

# TRACS Industry Meeting September 21 & 22, 2006

## Opening Comments

### Charles “Hank” Williams – Deputy Assistant Secretary – Multifamily Housing Programs

Lanier said we were lucky – not sure that applies except for being lucky about the weather.

First time he has been in GSA Auditorium. Thank GSA for letting us use it

This is an important meeting with an excellent agenda to address key issues and Mr. Williams is happy that stakeholders are joining HUD today. As we work with the people who are important stakeholders it helps us to focus on key issues and address things that need to be modified or may have been overlooked.

Working with stakeholders is critical and we’re pleased to have the opportunity. As we focus on the programs (S8, RAP, PRAC and all others) we want to improve the process. Today we have about 120 participants and appreciate your being here to help us with the components of the HUD strategy.

Lanier said we were vocal and that’s good. Quality control guide, error tracking guide portfolio review EIV. A lot of things we do have on the table and it’s good to get help with the process.

As we take on these initiatives, the purpose is to provide policy and procedure directives and the TRACS meeting allows us to work together in these endeavors.

The theme is that we are helping people who have needs for assistance in their housing. We want to focus on the people we are here to help.

We appreciate that you have helped us to do this in the past. This helps us to improve the delivery of services.

Revising and updating the 50059, SCG and the 4350.3. Many things you have helped with.

Many of you have traveled many miles to join and I appreciate your doing that and want to thank you for your assistance. We are trying to focus on that improvement because we know there are inefficiencies. If we can make improvements, we can make it easier for people to participate. There will continue to be opportunities to improve the process and helping poor people with their housing needs.

Look forward to this morning and wants to thank Lanier and his staff.

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## Introduction of New Staff - Lanier Hylton

Wants to introduce some of the new staff.

Rafi Kahn project leader for PSI

James Legge is the IT project manager

Rafi – Work for Pyramid Systems. Responsible for operations and maintenance of the TRACS Project. Has been responsible for TRACS for four months now and wants to introduce the staff.

Mark Emanuel

Myra Jane

Susan Barker

Yasmin Alikahn

Stacy – Admin Support

Pat Machogu

Making sure TRACS processes nightly. Also focused on looking on the TRACS discussion forum <http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm> and are trying to address issues that come up.

Jim Legge – new to TRACS and hopes he can learn a lot from the meeting. Wants to do good things with TRACS IT.

Lanier – Have been looking forward to this day and ½ and wants to establish some working groups to get things going. We want to move some of these projects along quickly. Have had success with working groups in the past, most recently with the development of the new 50059.

Deatrie Perry – was with TRACSMail group and she is still key to that effort. She is the new project manager for TRACS and will be the person we talk to instead of Lanier.

Bob Barrick - remember Bob from efforts with Tenant Compliance. Helping with the S8 portfolio review and re-define the budget process and help re-define funding.

Teresa Fields from single family – she is LH right arm and following up on things to make sure they get done. She is his constant reminder.

Want to be more efficient in meeting our needs.

Stakeholder – Are the problems we are having with TRACS due to the transition?

Lanier – No – we are having processing issues.

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Rafi – Transition from one contractor to the other should be smooth.

Stakeholder – It wasn't

Rafi – It was just the way things happened. We had no control over it. Transition was such that ...

Lanier – some of the problems related to the fact that every day when we run processes in batch mode, sometimes servers go down the batch process does not work. That affects the way we are able to process information.

Even when ATS was the contractor, the process was problematic from time to time. One problem was with TRACSMail - we were not processing some of the batches that were coming in. In the transition, the documentation for TRACSMail was lost and the old team was not there. Dee Perry came on board and had prior experience with TRACSMail and what it could do.

Function has been taken over from IT and Dee manages it and monitors the transmissions every day.

Stakeholder – Is there any way- instead of going out to the forum- is there any way to send communication to the stakeholders like an email to the groups that are involved.

Lanier – He doesn't have a problem with that. He can use the RHIP ListServ to communicate issues. To sign up, visit the following web site:

[http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Housing%20RHIP%20\(Rental%20Housing%20Integrity%20Improvement%20Program\)%20Tips&list=MFH-RHIP-TIPS-L](http://www.hud.gov/subscribe/signup.cfm?listname=Multifamily%20Housing%20RHIP%20(Rental%20Housing%20Integrity%20Improvement%20Program)%20Tips&list=MFH-RHIP-TIPS-L)

The way they found out about the submission problem was because of calls coming through the Help Desk. They will start using the RHIP Listserv to communicate this information.

Stakeholder – When MAT10s stopped working for 10 days it was an issue and it was not a TRACSMail problem because other things worked.

Lanier – The process to identify and address problems is that the staff meets at 9:00 AM every morning and they go over the production to make sure the batch processes worked overnight. If there was a problem, they have to determine what the problem was.

If the volume is high, you might not see a certification because the vouchers process first. Sometimes it's overload, but it could be server issues or a TRACSMail issue.

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In the past, they post problem to the TRACS Forum or the Announcements page but now they will use the RHIIP Serve to let us know. (TRACS Announcement page can be found at the following web address:

<http://www.hud.gov/utilities/intercept.cfm?/offices/hsg/mfh/trx/announcements.pdf>

### **Error Tracking Log Initiative – Lanier Hylton**

Moving in to the error tracking log. We established the quality control guide which was a product of improper payments. (The Guide can be found at the following web address:

<http://www.hud.gov/utilities/intercept.cfm?/offices/hsg/mfh/rhiip/qcguide.pdf>

Most of the contract administrators and PBCAs are already doing error analysis but HUD is going to come up with a standard.

Drayton, Drayton & Lamar (consulting firm) will be helping achieve a lot of objectives.

DD&L will document the processes that the CAs are using to discover certification problems. The contractor will visit 4 locations to figure out best practices. Consultants will spend a week on site to learn the cert/voucher review process for a sampling of Contract Administrators. We anticipate that there are different processes but we are going to try catching all of them. The four proposed sites are Jeffco in Birmingham, WASHOE??? in Reno, Mass Housing and Southwest Housing

The reason they were picking these agencies is to get a varied sampling. Small, Large, east/west and government agency (Mass).

Once DDL has done the week long evaluation, they will convene to find out what the steps and processes are, and they will have discussion.

There will be about 15 conference calls to work through the process. They will be asking for volunteers for the working group. Want O/A and software vendors along with the PBCAs as part of the working group.

Want to get input for the final requirements and then will have a final working session for everyone to have one more chance to go over the final standardized process.

As a result, HUD will update the quality control guide. Want it to be consistent. Last but not least is that they will provide a training/user guide. What they have envisioned is to get this done in the next 6 months.

Need stakeholder commitment to make this happen.

When the process is done and there is an agreement with the software vendors regarding timeframes for development, there will be timeframe for implementation.

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This will impact training.

He has thoughts in his mind on how he wants to approach the evaluation of errors. Want to catch data in two stages - Quality Control and Site errors.

Both PBCA and traditional CAs perform some level of front end processing (quality control). HUD wants to capture what the CAs are doing on the front end and will not classify errors that are addressed during Quality control as an error. When staff goes on site and does the MOR, they need to determine if errors remain on the 50059 because the error could not or was not captured during the CA Quality Control process. The objective is to look at the efficiencies of the error process when a CA is involved.

The errors that get captured during QC should be larger than the errors captured on site. This validates that the CA program is valid and that it has significant benefits to the federal government.

Overall HUD wants to:

- Support the CA effort
- Validate the value of the CA
- Indicate performance measures
- Evaluate errors to remedy issues
  - Training issues
  - Guidance issues
  - Enforcement issues

The data that we get will be useful to improve the quality of submissions.

