or Covered Units for which Section 8 assistance has been stopped.
- Analyze required adjustments from prior month's vouchers to determine accuracy and validity;
- Determine if authorized rent or utility allowance adjustments have been implemented timely and accurately;
- Verify pre-approval of Section 8 Special Claims (see paragraph B of this section);
- Notify the owner, in writing, of any corrections required and track corrections;
- Verify that owners are complying with HUD regulations and requirements, as amended or revised from time to time; and
- Submit error tracking log to HUD Headquarters semi-annually based on the Federal fiscal year, the number of errors discovered by category and the number of errors that are resolved or are in the process of being resolved. The reports are due 30-days after the end of the semi-annual period or on the next business day when the deadline falls on a weekend or holiday.

**Semi-annual period Report Due:** 10/1 through 3/31—4/30  
4/1 through 9/30—10/31

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

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

- Analyze, verify, adjust, and approve or disapprove owner claims in accordance with HUD regulations and requirements, as amended or revised from time to time (including program requirements in HUD directives such as handbooks, notices or forms); and using TRACS and information provided by the owner;
- Enter data into a spreadsheet program for monitoring PHA payments. The program must comply with HUD standards and requirements; and
- For all approved or reduced claims, notify the owner of the approved claim in writing within thirty (30) calendar days of receipt in accordance with the Special Claims Processing Guide.

**C. Disburse Section 8 Payments to Owners**

The PHA shall process payments for only those units on the voucher that have a fully processed and approved Form HUD 50059, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures. The PHA must:

- Notify the owner in writing of any required corrections;
- Maintain a record of required corrections in an error tracking log that records errors by category and the status of its resolution and
- Submit the error tracking log to HUD Headquarters semi-annually based on the Federal fiscal year within 30-days after the end of the semi-annual period.

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

**Reference:**

HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs

Form HUD-50059, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures, Appendix 7-B, HUD Handbook 4350.3

<b>Performance Standards</b>	
•	Review 100% of monthly vouchers submitted by owners.
•	Make the HAP payment on units with approved and fully processed Form HUD 50059s.
•	For vouchers received by the tenth (10 <sup>th</sup> ) calendar day of the month, pay the owner on the first business day following receipt of the funds from HUD.
•	For vouchers received after the tenth (10 <sup>th</sup> ) calendar day of the previous month, the PHA shall submit the voucher for payment within twenty (20) calendar days of receipt.

**Quality Assurance:**

On-Site Reviews

Data Systems Reports

**3.4. PBT #4 – Renew HAP Contracts and Process Terminations or Expirations**

As HAP Contracts approach expiration, owners who want to renew the HAP Contract must request renewal in accordance with HUD regulations and requirements, as amended or revised from time to time, to ensure continued Section 8 assistance. At the time of HAP Contract renewal, the owner may request a rent adjustment (see rent adjustment requirements at Section 3.2, PBT #2 – Adjust Contract Rents). The PHA must ensure that owners fulfill their obligations to residents and HUD, consistent with owner renewal decisions.

**Outcome #1:** Expiring HAP Contracts are renewed.

**Outcome #2:** Required tenant data is provided to HUD at the time of owner opt-out or HAP Contract termination.

**Outcome #3:** Eligible residents in occupancy at the time of owner opt-out or HAP contract termination receive rental assistance until a tenant-based voucher has been issued.

**Requirements:**

**HAP Contract Renewals**

- Verify that owners of projects with expiring HAP Contracts provide required notice to the PHA and project residents;
- Review owner's one (1) year tenant notification letter to verify that it meets statutory and administrative requirements;
- Maintain copies of owner's notice to PHA and project residents;
- Verify that the owner has submitted the appropriate HAP renewal option;
- Prepare HAP Contract in the form required by HUD and mail to owner for execution:
- After receipt of confirmation from HUD of funding for renewal, ensure the HAP Contract is executed (signed) by the PHA and mailed to HUD for execution;
- After receipt from HUD of a fully executed HAP contract, mail the original copy to the owner within five (5) business days and retain a copy for PHA file; and
- Execute and distribute copies of the HAP Contract within one (1) business week to the owner, jurisdictional HUD office, and PHA files.

### **Opt-out and HAP Contract termination**

A HAP Contract may terminate because:

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

#### **A. Notification requirements**

The PHA must:

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

- Provide residents with contact information for the entity providing tenant-based vouchers.

**B. Reporting and assistance requirements**

The PHA must provide resident payment (family income and total tenant payment) and family unit size data (family size and composition, and size of Section 8 unit currently occupied by family), using Form HUD 50059, to jurisdictional HUD office within 3 business days after receipt of such information from the owner, and at least 90 calendar days before HAP contract termination, for the purpose of obtaining Section 8 vouchers for tenant.

The PHA must ensure that eligible residents in occupancy at the time of owner opt-out or HAP contract termination receive rental assistance until a tenant-based voucher has been issued.