The first question to be asked is “What is an error?” How do we classify error types?

The first thing they are trying to get from this group is how they classify errors.

For example: Did HUD provide assistance based on the right program type? That is one question which addresses the eligibility issue.

Was the calculation right? Most 50059s are no longer done by hand. The question is, is it right?

The next bucket is medical deductions. Was the calculation right and was the medical deduction an allowable expense?

Stakeholder – Handbook violations would be one category. Also we need to look at errors in adjustments

Lanier – Is it tied to calculation? Adjustment errors might fall in to multiple categories.

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Stakeholder – Simple handbook violations represent a lot of violations. Late annual re-cert is an example.

Stakeholder – How are you defining an error?

Lanier – Documenting the interpretation is where all this is going to get hashed out to get additional specificity. We need to come up with more consistent policy regarding the classification of errors. This will help provide consistency to determine what an error is. This is part of the process.

Stakeholder – What is the expectation of the PBCAs to go ahead with their own RHIIP project? Their results will be different with what you come up with. Everyone is in the process of developing a RHIIP tracking log and they will have different solutions.

Lanier – Hesitant to have the PBCA develop something in response to OIG and then HUD will give them something else to put in to place. He would caution the PBCA to not put a lot of effort in to that. HUD has to start within the next month and he would suggest that they not put a lot of time and money in to it.

Stakeholder – Can you put that in writing?

Lanier – Yes

Stakeholder – I have had an opportunity to work with a lot of CAs. He would suggest that they look at iCap because they have a well developed method of communicating back to the OA. Another thing, TRACS errors are not really working with vouchers. This will be a new level of errors.

Stakeholder – One of the things you need to look at is the software used by the CAs. Folks that use specific software have specific errors.

Lanier – If you want to give me the name of a CA where the software would be different, he will look at alternative CAs using different software. He is more than willing to entertain that suggestion.

Stakeholder – I'm glad you mentioned waivers. Some times field offices will have given waivers when they do not have authority.

Lanier – He will look in to that.

Stakeholder – Wants to bring up the point where there is duplicate subsidy potential because of the 999 security numbers or the TRACS ID.

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Lanier – We have done analysis on the social security numbers and looked at about ½ of the people who have questionable SSN. If there is no SSN or if there is a T, if you take those out, it is 2% that have questionable SSN. Then if you start to whittle out the ones past the age of 62, then the number drops again. They have not done the manual verification but have just looked at the raw data.

Bob Barrick– Some of this will come up tomorrow in the context of EIV. There will be the ability to better target many of those with the advent of EIV.

Lanier – We want to better define what an error is. HUD wants CAs to start querying databases to see what errors need to be investigated on site.

Social Security could be a category.

Stakeholder – What do you mean about is the calculation right? Is this a 10%/30% issue regarding classification?

Lanier – There need to be more definitions and specificity.

Stakeholder - Sometimes it is a calculation error.

Lanier – sometimes the question is – is it the handbook? – is it the MAT guide?

We need to identify what causes the problem.

Stakeholder – Software vendor – this also has a verification process. Is the error caused because the user is not implementing the right verification?

Changing the MAT guide would not help. This would be a narrower category.

Untrained personnel are also an issue.

Stakeholder – The application process can contribute. This is an issue as well. OIG is bidding down to get it done.

Lanier – The report will state what the problem is and the resolution. Is it technical assistance? Is it something that gets referred to the office of inspector general?

Once we identify the problem in error reporting, it will require action in policy.

Stakeholder – Once EIV comes out, some of this will be resolved. Perhaps site staff needs to be certified.

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Stakeholder – some of these are software issues regarding what the software is and is not able to do. There are some issues with the MAT guide.

Stakeholder – It's not fair or maybe reasonable to require that site staff needs to be certified. Possible alternatives need to be investigated such as online testing or other alternatives to certification training. Requiring certification may add undue financial burdens.

Lanier – a lot of these comments go back to the software vendors. Both software that supports the site and the software that supports the CA. All of these things have a ripple effect and a lot of the things we are talking about will be resolved.

He also has to consider the 236, PRACs and other properties and HUD as the department would have to weigh the cost which could be significant. He does not have enough data to say that one entity has a problem across their entire portfolio and it is in a specific area. And does the problem affect the 2530 process?

The first thing he needs to do is get definitions and consistencies so they can establish rules so the software vendors that support the PBCAs can automate this process.

Let's define these problems and see if we can define what this is. Then we update the QCG to reflect that, we update the MAT and we train the field to make sure these things are consistently done.

Stakeholder – I think the interpretation of the MAT Guide for software vendors and the CA needs to be taken in to consideration. We also need to consider the impact of 202C. Have you thought about addressing transmission protocol? Dial up versus high speed?

Lanier – The question is regarding the communication method being used. The first issue is that TRACSMail has to go away. The second issue is timing...is this the time to go to XML? If so, there are solutions to some of the error formatting issues.

Stakeholder – I think you put your finger on one of the big issues is that it is the conclusions that come as a result of the research. Every month those responsible for voucher submissions have properties that are great and they have properties that require effort every month. We (CAs) are under a 20 day mandate that indicates that the payment must go out within 20 days of receipt of the voucher.

You are going to need the ability to extract conclusions about the performance of that property and the response of the CA. Oversight has already improved.

Stakeholder – What Fred is saying on the 20 day span is not followed by all CAs.

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Lanier – There is an issue with inconsistency with the way vouchers are reviewed. That will be standardized in the future. CAs can approve certs that are ok and pay an adjusted amount. CAs can also escalate up and HUD tried to build in that kind of flexibility. They are getting pushed to make it one way or another. 4350.5 ??? CA Handbook needs to reflect what the PBCAs do.

Stakeholder – Based on the comments, it appears as if the classifications are:

- Voucher adjustment
- Eligibility
- Calculation Errors
- Verification
- Resident Reporting
- Software
- Training
- Guidance (Handbook/HUD/CA)
- Communication
- Compliance
- Supervision/Quality Control (Site Level)
- Social Security

Lanier – Maybe they need to add a question that says “what remedies are the PBCAs taking?”

Stakeholder – The correction resolution starts when you OA don't get paid. Late re-certs is one of the more major issues. Senior management becomes involved at the point that they are not getting paid what they think they should be getting.

Lanier – He is looking for a level of compliance: What is the action? Does he adjust the voucher, hold the voucher, meet with the owner/agent...?

Stakeholder – There are two different buckets. One is the voucher certification (right or wrong?) the second bucket is the certification. He does not want to chase errors and try to meet with the owner after the fact.

Stakeholder – There are a bunch of issues where reasonable people disagree that will need to be addressed. Sometimes there is no guidance. Unless we can get the policy folks to help with some of this, there will continue to be issues that we will all fight about. It is even a forms issue. We are stuck with some forms that produce ludicrous results.

Lanier – We are going to make the best effort to try to get some of these issues resolved. We did the 50059 very quickly. If it is a form, we will take the form and try to get it through the process.

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Stakeholder – This really goes back to management. Not providing resources. Not providing training. Why does HUD allow transition to a new owner who knows nothing about what they bought? The owners don't have a clue and HUD is allowing owners to take over these multi-million dollar properties. Sometimes a TPA happens and HUD is not aware but it seems to be occurring more and more. HUD may need to look at this from the inside first to see who they are

Lanier – if the organization does not have a bad record but has the financial background to save a property then they get the opportunity. The applicant must be

- Financially solvent
- Don't have a bad record, and
- Make a commitment.

Most owners do not get involved in the day-to-day operation. The only thing he can say is those are the safeguards going in, then if there is a problem, they affect the 2530.

Stakeholder – Dual Tenancy – still an issue.

Lanier – will talk policy tomorrow

Stakeholder – Has issues with software and the resident reporting. She also thinks most managers know what they are doing.

Compliance could be a matter of interpretation unless it is just plain. KISS (Keep it Simple, Stupid) applies. She does not believe onsite managers are clueless and she thinks they all try to comply. One issue is like zero income – why isn't there a timeframe?

Stakeholder – there are also several questions regarding 50059 signatures

Stakeholder – What happens when the move-in was not signed? Guarantee that the move in 50059 was not signed. NJ requires the move in packet.

Lanier – Jed's right and we need more direction or we will say these are policy issues in the handbook. We need to identify, qualify and try to get problems resolved.

Stakeholder – We also need to look at what is going on with service bureaus. They have had to institute a policy that they have to have a copy of the signed cert.

Stakeholder – As an owner agent, just establish the process. If you want paper, I'll send paper, if you want it electronic; we'll send electronic... we just want consistency.

Stakeholder – consistency and interpretation are great, but we need to have consistency across the board. For HUD, TCAs and PBCAs

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Lanier – The QCG is the beginning of the effort to establish consistency. All of that starts with the fact that we want to capture the error rates at the front end (Quality Control) and the back end (MOR – actual errors).

Where do we address..ACC, 4350.3, 4350.5.??? He doesn't know the answer. Once we start to get the data, we don't know what the data is.

Stakeholder – when you are thinking about errors there is some issue regarding training but the software vendors should provide free training.

Lanier – I'm leaving that to the software vendors. He wants to gather the information to develop an agenda regarding what is asked on site. Out of this process, we are going to have to identify issues that we cannot define.

Wants to introduce two people here that you guys have scared to death.

Peter Guiaquento

Linda Cornergame will be the person working with the contractor on DDL. The policy folks at willies office will be working on this as well.

Rafi – Lanier mentioned that we want to get off TRACMail, but we are going to be working on other things. Their objective is to move to a different platform.

This is a perfect time to get the things that you want like error message and other things that help you work better. Want to put suggestions in at the time of the design. Get these to Lanier.

Break

### **Section 8 Portfolio Review – Lanier Hylton**

Lanier - Let me tell you about another thing we are doing – review of S8 portfolio. DDL and Mr. Crutchfile are here with us. The portfolio is broken down in to a couple areas (will effect HUD office CA, PBCAs and in some cases will effect the property) the person assisting Lanier is Teresa Fields.

He will walk thru the process of what they are doing, how it could affect stakeholders and what they are looking to achieve.

DDL is helping to validate the data in the database and they are in Ft. Worth pulling executed documents. HUD is providing actual data from the TRACS system.

- What is the status of the contract (active, expired, terminated)?
- What is the number of units?
- What is the unit breakdown?
- What is the utility allowance?

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They are comparing that to the actual contract.

There are 19000 contracts to look at and they are at about 7100 now. They are reviewing about 1100 per day and copying about 900 contracts per day. The plan is to finish around the end of Nov or the beginning of Dec.

They want to see what data in TRACS is not supported by contracts. What units are not supported by exhibit A or a rent schedule? They are asking field offices to go in to TRACS and fix the information. Group homes are excluded. They realize that the unit counts will be different because of the utilization of bedrooms versus units.

We are going to look at every anomaly. If the error is due to dual occupancy in group homes, they will create an exception.

DDL is pulling paper documents. He is not going to state that this won't be painful. How do they resolve an issue where a field office has approved something that is not in the contract? The field offices know this is coming. The field offices will have to resolve it and this is the Assistant director of housing's #1 priority.

Stakeholder – I know you will find rent schedules not matching the contract. What are you going to do? How are you going to resolve.

Lanier – I don't know but the FO are not going to have a lengthy amount of time to resolve. If the change has an impact on informal agreements, the contract is what matters. If you want to move forward to accommodate that, then fine. Something will have to be put in place to reflect the change legally. TRACS will be adjusted to reflect what is on the contract. It depends on the field offices decision on how to resolve.

His office is responsible for making sure that the information is standard and they must help the field offices identify issues that need to be resolved. You will understand the significance as I go through it. Ever body (Field offices) has been notified.

Some of you who are servicing CA's may not have heard about it until now. There is a memo going out to the HUB Directors, etc.

Once we have a validated the database so HUD systems reflect what is in the contract documents, the next task is for the contractor to take our methodology for budgeting and project (using current budgeting methodology) for the next 10 years to determine what the renewal needs amendments needs and potential for recapture.

While they are pulling the contract documents and loading information in to the database and working to resolve TRACS to match rent, UA. Contract documents rule. And the system will be updated accordingly.

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Will there be friction? He can see any number of situations where there may be issues but the timeframe for resolution is short.

They will be documenting “as is” methodology for budgeting. One method is to take actual disbursement and the number of units and come up with the expense per unit. Then what they do is anticipate future loss and they go back 5 years and calculate the loss numbers. Then they add an inflation factor and come up with a grand total.

The process that they follow is they go down to the contract level and ask “what was the voucher over the last 12 months?” If there is a missing voucher, they estimate to come up with a monthly burn rate. Then they take that and roll it up and calculate the inflation factor then they estimate the annual needs. Once they do that for every contract, they roll it up and can break it out by category.

It is significant to know that they have not been overly funded...what we’re really funding at is what the tenancy is at the site. What they have also found is that the tenant profile does not change that much.

Now, DDL will take that “as is” model and once they have a clean database, the next step is to come back and make recommendations and come back to the future.

All of this will be documented.

That’s the exercise. Once they come back and make recommendations, they will have discussion points for the FHA commissioner. It will probably be a discussion point with the OMB.

There is no point in changing budget methodology if OMB doesn’t agree with the new methodology.

Once the new budget methodology is approved, they will re-run the 10 year projection. FHA commissioner is committed to this. He wants to right side the funding for the Section 8 program. PRAC went from 10M to 54M last year when then right sided PRACS.

We have to be able to say “we scrubbed the numbers”. They have to be convinced that they have the right base numbers. Brian Montgomery is committed to this.

Frank Davis (General Deputy) is also committed to this.

Called FO first and said they are responsible for coordinating this with the entities under their jurisdiction. Resolution will be monitored. If FO do not act accordingly, they will be addressed.

DDL determined that a lot of the contracts are missing exhibit A. This is really not an important document for Ft. Worth. A little surprised but not alarming.

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Second anomaly was that they got delayed (identified risk) For us, one of the things we identified early on was the access to a secure HUD building. Some people are going in and out of Ft. Worth and Ft. Worth staff escorted them off site because they did not have necessary security.

This was resolved. The wrinkle put an impact on the schedule. They decided to go out to FO and CAs and get the appropriate documentation.

DDL will be pulling most of the contracts for the PBCA and HUD administered portfolio. 19000. The remaining contracts are at the FNC. That portfolio is administered by the financial center. 6 different locations. (Atlanta, Chicago, Seattle, ...) To speed up this process and to mitigate the issue of going to another federal building, they have identified the documents that they need and have those documents sent to DDL. But Exhibit A and/or the rent schedules are missing.

In the first bullet in the memo to HUD staff, they have indicated they are looking for exhibit A or the current Rent Schedule 92458. This needs to be pulled by HUD staff and the PBCA. Multifamily wants Hank to sign the memo.

TCAs – they want the following information – Annual contribution contract, current housing assistance payment contract, Exhibit A or rent schedule and information on the administrative fees (two components – those currently approved and in the HUD budget and for those who don't have it in the budget but as part of the mortgage override.