**Reference:**

Section 8 Renewal Policy Guide Book

<b>Performance Standards</b>	
•	Provide owner notification of HAP Contract expiration within 150-180 days in advance of HAP Contract expiration date.
•	Review owner’s one (1) year tenant notification letter to verify that it meets statutory and administrative requirements.
•	Review owner’s renewal submission for completeness, within seven (7) business days of receipt.
•	Process is completed within forty-five (45) calendar days of receipt of a complete owner submission.
•	In the case of opt-outs, PHA notifies HUD of opt-out by the close of the next business day after receipt of the owner’s 120-day notification.
•	Submit complete resident data to HUD, using Form HUD-50059, within three (3) business days of receipt of the owner’s 120-day notification of opt-out.
•	Rent adjustments in conjunction with contract renewals must be processed in accordance with standards and AQL for PBT 2, Adjust Contract Rents.

**Quality Assurance:**

On-Site Reviews

Data Systems Reports

Monthly Invoice

### 3.5. PBT #5 – Tenant Health, Safety, and Maintenance Issues

The PHA must accept and record tenant concerns and inquiries related to health, safety, and maintenance issues and follow-up with owners to ensure that owners take appropriate corrective actions.

**Outcome:** Resolve tenant issues and establish positive relations and communications with residents and the community.

#### **Requirements:**

- Maintain tracking system and log for tenant concerns and inquiries that includes PHA communication with owners and tenants, owner’s corrective actions, and owner’s planned vs. actual corrective performance. Submit log to jurisdictional HUD office with monthly invoices.
- Notify owner of tenant concerns or inquiries within one (1) business day of receipt of the tenant concern or inquiry, direct owner to contact tenant to clarify nature of the issue and report to the planned actions and scheduled completion date to correct issues to the PHA not later than close of the next business day.
- Notify tenant of owner’s planned corrective actions and scheduled completion date not later than three (3) business days of receipt of the tenant concern or inquiry.
- Contact owner to verify completion of corrective actions within one (1) business day following the scheduled completion date and notify the tenant.
- Monitor owner’s corrective action completion performance and keep tenant informed of changes in corrective actions and/or scheduled completion dates until corrective actions are completed and verified by the tenant.

#### **References:**

HUD Handbook 4381.5, The Management Agent Handbook

<b>Performance Standards</b>	
•	Submit tenant health, safety, and maintenance issues tracking log to HUD with monthly invoices.
•	Notify owner of tenant concerns or inquiries within one (1) business day of receipt of the tenant concern or inquiry, direct owner to contact tenant to clarify nature of the issue and report to the planned actions and scheduled completion date to correct issues to the PHA not later than close of the next business day.

<ul style="list-style-type: none"> <li>• Notify tenant of owner’s planned corrective actions and scheduled completion date not later than three (3) business days of receipt of the tenant concern or inquiry.</li> </ul>
<ul style="list-style-type: none"> <li>• Contact owner to verify completion of corrective actions within one (1) business day following the scheduled completion date and notify the tenant.</li> </ul>
<ul style="list-style-type: none"> <li>• Monitor owner’s corrective action completion performance and keep tenant informed of changes in corrective actions and/or scheduled completion dates until corrective actions are completed and verified by the tenant.</li> </ul>

**Quality Assurance:**

On-Site Reviews

Monthly Invoice

**3.6. PBT #6 – Administration – Monthly and Quarterly Reports**

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

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

**Requirements:**

**Monthly Invoice**

The PHA must submit an invoice to the CAOM in the jurisdictional HUD office.

**Monthly Work Plan Report**

PHA must submit report to the CAOM in the jurisdictional HUD office by the tenth (10<sup>th</sup>) business day of each month for the previous month’s activities.

The Monthly Work Plan report must contain a detailed description of:

- Actual accomplishments for the month and year-to-date compared to the Annual Work Plan for the same period, including the names and titles of the PHA staff performing the PBTs; and
- Instances where the actual performance of PBTs is below the AQL and actions taken to improve performance, and changes, if any, to the QCP to ensure performance is maintained at or above the AQL; and

- Quality control activities and results for each instance of PBT performance at less than the AQL as set forth in the PHA’s Invitation for Submission of Applications: Contract Administrators for Project-Based Section 8 Housing Assistance Payments (HAP) Contract under Quality Control Plan., Section 4.3, Element 1; and
- Owner issues that required special attention due to such matters as, abatement actions, excessive resident complaints, inquiries from governmental officials or the general public; and
- Major accomplishments, success stories, etc.; and
- Noteworthy meetings; and
- Pending issues.

**Quarterly Risk Assessment Report**

During each twelve (12) month period of the term of the ACC, HUD will provide the PHA a quarterly report based on data from HUD systems for assigned Section 8 HAP contracts within the PHA’s service area. The PHA shall provide HUD its evaluations and analyses of the data along with discussions of factors influencing performance, changes, trends, etc., and shall provide HUD with specified owner reports.

The HUD report will be transmitted to the PHA not later than ten (10) calendar days following the end of each quarter. The PHA shall complete its evaluations and analyses and submit a completed report to the CAOM within twenty (20) calendar days of receipt. The PHA will analyze the HUD report and assess the extent to which changes or trends may indicate increasing or decreasing risks to HUD, PHA, projects, owners, and/or tenants. The discussion may include descriptions of market conditions, employment trends, demographic trends, or special cases that are contributing to observed changes and trends. The discussion may include comparisons to previous quarters.

The Quarterly Risk Assessment Report will include the following:

A. HAP Contracts

HUD will provide data on:

1. Renewals within each quarter.
2. Terminations within each quarter.
3. Opt-Outs within each quarter.

The PHA will provide:

- a. Analyses and discussion of the data.
- b. Owner Opt-Out Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, that opted-out of HAP Contracts along with a detailed description of all of the efforts made by the PHA to preserve all Section 8 project-based units and all the reasons for any units which opted out or otherwise were lost as section 8 project-based units. Such analysis and discussion shall include a review of the impact of the loss of any subsidized units in that housing marketplace, such as the impact of cost and the loss of available subsidized, low-income housing in areas with scarce housing resources for low-income families.

B. Covered Units:

HUD will provide data on:

1. Covered Units Receiving Subsidy.
2. Covered Units Vacant:
  - 1<sup>st</sup> Month of Quarter.
  - 2<sup>nd</sup> Month of Quarter.
  - 3<sup>rd</sup> Month of Quarter.

The PHA will provide:

- a. Analyses and discussion of the data.
- b. Vacancy Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, with ten (10%) or more [provide actual vacancy percentage] of covered units vacant all three (3) months of the quarter, and the reasons for sustained vacancies. Include a brief description of PHA and/or HUD actions taken or in process to compel owner to reduce vacancies.

C. Management & Occupancy Reviews (MORs)

HUD will provide data on:

1. MORs completed (report issued to owner) within quarter.

2. MORs issued rated less than “Satisfactory.”
3. MORs issued with findings within quarter.
4. MORs closed within quarter.

The PHA will provide:

- a. Analyses and discussion of the data.
- b. MORs Open Findings Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, with MOR findings not corrected within thirty (30) calendar days after report issued to owner, reasons for owner’s failure to correct findings within thirty (30) days, the actual number of days required to correct, if corrected. Owners with findings that have not been corrected shall be reported each quarter until all corrective actions have been completed. Include a brief description of the status of PHA referrals to HUD for sanctions or enforcement.

D. REAC Inspections

HUD will provide data on:

1. REAC Inspections (report issued to owner) within quarter.
2. REAC Inspections with EH&S Deficiencies within quarter.
3. REAC Inspections with scores below sixty (60) within quarter.

The PHA will provide:

- a. Analyses and discussion of the data.
- b. REAC Inspections Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, with REAC Inspections that included EH&S deficiencies and/or scores below sixty (60) during the quarter.
- c. Notice of Default (NOD) of HAP Contract Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, issued a NOD memorandum during the quarter, the status of the owner’s response, and a brief description the status of HUD enforcement actions.

E. Tenant Health, Safety, & Maintenance Issues

The PHA will provide:

- a. Number of tenant health, safety, and maintenance issues logged and owner notified.
- b. Number and percentage of tenant health, safety, and maintenance issues not corrected by owner within fifteen (15) days of owner notification.
- c. Analyses and discussion of the data.
- d. Tenant Health, Safety, and Maintenance Report: List of owners, including contact name, address, project name, project address, HAP Contract Number, that have been notified of tenant health, safety, and maintenance issues that the owner failed to correct within fifteen (15) calendar days of notification, reason for owner's failure to correct issues within fifteen (15) calendar days, the actual number of days required to correct, if corrected. Owners with HSM issues that have not been corrected shall be reported each quarter until all corrective actions have been completed. Include a brief description of the status of PHA referrals to HUD for sanctions or enforcement.

<b>Performance Standards</b>	
•	Monthly invoice is due to the CAOM by the tenth (10 <sup>th</sup> ) business day of each month for the previous month's activity.
•	Monthly Work Plan Report updates Annual Work Plan by documenting actual to planned services and activities to perform the PBTs and ACC for the month and year-to-date. Describes adjustments required for the remainder of the year to fully perform the PBTs and ACC. Due to the CAOM by tenth (10 <sup>th</sup> ) business day following the end of the month.
•	Complete Quarterly Risk Assessment Report and submit to the CAOM within twenty (20) calendar days of receipt from HUD following the end of each quarter within each twelve (12) month period of the ACC Term.

**Quality Assurance:**

On-Site Reviews

Data Systems Reports

Report Reviews

### **3.7. PBT #7 – Administration – ACC Year End Reports and Certifications**

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

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

#### **Annual Financial Operations Report & FTE Certification**

Within sixty (60) calendar days of the ACC Year End, the PHA's CFO shall submit to HUD an Annual Financial Operations Report accompanied by supporting statements and schedules derived from the PHA's accounting systems. The CFO shall certify that the direct costs, indirect costs, and Administrative Fees Earned reported (Exhibit C), are complete and accurate for each twelve (12) month period of the ACC Term.