% of the fee and the total annual expense.

He does not think there is a system in HUD that tracks the admin fees.

Don't know % in the budget versus % in override.

Due date: Our expectation is that these documents will be sent to DDL by the end of October. October 31, 2006.

We will be tracking whether they came in or not.

There is a form to attach requesting who is sending the information.

- Date
- Contact Person
- Phone number
- Number of contracts being submitted
- Number of contracts for which documents information requested is not attached.
- When unavailable provide contract number, missing documents and steps being taken to obtain the documents.

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- With CA – have to indicate PBCA or TCA
- If both – submit a separate package for each portfolio.

Documents will be sent directly to DDL

They will follow up on forms that have not been submitted.

This is a priority and the database will be validated as quickly as possible. Need to move to the “to be” model.

#1 Priority and they are pushing it.

They will be monitoring how quickly the documents come in. Will go to the Assistant Sec if they can not get the documents.

If you are a CA, the field offices will be calling you.

There is a date for the FO to get the information to the PBCAs and the TCAs.

In order to speed the process up, once the memo is executed, the deadline will be included.

The memo will be digitized and will be sent via email. The PBCAs and the TCAs asked HUD to provide to them the data extract of the information in their system about their portfolio

- Contract number
- Number of units
- Contract type
- Etc....

There will be a word form cover sheet, access to the data (when appropriate)

If CA wants to identify the anomalies, they will take the data but CAs are not required to do this analysis.

They will start cleaning up November 1 or as fast as they can get the information.

This is not a linear process. Multiple tasks are being performed concurrently.

Stakeholder – Where is the information coming from?

Lanier – It is coming from TRACS – REMS updates TRACS. This is the official repository on data for contracts.

Stakeholder – What if a FO does not respond or if a FO cannot find a contract?

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Lanier – It will be escalated.

Stakeholder – Since you are already working on this what is the cutoff date? We have new information because of contract renewals, etc.

LH – Any new information should be forwarded. That issue is not a cause for alarm. They understand the information is not static. They are looking for “where is it at this point in time”.

Stakeholder - He thinks the question is when do you stop.

Lanier - He doesn't know the answer.

Stake – Is there a validation tool internally that can validate all the information?

LH – One of the questions they had up front is “how much access to you provide CAs to TRACS” They could not keep certain data private. The only folks that can update are TRACS staff. There is no way for a CA to look at data and identify what may be wrong.

At the low level, they depend on HUD to keep the data up to date. At the end of the day, we are still waiting on someone to perform data entry.

We are looking at timeliness, how current it is, etc. but it does not tell you if it is current.

Stake – Will there be a standardized reporting format?

LH – Two things – we are still collecting data. We're asking DDL and field offices to tell us where they do not have data. The only exception is the admin fee in the mortgage override. If the information is blank, they will ask the field office to obtain the information.

HUD has not identified ways to report inconsistencies yet.

Stake – It might take time out of the process to have someone work on a specific format.

LH- The truth is he will take the information any way he can get it.

Stake – Are you asking for paper documentation?

LH-We're asking it to be mailed. All of that should be mailed with the cover sheet to DDL.

If you identified anomalies that needs to go to the HUD and PC director directly. That will allow HUD to identify the problem

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Stakeholder – Generally schedule A does not have a name of it. Be careful and make sure someone writes the name and the contract numbers on them because they are on blank white paper.

The problem with the schedule A is that there is not identifier and no signature; it is easy to make a mistake.

LH – Any suggestions.

Stake – it's better if you have a signed rent schedule. Sometimes they do not have a rent schedule and you only have a schedule A

LH – Should we make the rent schedule the predominant document? If schedule A is the only doc available, then first page of the HAP stapled to the Schedule A?

Stake – should the memo go out for draft?

LH – Maybe some select people.

Stake – How will this affect the site if the contract data is different?

LH – If the field office says the document is wrong, then the field office has to make the change.

### **Tenant Compliance – Lanier Hylton/Bob Barrick**

LH – Going to adjust the menu to discuss tenant compliance. Wants to talk about the current compliance percentage requirement. Should they increase the compliance percentage to 92% or discuss the properties exceeding 100%? What about small properties...?

Bob – Did not look at this in any major degree of depth but looked at a snapshot of the current data in TRACS. In looking at the entire portfolio – the one interesting this is that of 19000 plus contracts, the PBCA administered are the vast majority. Their *average* compliance percentage is exactly 100%.

If the contracts are not paid through TRACS we cannot evaluate the data as much. When considering pushing the data up beyond 92%, we determined that there would be impact on 400 or so contracts that fall between 90 or 92% that would be compliant today but would fall under the plateau if the requirement was at 92%. There are currently about 300 contracts with vouchers that have been suspended for failure to meet the compliance percentage.

When we look at the contracts with compliance percentages over 100% (102% to 115%) there are almost 4000 contracts in that category. In some cases, there are valid business reasons for the high percentages. *(Note from RBD – for those group homes counting bedrooms instead of units, the compliance percentages are often overstated)*

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When we start focusing in on this, it tends to reveal some inadequacies and imperfections of the compliance calculation process.

There are less than 200 contracts reporting at 115 percent and above.

Stakeholder – Maybe in 202C we need to put a group home indicator on the file.

Bob – If there were such an indicator, it would be valuable to have that indicator in the MAT 30.

LH – Rafi are you getting that?

Stakeholder – on the compliance percentage – if they are in the 90 to 100%, they could be way below the 90% in actuality. The compliance percentage calculation just counts certs; it does not compare the data.

Bob – the denominator in the formula is the number of units on the voucher. It wouldn't be a bad idea to rethink the whole process.

Stakeholder – on the percentage (two percentages daily and at submission). Which were you looking at?

Bob – The header percentage. (daily)

Stakeholder – The reason she asks is that most CAs send the voucher and the tenant data.

Bob – The voucher record has to store permanently but the voucher release is based on the daily compliance percentage in the top left hand corner.

Stakeholder – In the service bureau, a good quarter of the properties are over 100% for valid reasons (group homes). It might be over 100.

Bob – The 400 contracts may have a great deal that would be legitimate.

Stakeholder – We took a look at the vouchers over 100% and there were all sorts of reasons. Also, they discovered something that underscored a change that he is about to request. There is an issue caused by what really is a reverse of the move out problem.

A lot of situations were identified where move outs fail for one reason or another. Especially with small properties. A lot of CAs submit tenant data daily. Is there any way for the calculation to hold move outs as future actions based on the voucher date? This removes the whole move out process based on the voucher reported on date.

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Bob – TRACS just wants to know which certifications are active as of this minute. When we start treating move outs as future transactions, it would skew what TRACS considers active at this time.

Stakeholder - Possible solution would be to suspend if both the daily compliance percentage and the voucher compliance percentage was above 90% when the voucher was submitted, then the voucher would be released.

LH – What is the number for the small unit exception?

Bob – It's 10. There are thousands that are affected. Somewhere around 3000.

Stakeholder – would a solution be to not allow certs in to the system. Why not batch process once a month?

Group – No

Stakeholder – why would you send something that was going to affect a cert before the voucher?

Stakeholder– What happens when you send multiple files for one household, TRACS does not know what to do with the data? You have to control how the data is transmitted. As it is, many of the software packages will not let them transmit the files as the activity occurs. There is good reason to send certification information as it is completed.

LH – It also helps with production as well. There is a volume cap.

Stakeholder – There are CAs that only want you to batch process and won't let you process any other way.

LH – Should we increase the percentage?