The Annual Financial Operations Report shall be accompanied by an FTE Certification. The FTE Certification shall identify the actual FTEs required to perform PBTs numbers one (1) through six (6) as specified in Exhibit A of the ACC for each twelve (12) month period of the ACC Term. For each PBT, identify the positions by title responsible for managing, supervision, and performing each PBT. Include the FTEs for PHA and sub-contractor employees. Only include sub-contractors that contract directly with the PHA. Do not include sub-contractors of sub-contractors. One (1.00) FTE is defined as 2,080 work hours per year.

#### **Annual Work Plan**

- Sixty (60) calendar days prior to ACC Year End, the PHA must submit to HUD a report that describes its month-by-month work plan to fully perform all PBTs during the next twelve months of operation.
- Identify the processes required to perform each PBT and the principal point of contact, by name and title, responsible for managing each process.

#### **Depository Institution Certification**

The PHA must submit an annual depository institution certification to the CAOM certifying that the depository institution was minimally acceptable by GNMA each quarter of the fiscal year. If the rating was not minimally acceptable, the PHA must provide the CAOM documentation verifying that it changed institutions and Depository Agreement in the form prescribed by HUD.

## **Disaster Plan**

The PHA shall provide HUD a PHA Disaster Plan that details how the PHA and, if applicable, subcontractors that perform services that provide fifty (50) percent or more of the full time equivalent (FTE) employees required to perform PBTs Numbers one (1) through six (6) as specified in Exhibit A, Section 3, of the ACC, in the event of a natural or human caused disaster.

The PHA shall notify HUD of any incident that disrupts the PHA's performance under the ACC and within one (1) business day following such incident even if normal operations have resumed. The PHA shall inform HUD of the nature of the incident, the extent of its impact on the PHA's operations, what actions have been initiated in response to the incident, and the expected date of the resumption of normal operations. If the PHA determines, at any time during or following an incident, that it is unable to comply with any provision of the ACC and/or fully perform any PBT, the PHA shall notify HUD of its determination.

The PHA Disaster Plan shall cover the following topics in detail:

- Incident Response Staff: The names, titles, incident response authority and responsibilities, and contact information for assigned staff.
- Communication Back-up Plans and Systems:
  - Procedures and methods of notifying and updating owners, and residents regarding changes in service procedures and the resumption of routine operations.
  - Procedures and methods of notifying in the event of an incident, updating HUD regarding changes in service procedures until the resumption of routine operations, the performance status of each PBT or, if any PBT is not being fully performed, actions being taken to restore full performance of each PBT.
- Operating and Management Back-Up Plans and Systems: Procedures to relocate functions and staff to alternative office locations and/or telework sites; ensure access to IT systems; maintain internal and external communication systems (telephone, fax, email); and maintain supervisory, accounting, financial, and human resource functions.
- Information Technology (IT) Back-up Plans and Systems: Procedures to maintain IT staff support and ensure operability, data protection and system security.
- Preparedness: Plan to provide annual training for employees and, if applicable, subcontractor employees, and annual testing of back-up plans and systems.

The Disaster Plan shall be updated when changes occur and an up-to-date copy of the PHA’s Disaster Plan provided to HUD. The PHA shall provide HUD a PHA Disaster Plan Certification (Exhibit D) sixty (60) calendar days prior to the ACC year end. The Disaster Plan Certification shall be signed by a Disaster Plan Coordinator who has the education and experience to develop, manage, and test disaster, continuity of operations, or emergency management plans. The Disaster Plan Coordinator must attach a qualifications statement or resume to the certification

<b>Performance Standards</b>	
•	Annual Financial Operations Report (Exhibit C) submitted to HUD sixty (60) calendar days following the ACC year end.
•	Annual Work Plan – Submitted to HUD sixty (60) calendar days prior to ACC year end.
•	PHA Disaster Plan Certification (Exhibit D) submitted to HUD sixty (60) calendar days prior to the ACC year end.
•	Annual Depository Institution Certification – Submitted to HUD within forty-five (45) calendar days after the PHA FYE.

**Quality Assurance:**

Monthly Invoice

Report Reviews

**3.8. PBT # 8 – Annual Financial Reports – PHA FYE**

**Public Housing Agency audit and annual interest earned certification.**

The PHA must maintain complete and accurate financial records covering the PHA’s contract administration of Covered Units under the ACC.

**Outcome:** The PHA’s records are complete and accurate.

**Requirements:**

**PHA Audit**

- Records concerning contract administration under the ACC must be distinct and separate from records concerning any other business of the PHA.
- The PHA must maintain complete and accurate records regarding activities relating to each HAP Contract for Covered Units.
- If the PHA is required to submit audited financial statements under OMB’s Circular A-133, the PHA must submit audited annual financial statements that

fully comply with the requirements of OMB Circular A-133 by the earlier of thirty (30) days after receipt of the auditor's report, or nine (9) months after the PHA FYE. This audit must be performed by an IA.

- If the PHA submits its audited financial statements more than sixty (60) days after the PHA fiscal year end, the PHA must submit all financial reports required by the HUD in unaudited form within sixty (60) days after the PHA FYE.
- The PHA's submission of financial information must also be in accordance with the requirements of HUD's Uniform Financial Reporting Standards (24 CFR, Part 5, Subpart H). The audit must be performed by an IA, procured using the standards in Circular A-133 and other documents referenced in Circular A-133.
- If a PHA is not required to submit separate audited financial statements under OMB's Circular A-133, it must submit unaudited annual financial statements within sixty (60) calendar days after the PHA FYE.
- If there are audit findings that require corrective actions, the PHA must provide HUD with a proposed plan of corrective actions as part of the audit submission package. By the first (1<sup>st</sup>) day of each month, until all corrective actions are completed as required by HUD, the PHA must submit a status report to HUD of corrective actions being implemented. Corrective actions must proceed as rapidly as possible. If the PHA fails to timely provide all required audited or unaudited financial statements, or fails to proceed with timely implementation of required corrective actions, HUD may determine that such failure is a default by the PHA under the ACC.

### **Annual Interest Earned Certification**

The PHA must submit an annual interest earned certification certifying the amount of interest earned on HAP funds for the reporting period. Submissions will also be required for a negative report when the PHA does not have any interest to remit to the Department.

#### **Reference:**

ACC

HUD Handbook 7420.7

OMB Circular A-133

<b>Performance Standards</b>	
<ul style="list-style-type: none"> <li>• PHA Audit – PHAs that must comply with OMB’s Circular A-133. The unaudited annual financial statements are submitted to HUD within sixty (60) calendar days after the PHA FYE and the audited annual financial statements are submitted to HUD within nine (9) calendar months after the PHA FYE. For PHAs that are not required to comply with OMB Circular A-133, unaudited annual financial statements are submitted to HUD within sixty (60) calendar days after the PHA FYE.</li> </ul>	
<ul style="list-style-type: none"> <li>• Annual Interest Certification – Submitted to HUD within forty-five (45) calendar days after the end of the PHA FYE.</li> </ul>	

**Quality Assurance:**

Review of the audit

Unqualified audit opinion

**4. ADMINISTRATIVE FEES**

This section describes the types of Administrative Fees that may be earned by the PHA and the Disincentive Deductions that will be applied if the PHA does not attain the AQL specified for each PBT.

**4.1. Basic Administrative Fee**

The PHA earns a monthly Basic Administrative Fee based on the Basic Administrative Fee Percentage approved by HUD (Exhibit F) multiplied by the current 2-Bedroom FMR for each Covered Unit under on the first day of the month. A portion of the monthly Basic Administrative Fee is accrued for annual payment to the PHA when PBT number seven (7) and eight (8) are performed. The amount accrued is based on the Performance-Based Task Allocation Percentage specified in the PRS (Exhibit A, Section 6).

#### **4.2. Disincentive Deductions**

- (1) The Basic Administrative Fee is subject to Disincentive Deductions if HUD determines that the acceptable quality standards for the PBTs specified in the PRS (Exhibit A, Section 5) have not been attained.
- (2) If HUD determines that the PHA has performed below the AQL in any month, HUD will reduce the amount of the monthly Basic Administrative Fee by subtracting the amount of the Disincentive Deduction determined by HUD in accordance with the PRS. The Basic Administrative Fee less Disincentive Deductions is the Basic Administrative Fee Earned.
- (3) The Basic Administrative Fee amount allocated to each PBT is determined by multiplying the Basic Administrative Fee by the Performance-Based Task Allocation Percentage as specified in the PRS.
- (4) The Disincentive Deduction Percentage for each PBT is applied to the Basic Administrative Fee amount applicable to the PBT.

#### **4.3. Annual Incentive Fees**

- (1) The PHA may earn an annual Incentive Fee for Customer Service that is equal to five (5) percent of the sum of the Basic Administrative Fee Earned during each twelve (12) month period of the ACC Term. Incentive Fee for Customer Service will be based on a survey of owners, management agents, and residents. The results of the survey will be evaluated to determine whether any Incentive Fee for Customer Service has been earned, based on established criteria.
- (2) The PHA may earn annual Incentive Fees for Performance for twelve (12) months of one-hundred (100) percent AQL performance of PBT numbers one (1) through five (5) (Exhibit A, Section 5). The incentive for each PBT is one (1) percent of the total Basic Administrative Fee Earned for each twelve (12) month period of the ACC Term.

#### **4.4. Monthly, Quarterly, and Annual Evaluation of PHA Performance**

During the ACC Term, HUD will conduct monthly, quarterly, and annual evaluations of the PHA's performance in contract administration of the Covered Units. Calculation of the amount of the Administrative Fee Amount Earned by the PHA is based on HUD's rating of the PHA's performance of the PBTs as specified in the PRS.