Stakeholder – I'm going to support NO. Until we raise the number of units in the exemption for small properties.

Jed – He would vote no for other reasons. We are talking really precise numbers between 90 and 92% but we all know that we are just dealing with numbers – it is a rough estimate. Until TRACS is replaced or re-engineered this provides a minimal edit.

Stakeholder - Sees two sides...Completely agrees with Jed – every time the compliance percentage is stepped up, there has been an increase in the skill level of the site staff submitting data.

Is there a way in the MOR process to request properties to produce their most recent Secure System reports?

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LH – This is going to be discussed tomorrow. He has changed his mind about increasing the compliance percentage and this should be monitored at the MOR level.

Bob – The small property exemption thing that keeps coming up. When we first started we were at 60% or 70% or 80%. There could be little fluxuation that has a large effect. If the small property number becomes 20, it still may be inappropriate to subject that property to whatever the regular requirement is.

If a property that has 20 units and is 10% compliant they get paid, but the regular property that is below 90% does not get paid.

LH – Instead of changing the portfolio unit size, should we change the percentage requirement for the small properties? Does anyone have a number?

Bob – You can establish a lower threshold for the small property.

Stakeholder. One of the concerns that he has is that they still have a requirement to run a professional environment. They are encouraged not to by lowering the compliance percentage. Maybe we should leave the 10 unit number, but lower the compliance percentage to a lower percentage....75% maybe...

Stakeholder – What about saying that they have no more than 4 units out of compliance or they are at 90%.

Stakeholder – My concern with the percents is that some of the small properties are PRACS

Stakeholder - The goal all along is to improve the process and raise the level of the quality on the properties as a whole, but there are many people fell that because e they manage a small property then there should be different rules.

LH – Wants TRACS team to note the suggestions and he will look at small properties. He's all right at 10 but would be agreeable to raise to 15 and look for a better long term solution.

Stakeholder – One thing in his mind. How can you treat two property owners differently? Doesn't it bring up an issue between properties. Why have a two tiered compliance percentage.

Bob – It has to do with a margin of error per transaction. Were just trying to make it reasonable.

LH – The smaller guy may say he is being penalized harder than the bigger guy.

Stakeholder – Can't we submit manually?

LH – I got extra staff, but not that much extra staff. Not willing to take on a more manual process.

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Stakeholder – We're saying property but I think we mean contract. How many units are represented?

LH – there are about 6000 contracts with 1-20 units.

Bob – If you said 6000 x 10 you are talking about 5% of the total number of units. That is very crude but it is still a noticeable number.

LH – After investigation of some more sophisticated methods, we will need to determine if it will cost too much money; then it may not be worth it. But he does want to ask the question. We have a good story to tell regarding getting the compliance percentage up. He is concerned about the 102 to 115%. He is going to ask Bob to do some more analysis and then they will come back to looking at the number of contracts above 100%. You may want to tell the folks it is coming.

Stakeholder – The 90% across the board is fair and simple.

Stakeholder – Wants to come at another point from left field. You're aware that there have been a couple of instances recently regarding the late recert query. Some people feel that the query is dynamic and that these issues need to be dealt with. Who do we go to regarding the late recert query?

LH – Do you have a better report name?

Stakeholder – Let me think about it.

Stakeholder – These same issues have come up on the 50058 side. Two or three years ago these problems came up in PIC. You might prevent some mistakes if you talk to the PIC people.

LH – He will have a conversation with the PIH people and some of the CAs here also use PIC.

Stakeholder – Her experience is that the multi-family system is more stable. PIC is up and down and has hills and valleys.

Stakeholder – We do reporting for both TRACS and PIC and TRACS is superior. There are some timing issues. TRACS works better and is more robust and clearer. There is more dialogue and more knowledge regarding where we are going and how to get it done.

Bob – The whole idea behind PIC is that there is a whole different level of transaction processing. The TRACS team looked at the PIC front end and actually we were looking at the 50058 validation and some other nifty tools. There were some things that the TRACS people really liked but there were issues.

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Stakeholder – The beauty of the PIC system is that there is the validation tool that handles transactions based on the effective date. Reconciliation is provided in PIC.

LH – Bob has volunteered to talk to the PIC guys and Rafi and the TRACS team is going through the process of trying to figure out what is the replacement for TRACSMail and to find out if what is in PIH will help us.

### **Funding Issues – Lanier Hylton/Eileen Walker**

Lanier - New employee that works for Eileen – Felicia Denman. Going to talk about HUDCaps conversion. HUDCaps is one of the accounting systems. Specifically, the department is moving to a new GL system. We come up with all these crazy acronyms. HIPMIF?

Instead of trying to migrate two accounting systems to HIPMIF, they are trying phasing out HUDCaps. So where do the Section 8/TCA that are administered by the financial management center, where do they reside? We have gotten both the PH and PIH and CFO to agree to bring the portfolio back and be treated like the PBCA contracts.

Bringing those projects back in FY 2007. Felicia is trying to finalize the Memorandum of Understanding (MOU) and the project plan and we want to talk about the impact.

Eileen – Apologize that they don't have a formal presentation but have been trying to concentrate on getting the money out.

Group – yeah!!

Felicia Denman has been here since Feb 2006. She is a newer addition to the staff but she came from the state department but also worked for REAC. One of the first things she worked on was to try to shore up the procedures. We thought having her work on the conversion would be a good opportunity to pair those two purposes together. In the course of the conversion, we are going to try to shore up our procedures – internal for HUD and other related financial management procedures that should be in place.

We were able to get a small contract to put together some training for the conversion specifically. We do have to get this done in 2007. Support for the HUDCaps contracts will not exist after 2007.

Felicia – Introducing Jeanine Jenkins with Phineas Consulting will help put together training materials. Phineas Consulting is putting together training materials for the payment process change from the old payment method to the new payment method. And they will have training on roles and responsibilities during the conversion.

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Working group FO, HQ and industry. Let Eileen know if you want to volunteer for a working group. Working group would review the training materials and would be responsible for establishing roles and responsibilities during the conversion and would help with communication during the conversion. Would work with Felicia and Eileen during the conversion.

My main purpose is to put the training material together. At a good place. Solid draft will be available in the next two weeks. Then will go out to the working group for comments and suggestions.

Lanier - Partners will be moving from a budget process that is in HUDCaps to a monthly voucher process. All the intricacies regarding compliance suspension and payment. This will be a big change for the owners/managers of these contracts as well.

Stakeholder – Is that also the implementation of the new voucher with the admin fees.

Eileen – We don't know if we will get that out.

Stakeholder – The training materials are for the CAs?

Felicia - Yes and the owners

Eileen – yes – we are going get everyone's viewpoint from the owner who has never dealt with TRACS before so some will be elementary. Going to try to provide something for them to reference if they do not have any idea of how to process through TRACS. This is also for the TCA who will retain administration of those contracts. Copies of the materials will be posted on the web site.

3500-3700 contracts on the old budget based format that need to come to monthly payment on the voucher.

There are so many details that we learned from the pilots. We want to take those experiences in to account so the folks get paid on time. Brenda is a mandatory volunteer.

WE don't have a lot of time at this point. She has asked Lanier to get on with the mechanics of the conversion. July 1<sup>st</sup>, 2007 is the dates they are shooting for for the first payment from LOCCS.

Let's go over some of the major milestones. Determined to get project plan done by 10/31. And then have conversion materials and training finalized by the end of the year (calendar).

If Lanier lets me do it, communications will go out to the current traditional CAs that will be affected. This will confirm the contracts they are responsible for as well as their admin fee arrangement. We want to identify what the new procedures are the impact on operations will be. Communication is expected to go out 11/15.

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Then going to try to receive and resolve comments by 1/15. Hopes that moves up a little. Wants all communications going by the end of the calendar year. Asking PBCAs to assist in the conversion by assigning some of the contracts. We estimate probably 1600 to 1700 contracts to transfer to the PBCA because the original ACC has expired. Now HUD is exercising their discretion to cancel the old ACC and transfer those contracts to the PBCA. In the course of identifying the contracts that are associated with each of the TCAs we will also be confirming the status of the contracts as to whether they have expired or whether they are still under the old ACC.

DDL will be assisting in validating which HAP contracts have been renewed. Will have results by 1/1 so they have a very firm assessment of which contracts will potentially go to the PBCA.

Some small CAs will volunteer to relinquish their CA responsibilities or for other reasons some other contracts may have to be converted to PBCA. By the first of the year, we should know definitively which ones will stay with the TCA and which will be assigned to the PBCA.

LH – When we looked at the portfolio, there are 50% is ACC to HAP. We don't know how many of those TCAs who have less than 3 contracts are will to take on the cost to administer the requirements. Will they buy software and submit or will they keep the contracts and subcontract to the PBCA or will they go to a Service Bureau? Have seen an increase in the number of CAs with less than 5 contracts who want to give them back to HUD. We have had to manually transition them over. From experience, there are a lot of TCAs who want to get out of the business.

Some TCAs are PBCAs and have requested to convert the ACC properties over to the PBCA contracts so they can manage the whole portfolio. We put some of these off till the mass conversion. That universe consists of about 1600 contracts.

We don't know how big the other universe is going to get....TCA who want to get out of the business who want to convert those contracts to the PBCA contract. We also don't know how many TCA who are also PBCAs who will want to move those portfolios in house to one portfolio.

Eileen – At first we thought it would be too much to assign to the PBCA but decided that this was the practical way to go. We know it is complicated to get the payment process changed and to pass the baton to somebody who can take it. There will be a modification of the PBCA ACC requirement to provide the 90 days to continue to pay. Hopefully that will be enough time to work with these projects. Communications going out to encouraging the TCAs to go ahead and make the transitions to get started and not wait until July.

We want all of you to work with us on the changes we need to make in the contract. The last time we explored assigning early; don't think we got a resolution.

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LH – I know what the resolution is. Resolution is to follow the same process used when we first transferred the portfolio. We identified the contracts that would be transferred to the PBCAs and we had a “ramp up” period. The ramp up period holds the PBCA harmless until the effective dates of the transfer. Going to:

- Identify the contracts moving to the PBCA
- When effective date is
- Work through process using the same ramp up process

Not going to introduce anything new. Have already worked out the protocol.

Eileen – They were already getting paid from HUD before and this time there will be a disconnect in the payment process. What they may have to do is allow them to send the voucher but we need you to help us think it through. Maybe the owners send the voucher and the PBCA passes it through for the earliest payments.

Stakeholder – Are you going to touch on what the TCAs can start to do now?

Eileen – You will have the same or similar requirements as the PBCAs do now. TCAs who wish to continue will have to have the ability to receive transmissions from the projects, and you will have to be able to validate the submission as an allowable payment and then the information will have to be transmitted to HUD (TRACS). Not just the vouchers but also the certifications. Since this is already a requirement, you should already be doing that now, things won't change that much.

We definitely want to call upon you guys to make sure you will be able to do whatever has to be done.

Expect last payment from HUDcaps will be May 1 and FMC will issue two payments that will cover May and June. This allows CFO time to covert the funds from HUDCaps to PASS/LOCCS. Also, the CA will have those funds for the two months.

Hopefully, on July 1, there will be a voucher in the system for the new payments for the PBCA or the existing TCA. Have to figure out how to get the voucher in the system for those being transferred to the PBCA.

Stakeholder – With the way TRACS works now we need to make sure that we get the tenant data in the database. That is really important so we would appreciate as much lead time as possible.

Eileen –If we can be in the position to get in the TRACS modifications that we have on schedule, maybe we can program in an exception. We will be working closely to make sure any issues are addressed.

Going to take some time to go over key events...

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12/31 should be ready with formal announcement which will roll out what it is they are going to do and when they will do it.

She is not aware of what software changes will be necessary. Working with OGC to get any required contract changes. Not going to try to go the consolidated contract for the admin fees because there a lot of budget issues involved. Don't think they will get it completed in time if they try.

On the contracts with a piggy back fee collected every month and not attached to the mortgage it will be tacked on to the voucher as a miscellaneous claim. That might be one way to handle it. Don't know if this requires a change to the contract administrator software so that fee can be included in the voucher but that might be one way to handle it. We need to have a functioning working group to see how that can be accommodated. That would leave 6 or 7 months to get it implemented.

We won't know until we get down to the detail, how many we have. In VA of 2 or 3 hundred contracts only 3 or 4 did not have an imbedded fee. So they need to investigate the scope.

One of the other undertakings is an attempt revision to the assistance contract administration handbook 43.5. They pulled it off the web. Has no history of how it was done and the handbook dates back to 1992.

As HUD policy goes, it was pretty general. It tells you what to do but not how to do it. It is left open to interpretation. That might be one of the biggest challenges to taking this on. We will be trying – without tying your hands – to define what the appropriate method is.

LH – Given the scrutiny on the recently released guides it may take a while to get the new guide through. Whatever we do when we revise the ACC has to be rolled in the CA handbook and in the 4350.5. Will not let them update the guides unless they go through clearance. The CA handbook would include whole sale changes.

Eileen – Put your thinking caps on. When we tried to make the special claims transition without input that was a mistake so you will have a lot of input.

Final payment is May 1<sup>st</sup>.

The rest of the timeline is in house and they just have to make sure certain things get done.

CFO and Ass Sec for PIH are motivated to get this done.

I am also anxious to get this done so we don't have to do everything twice.

This will be a welcome change so we can move forward and re-engineer this system.

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She has a working group roster and a MAT 30 working group roster. If you want to participate, let them know.

There will be a core group that gets down in to the nitty gritty and then a larger group to get comments about decisions so we can consider all situations that we should be accounting for.

Specify which group you would like to participate in.

LH – Want to stress something here. We have relied on the industry and prides himself on the fact that his office has built a good working relationship and he wanted Hank to say thanks for the efforts that you guys put out. He wants to beg for some more assistance.

Moving forward on the PB S8 portfolio review. Looking at budget methodologies and the HUDcaps conversion.

Errors and error tracking is the other project.

A lot of the day to day work is done by you guys and we want to make sure that the efforts result in products you can use. We will work you and not give you any money but we will get Hank to come by and thank you again.

Tasks are 4 months and 6 months in duration. Again, if you can assist us, make sure what we design works with how you guys work, we will be appreciative.

Break

### **Funding – Lanier Hylton**

Want to go over the process of funding which is a critical issue especially at the end of the year. EOY so they are processing the year end closure where if they don't use the money it is lost. Will be under a continuing resolution. Depending on how the election comes out will have impact on the appropriations.

If changes in house or senate occur it will create impact on the department and departmental objectives. HUD will be working under continuing resolution. How long that will last will be a direct result of the elections.

Appropriation process will be long. May not get an appropriation could go to Jan if the parties change. All those things have impact on funding.

PBS8 5.7 Billion requested House is 5.5B Senate is 5.7B

202 Elderly 545M requested House passed with 746M and Senate was 750M

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FY 2007 for 811 HUD requested 118 Million House 239M Senate 240M

Rent Supp/RAP the HUD 24.8 Million and House and Senate gave them what they asked for.