Each month, HUD evaluates the PHA's performance in completion of PBTs to determine the amount of the Basic Administrative Fee Earned for performance of each PBT. If performance is less than the AQL, Disincentive Deductions are applied to the monthly Basic Administrative Amount. This scoring is based on HUD's review of data

submitted and certified in the monthly invoice by the PHA and Annual Compliance Reviews.

#### **4.5. Basic Administrative Fee Earned Payment**

Each month, the PHA calculates the Basic Administrative Fee based upon the number of Covered Units under contract administration by the PHA on the first (1<sup>st</sup>) day of the month.

Column G of the PRS specifies whether the Basic Administrative Fee for a particular PBT is paid monthly or annually.

Each invoice for the Basic Administrative Fee Earned must be fully supported by documentation, as required by HUD, of the PHA's level of performance of each PBT. Such documentation shall be sufficient to show:

1. Whether the PHA has met the AQL for the performance standard (column C of the PRS).
2. The amount of any Disincentive Deductions (as calculated in accordance with column E of the PRS).

The PHA's determination of the Basic Administrative Fee Earned is subject to modification and adjustment as a result of HUD's quality assurance reviews. HUD may recover any overpayments, and may adjust amounts of payments against subsequent invoices to correct or adjust any overpayment or error in determination of any Basic Administrative Fee Earned.

#### **5. PRS**

The PRS specifies the AQL for performance of each PBT, the Performance-Based Allocation Percentage, the method used to evaluate performance, and the frequency with HUD will access and pay the Basic Administrative Fee Earned. The information in the PRS Table governs HUD's payment of Basic Administrative Fees Earned by the PHA for all work performed under the ACC. The PRS table is organized as follows:

1. Column A: PBT #;
2. Column B: PBT title and reference to Section Number in Exhibit A to the ACC;
3. Column C: AQL;
4. Column D: ALLOCATION PERCENTAGE: The percentage of the monthly Basic Administrative Fee amount allocated to each PBT;

5. Column E: DISINCENTIVE DEDUCTION: The percentage by which the monthly Basic Administrative Fee amount allocated to the PBT is reduced for performance at less than the AQL;
6. Column F: QA: (Quality Assurance) Method is how HUD will assure the quality of the PHA's reported performance; and
7. Column G: ASSESSMENT AND PAYMENT FREQUENCY: Frequency (monthly or annually) with which HUD will access and pay the Basic Administrative Fee Earned for each PBT.

<b>PRS TABLE</b>						
<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
<b>PBT #</b>	<b>PBT TITLE &amp; SECTION NO. IN EXHIBIT A TO THE ACC</b>	<b>AQL</b>	<b>ALLOCATION PERCENTAGE</b>	<b>DISINCENTIVE DEDUCTION</b>	<b>QA METHOD</b>	<b>ASSESSMENT &amp; PAYMENT FREQUENCY</b>
1	Management & Occupancy Reviews (MOR)  ACC Section 3.1.	95% Performance	20%	0.5% deduction for performance below the AQL.	On-site reviews.  Data systems reports.	Monthly
2	Adjust Contract Rents  ACC Section 3.2.	95% Performance	10%	0.5% deduction for performance below the AQL.	On-site reviews.  Data systems reports.	Monthly
3	Review & Pay Monthly Vouchers.  ACC Section 3.3.	95% Performance	20%	0.5% deduction for performance below the AQL.	On-site reviews.  Data systems reports.	Monthly
4	Renew HAP Contracts & Process Contract Terminations or Expirations  ACC Section 3.4.	95% Performance	20%	0.5% deduction for performance below the AQL.	On-site reviews.  Data systems reports.  Monthly invoice.	Monthly

**PRS TABLE**

<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>	<b>G</b>
<b>PBT #</b>	<b>PBT TITLE &amp; SECTION NO. IN EXHIBIT A TO THE ACC</b>	<b>AQL</b>	<b>ALLOCATION PERCENTAGE</b>	<b>DISINCENTIVE DEDUCTION</b>	<b>QA METHOD</b>	<b>ASSESSMENT &amp; PAYMENT FREQUENCY</b>
5	Tenant Health, Safety, & Maintenance Issues  ACC Section 3.5.	95% Performance	10%	0.5% deduction for performance below the AQL.	On-site reviews.  Monthly invoice.	Monthly
6	Administration - Monthly & Quarterly Reports  ACC Section 3.6.	100% Performance	10%	0.5% deduction for performance below the AQL.	On-site reviews.  Data systems reports.  Report reviews.	Monthly  Quarterly
7	Administration - ACC Year End Reports & Certifications  ACC Section 3.7.	100% Performance	8%	For Annual Financial Operations Report & FTE Certification 4%  Annual Work Plan 2%  Annual Depository Institution Certification 1%  Annual Disaster Plan Certification 1%	Monthly invoice.  Report reviews.	Annually
8	Annual Financial Reports - PHA FYE  ACC Section 3.8.	100% Performance	2%	PHA Audit 1%  Annual interest earned certification 1%	Report reviews.	Annually

## **6. DATA SYSTEMS**

### **6.1. Federal Requirements**

The PHA must comply with all Federal data processing and data reporting requirements applicable to PHA functions under the ACC, including requirements for Public Housing Agencies described in 24 C.F.R. Part 208 (“Electronic Transmission of Required Data for Certification and Recertification and Subsidy Billing Procedures for Multifamily Subsidized Projects”).

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

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

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

### **6.2. Communication with Owners**

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

### **6.3. Communication with HUD**

The PHA must provide HUD with data on HAP Contracts, rent adjustments and payments to owners, contract renewal processing, management and occupancy reviews, and other documents and information relevant to the PHA responsibilities outlined in the ACC. The PHA must have the capability to transmit data to HUD over the Internet as required by HUD. The PHA must have the capability to transmit Form HUD 50059 data to the HUD TRACS Tenant System and Form HUD 52670 data to the HUD TRACS Voucher/Payment System to receive return messages transmitted from TRACS. The PHA’s Internet access must provide the PHA with the capability to review the resident and voucher data that the PHA has transmitted to HUD, to ensure that the data maintained by HUD is correct and consistent with the data maintained in PHA files. Resident reporting requirements specified for HUD’s TRACS Tenant System and voucher reporting requirements specified for the TRACS Voucher/Payment System are

published on the TRACS Documents Page on the World Wide Web. The PHA must meet the requirements specified in these documents. At this time, the PHA can access the TRACS Documents at the following URLs:

<http://hudatwork.hud.gov/po/h/hm/tracs/trxhome.cfm> and  
<http://hudatwork.hud.gov/lo/9/programoffices/mftracsaccess.cfm>.

#### **6.4. Electronic Fund Transfer and Payment**

The PHA must have a depository account with a federally insured financial institution capable of receiving and sending electronic fund transfer (EFT) transactions. See also depository requirements at Section 5.b. of the ACC.

The PHA must have facilities acceptable to HUD for making timely and accurate housing assistance payments to owners. The PHA must also transmit interest earned statement to HUD via the Internet, or as otherwise specified by HUD.

#### **7. QCP**

When changes in the QCP occur, the QCP shall be updated and a copy shall be provided to the CAOM. The PHA QCP must address each the following elements and highlight changes.

- For each PBT, describe the internal control procedures that will be implemented to ensure that performance is maintained at the AQL specified in the SOW.
- Describe the internal control procedures that will be implemented to ensure accountability and separation of duties to detect and prevent potential fraud, waste, and abuse of funds.
- Identify internal control procedures to prevent, detect, and resolve actual or appearances of conflicts of interest as stipulated in Section 10 ("Conflict of Interest") of the ACC.
- Identify the internal control procedures to prevent, detect, record, and report information privacy breaches.
- Describe the internal control procedures for information and information system access, management, and security for HUD systems; non-HUD systems that contain program related data, and print-based program documents.
- Describe the internal control procedures to initially and continuously train and cross train staff to perform PBTs and comply with the requirements of the ACC and HUD.
- Describe the methodology that will be used to review, analyze, and evaluate the effectiveness of QCP; and the date(s) scheduled for each QCP Element review.

## 8. CHANGE OF SUB-CONTRACTOR

The PHA shall notify HUD sixty (60) calendar days prior to any change of a sub-contractor entity that performs fifty (50) percent or more of the FTEs required to perform PBTs numbers one (1) through six (6) under this ACC. The PHA shall submit a sub-contractor transition plan to transfer responsibility from incumbent sub-contractor and ensure continuity of operations. The PHA's plan must address the following:

- a) Communication protocols with incumbent sub-contractor, HUD, owners, management agents, and tenants.
- b) File and document transfer protocol (digital and print-based) with incumbent sub-contractor.
- c) Work in process identification, reporting, management and transfer protocol for each PBT with incumbent sub-contractor.
- d) Timeline and action plan to be one-hundred (100) percent ready to perform each PBT on the date specified in the timeline and action plan.