That's what the markup is and that is what they have to negotiate.

Stakeholder – any information on the PRAC Service coord?

LH – Can't remember what it is.

Eileen thinks it a line item on the 202 account.

Stakeholder – Did the OMB study have a bearing on the funding?

LH – No what MFH did was to define what is a late payment...15 days. Based on that, they looked at the vouchers and decided they did not have a problem. No conversations with OMB on what their process was.

From a % standpoint it was not that significant. There should be a process to notify owners.

Eileen has been working on a couple things. Funds Control Plan really are plans to establish for the CFO so auditors can monitor their process. We did not get the responsibility as an office to draft them or be accountable, but Eileen's shop is the organization that does it, indirectly it became their responsibility. It ended in a result that if you do not have FCP in place you would not get appropriations.

Now, she is back and focused on funding.

Eileen – You've got one shot at it. Funds were released once they provided clarity. Speaking of those, we've had to build in more bureaucracy because it will not be as flexible. FO will be more involved. A lot more check points are required in order to bear all the procedural necessities. It is a plus but now we've had some improvements that they can share with the FO so they will be more involved. This is a good thing because there will be more points of contact for questions.

The will also be able to pull reports to see where things are during the preliminary phase.

Having gotten that done, funds were released late last week for June requests.

By the time they found out they were not getting any recapture allotment, we learned in June that they were not going to get any additional money. So they have been trying to take additional steps to get the funds out. If there were contracts for renewal, if they had balances they need to go ahead and renew.

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They are going to obligate funds against contracts that have been renewed. In 2007 going back to normal procedure. If contract is expiring, they will make a commitment of funds once they get an allotment under continuing resolution. Don't know the timing for that.

FO cannot process any 2007 renewals at this point.

Hopefully this information has been shared with the field so they can work out details with the CA and for those contracts are HUD administrators. This is for contracts expiring in 2007.

For contracts not expiring but on annual renewal cycle. HUD is taking the balance of funds that they have after funding the 2006 renewals to fund as far into the future as they can.

Still instructing those managing contracts to process rent increases on time so that the vouchers are correct.

Have that out to the owners so you can make an accurate assessment of the payment. Hopefully there will be enough money to cover everyone through the last quarter.

Lanier – They will be proactive to assess the need and make every attempt to get what they need.

We have funded PRACs, 202 and 811 in to FY 2007. The concern is the contracts with expirations in 2007.

Stakeholder – If there are more checkpoints and requirements, are we going to get that information?

Eileen – yes – we are writing those up for field offices and you are welcome to see what those changes are. FO will have to facilitate the process.

In terms of funding, they are getting an increase next year based on Congressional markups. But there may have been some positive benefit to the amount of scrutiny because for the first time, in 2008, they realize that they are being taken more seriously because they have to take last years money to pay this year.

The general deputy has asked for information to support a higher number in 2008 which appears to be support for the increase.

Still have not addressed the deficit that we currently have, but if we can get the increase then we will be funded forward. Won't be totally whole, but it will be better than next year.

Stakeholder – Are we going over general questions today or tomorrow?

Lanier – tomorrow.

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## Day 2:

### Opening Comments – Summary of Day 1 – Lanier Hylton

PSI will put up a survey instrument about the TRACS Meeting:

- Things you like
- Things you didn't like

The purpose is to improve the next meetings.

2 – Asked to be on working groups. Next Friday will put up a method to sign up and it will include an explanation and timeframes

3 – Error tracking log. Used criteria to define who would be a part of who would be part of the tracking. Based on input – needs to make sure that all the software vendors including Midas.

5 – Other issue on agenda is that we are trying to figure out how to replace TRACSMail and we are making a commitment to look at PIH and PIC and look at how they practice their XML

Stakeholder – Also look at the tax credit standard created by NAHMA

Lanier – Can you send it?

Stakeholder – Yes

6 - Lanier – Went back and dug out his emails. PB&R did a study on Social Security data quality issue and gave PIH and MF info. Tenant data is almost at 94% of active certs as related to the total number of households with SSN.

0 -.14% were bad SSN.

3616 of 2.6M records may be bad.

Most of that is attributed to SSN reported using the dummy SSN 999999999 or beginning with the letter T. Policy says you don't have to have a SSN under the age of 6.

Stakeholder – I must have that many in my records alone

LH – Anything with a format that looks bad was counted

Stakeholder – What are you calling a bad SSN?

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Lanier – I didn't ask what their definition was. They use the data to report to congress regarding the utilization of the program.

Stakeholder – These numbers might make sense if you are only reporting on HOH.

Lanier – Will get more information.

Stakeholder – we used to have more than 6000 between the states. She will send

Lanier – Bob Grey in PDNR would like to have it as well. He is more interested in the quality of the data across the whole department.

Stakeholder – Just HOH or all family

Lanier – I would like it all

7 - We will set up a couple of meetings to follow up on the thresholds for the small portfolio. We might evaluate some different alternatives to accommodate the small property portfolio.

Stakeholder – Regarding the error log – would like to see this as an opportunity to get the CA software vendors to refrain from editing the TRACS messages and about ½ the errors are not sending back the errors and some CAs edit the errors. Would like to enforce some conformity on the errors

Stakeholder – Could you give us an update regarding the BPR in Oct?

Lanier – We killed it. WE got as far as the “to be” model and what was coming out of the report was that there are distinct differences between PIH and MF. Also in consideration of funding the cost to rebuild would be exorbitant and we might not be able to achieve in next 5 years.

Laying out a strategic plan of Office of Housing. Charge is – if we can support the Office of Housing that would be great, but we have to ensure that we support our markets and if we can accommodate something larger across the department then we will.

1<sup>st</sup> issue - Is there a way to combine the data in one database. Comes in two different formats, but can it be combined.

2<sup>nd</sup> issue - Implementing EIV. We send data to EIV and so does PIH – Data goes to SS. They validate information. Then EIV takes good data and sends to HHS for income matching purposes.

Then errors are sent back and we know what they are and it that instance someone would correct it.

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For us, we want a future enhancement for EIV is to say when we have all valid tenant data can we match data across PIH and MF.

Stakeholder – What about the historical information. Since EIV displays 3 years of history, what are we supposed to do if historical information varies from what was reported?

LH – I'm going to wait for Gayle to respond

Stakeholder – she's passing to you.

Lanier – We'll respond together.

### **202C – Lanier Hylton/Jed Graef**

Jed will give update for us to figure out a date to start back on the MAT and set a deadline to finalize it based on outstanding issues that need to be resolved

Jed – 202C Spec was published in mid June 2 years ago and there were subsequent calls and questions documented. We did not really complete the document but there is a spreadsheet with all the comments that can be published.

We probably need to start a discussion where we left off and we need to finish the guidance.

Adjustment calculation need to be hashed out and there were some mistakes that need to be fixed.

We need to do that and produce some additional specs then finalize then publish for vendors to begin development

Some items may have to be deferred until the error log task force is done.

Lanier – One of the things we are looking for is a kind of MAT guide that lays out the business case, new formats. Folks working on ETL will produce something that we can attach that to the MAT Guide so we don't have to re-configure.

Stakeholder – Any change to the MAT would drive change to 50059. This would be a major TRACS release

Stakeholder – 202C has been in planning for 2 year and now we have the ETL and we are also looking at the XML. If we bunch all things together we are looking at 2008. I think 202C has a lot of good things for the industry. Maybe we should have a partial release for 2007 and then do the rest in 2008. Make it a two stepper. Revise the 202C spec and then review to see what needs to go ahead and be implemented

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Lanier – If there are items that we have already resolved problems that are identified, we shouldn't hold off. If we can resolve issues, let's separate them and put them in two buckets.