**EXHIBIT B**  
**HAP Contracts**

Portfolio of HAP Contracts assigned under the ACC

**EXHIBIT C**

**Annual Financial Operations Report & FTE Certification**

<b>Annual Financial Operations Report</b>		
<b>Organization:</b>		
<b>Certification:</b> As Chief Financial Officer for the organization whose name appears above, I hereby certify that the financial information provided in this report and FTE Certification is accurate.		
<b>Chief Financial Officer Name:</b>	<b>For 12-Month Period Ending</b>  <b>00/00/0000</b>	
<b>Chief Financial Officer Signature:</b>		
<b>Date:</b>	<b>Percent of</b>	
<b>Operating Cost Categories</b>	<b>Total Costs</b>	<b>Total Costs</b>
1. Personnel: Direct Labor Costs	%	\$
2. Fringe Benefits Costs	%	\$
3. Travel Costs	%	\$
4. Equipment Costs	%	\$
5. Supplies and Materials Costs	%	\$
6. Consultants Costs	%	\$
7. Sub-Contractor Costs	%	\$
8. Other Direct Costs	%	\$
9. Indirect Costs for Facilities and Services	%	\$
<b>Total Costs (Categories 1-9)</b>	<b>100%</b>	<b>\$</b>
<b>Administrative Fees:</b>		
<b>Basic Administrative Fees Earned</b>	\$	
<b>Basic Administrative Fees Accrued</b>	\$	
<b>Total Basic Administrative Fees Earned &amp; Accrued</b>		\$
<b>Less Total Costs</b>		\$
<b>Net Basic Administrative Fees Earned &amp; Accrued</b>		\$
<b>Provide the following statements or schedules derived from the Public Housing Agency's budgeting and financial systems for each of the listed cost categories.</b>		
<p><b>1. Personnel: Direct Labor Costs.</b> List all individuals supporting the contract and their hourly wage or salary rate (use 2080 hours per year for salaried employees).</p> <p><b>2. Fringe Benefits Costs.</b> List of all individuals supporting the contract and their fringe benefits costs (use fringe benefits rates or actual costs per individual).</p> <p><b>3. Travel Costs.</b> Separately identify travel related to performance of the Performance-Based Tasks from other travel.</p> <p><b>4. Equipment Costs.</b> Itemized list of equipment and costs.</p> <p><b>5. Supplies and Materials Costs.</b> Itemized list of supplies and materials costs.</p> <p><b>6. Consultants Costs.</b> List of consultants by name plus services provided and costs.</p> <p><b>7. Subcontractors Costs.</b> List of sub-contractors by name plus services provided and costs.</p> <p><b>8. Other Direct Costs.</b> Itemized list of other direct costs.</p> <p><b>9. Indirect Costs for Facilities and Services.</b> Itemized list of departments or agencies providing services, including facilities, service type, and cost.</p>		

### FTE Certification

The PHA shall submit a FTE Certification that identifies the actual FTEs required to perform PBTs numbers one (1) through six (6) as specified in Exhibit A of the ACC for each twelve (12) month period of the ACC Term. For each PBT, identify the positions by title responsible for managing, supervision, and performing each PBT. Include the FTEs for PHA and sub-contractor employees. Only include sub-contractors that contract directly with the PHA. Do not include sub-contractors of sub-contractors. One (1.00) FTE is defined as 2,080 work hours per year. The FTE Certification shall be in the following format with the actual number of Sub-contractors, if any, included in the table:

Identify the Sub-contractor(s) enumerated in the columns:

Sub-contractor #1: Name of Sub-contractor

Sub-contractor #2: Name of Sub-contractor

Sub-contractor #3: Name of Sub-contractor

Sub-contractor #4: Name of Sub-contractor

Add additional Sub-contractors to list and add additional columns to the table as required.

Positions and Full-Time Equivalents (FTEs)	Total FTEs	PHA FTEs	Sub-contractor #1 FTEs	Sub-contractor #2 FTEs	Sub-contractor #3 FTEs	Sub-contractor #4 FTEs
<b>PBT #1</b>						
Management and Occupancy Reviews						
Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #1 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>PBT #2 Adjust Contract Rents</b>						
Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #2 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>PBT #3 Review and Pay Monthly Vouchers</b>						
Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #3 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

PBT #4 Renew  
HAP Contracts and  
Process  
Terminations or  
Expirations

Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #4 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

PBT #5 Tenant  
Health, Safety, and  
Maintenance Issues

Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #5 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

PBT #6  
Administration -  
Monthly and  
Quarterly Reports

Position title 1	0.00	0.00	0.00	0.00	0.00	0.00
Position title 2	0.00	0.00	0.00	0.00	0.00	0.00
<b>PBT #6 Total</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**GRAND TOTAL**

FTEs	00.00	0.00	0.00	0.00	0.00	0.00
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**PERCENTAGE OF  
GRAND TOTAL**

FTEs	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
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**EXHIBIT D**  
**DISASTER PLAN CERTIFICATION**

This is to certify that I have reviewed the disaster plan for this organization and, if applicable, a sub-contractor entity that performs fifty (50%) percent or more of the FTEs required to perform PBTs numbers one (1) through six (6) under this ACC, and to best of my knowledge and belief:

- (1) The disaster plan has been updated to reflect changes in personnel, policies, practices, backup plans, and resources.
- (2) HUD has been provided a copy of the most recent disaster plan.
- (3) All employees and, if applicable, sub-contractor employees have participated in disaster plan training within the past twelve (12) months.
- (4) All backup plans and systems identified in the disaster plan have been tested within in the past twelve (12) months.

I declare that the foregoing is true and correct.

PHA Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

Attach qualifications statement or resume of person executing this certification.

**EXHIBIT E**  
**SERVICE AREA**

The Service Area is the State of \_\_\_\_\_.

**EXHIBIT F**  
**BASIC ADMINISTRATIVE FEE PERCENTAGE**

The approved Basic Administrative Fee Percentage is 00.00%.