Stakeholders – Another item – we still have 70 to 80% of the industry have DOS systems. Maybe 202C (XML) will drive users to switch to compatible version.

LH – So you're definitely on the working group

Stakeholder– Policy often needs to get stuff out on the street and it may affect the MAT. We could conceivably move to a model where there is a need to make some changes to the MAT. Currently you cannot assign student status to a HOH, spouse, or co head. We could add new fields to the end of existing records (by agreement), a new MAT is published and TRACS tosses the non-required data, but CAs could audit the information to help implement policy changes

Stakeholder – We did that in Tax Credit by adding flex fields – for example those used to denote victims of Katrina. We could do something similar to that and it would be a good way to go.

Lanier – We have worked with PDNR to define data added to the MAT guide to track disaster impacted residents and we will be bringing that to the table for the new MAT guide. We can start collecting the data.

Stakeholder – I think flex fields are great concepts – but –we need to consider all the difficulty we've had with this in the past. Very proactive with vendors. Unless there is authoritative backing on that..., perhaps there could be official documentation specifying what is sanctioned as permissible information and what is not.

Jed – That's what we are envisioning. A formal standard with a deadline implementation and TRACS consideration. This would be official. It's all subject to OMB approval

Stakeholder – Even if it is something that TRACS does not consider, that still must be sanctioned by HUD authority in order to provide a MAT Guide update

Lanier – He thinks that the MAT guide would be updated with descriptions and allowable uses

Stakeholder – We talked about vendors getting together regarding certifications and calculations would that be done the same way.

Jed – That is part of the 202C spec. That is what we want to start implementing maybe next year

Lanier – We will post the latest version for comment. It's important what Gustavo brought up – if there are items that we all agree on, let's pull those and get them done and then work on resolution for issues that still need work.

Let's try to get an implementation schedule and get that into production in 2007

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Stakeholder – He's OK with idea of flex fields but not OK with adding once 202 C has been published. Wants to know where the fields are going to be. We have to allow for placeholders for the information.

Jed – It would be like a TRACS release and it would be clearly defined where the fields are what the acceptable values are.

Stakeholder – Now I am unclear what that means with the 50059. Do we have to create a new 50059?

Jed – That's up for discussion.

Stakeholder – This discussion needs to be moved to the XML discussion

Lanier – Will add to the web page. If we can attach documents we will attach the current MAT. So, we'll add that as one of the working groups.

Thanks Jed

LH – Has some friends today – Gail Williams from Policy and Diane Hooten.

Handbook update;

They will try to give you as much information as they can but some of these documents are in clearance but will try to give as much information as they can today.

Gail – Glad to be invited back again. Although the agenda says it is the handbook update but we want to share some other items as well

Her division - Housing Assistance Policy division. – handles occupancy policy for the MF assistance programs, contract renewal and RHIIP. Most recently they are in the EIV environment.

Wants to know about the RHIIP ListServ – make sure that everyone has access. This ListServ is used to provide RHIIP Tips and it is a way of ensuring that the right benefits go to the right persons. Ensures that the right subsidy calculations are done. Also may want to focus on someone who has helped the industry.

Gail would like everyone to encourage others to sign up as well. Have over 2400 subscribers now.

Next – where in the world is Change 2? Change 2 went through departmental clearance – major snag with OMB paperwork requirements. If HUD requests information, there should be an associated form provided according to OMB. All forms also have to have OMB approval.

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Diane Hooten has been most involved with Change 2. Went through handbook to see where there are information requirements not directly related to an OMB form. As soon as the process is completed, change 2 will be published.

Because a memo regarding proposed release dates has not been signed, they cannot divulge the details.

Also wants to let us know that that they want to propose that HUD allow for a slight delay in implementation. At this point, this is just a request. They have not gotten a response on whether the handbook will be effective immediately (current expectation) or if HUD will allow for an implementation period. However, they feel the request is justified since Change 2 reflects a major change that effects most chapters and the appendices.

Unfortunately, Change 2 went through clearance before the student rule was passed. There were some questions about the student rule that were still outstanding and they may be posted on the RHIP web site soon.

Met with some other staff and OGC regs if they can get agreement on the information regarding student rule, they could add it to change 2.

They have started work on Change 3

Regarding S8 contract renewal policy. Revising the renewal guide – old one came out in 2001. The new guide has been in revision for more than 2 years. They want to release some page changes by posting on the web site. Can go the “page change” way or you can print off the entire S8 renewal guide which will include the new pages.

Another major introduction is the Violence Against Women Act (VAWA). HUD has issued notice on the act. HUD is currently creating the required verification form. Owners can use their own form now.

*(Note from RBD – If you are not familiar with the new requirements under VAWA, you can access the information from HUDClips at [http://www.hudclips.org/sub\\_nonhud/cgi/nph-brs.cgi?d=PIHN&s1=06-\\$%5Bno%5D&op1=AND&SECT1=TXTHLB&SECT5=PIHN&u=./hudclips.cgi&p=1&r=15&f=G](http://www.hudclips.org/sub_nonhud/cgi/nph-brs.cgi?d=PIHN&s1=06-$%5Bno%5D&op1=AND&SECT1=TXTHLB&SECT5=PIHN&u=./hudclips.cgi&p=1&r=15&f=G))*

The last area to touch on – back to the modification of the student rule that was effective July 27. This may change again. An organization called Creative Living was instrumental in getting the exemption. What happened is the final version included a restriction. There was some concern about a budgetary impact. After further investigation, the concern has been alleviated. The ED of Creative Living has asked that the disability exemption be included as an exemption across the board.

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Open for questions on this section:

Stakeholder – Appreciate bringing forward the delay on implementation of the new handbook. NAHMA created a case study regarding how long it takes to implement policy changes – 2 to 6 months. Depends on what systems are affected. Gus will send Gail a copy

Stakeholder - When will EIV be addressed – will that be in Change 3. At AHMA NCN there was some discussion about the impact of EIV.

Gail - That will probably be a Change 3 edit and some Change 3 edits may be moved to Change 4

Stakeholder – when we provide access to all the income reports will these be used as 3<sup>rd</sup> party verification. Will the thresholds be the same? Can they use the other sources provided through EIV as 3<sup>rd</sup> party?

Gail – The requirements will probably be similar to PIH

Stakeholder – When the new handbook comes out, will the changes be noted as before?

Gail - There will be annotations.

Stakeholder – Will clarifications regarding 202 financing be included in future edits?

Gail – yes they will

Stakeholder – The special claims guide – change from 45 business days to 30 calendar days is impactful. The additional documentation requirements are an enormous burden and he wants more days.

Stakeholder - By reducing the block of time down to 30 days is really challenging.

Stakeholder – Everybody concurs.

Stakeholder – Some further clarification might help. It has been our understanding that this day starts when the process is complete.

Stakeholder – Forms are also not matching guidance.

Gail – HUD is working on the forms now

Stakeholder - Special claims documentation requirements are asking for original move in. What do we do with the date?

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Gail – We'll look in to this.

Stakeholder – A lot of folks have questions about the voucher and the Special Claims ID. Can all claims for a voucher be captured under one ID number? Where on the voucher do you want to see the SC ID.? When she emailed LH and Jed – Jed answered that some software are just producing a separate page with the claims and all the IDs. It has to be on the voucher at some point.

Stakeholder – I think the issue can be accommodated if vendors print the Section 5 records as they print the miscellaneous accounting requests. This is all that would need to be done so that a CA receiving the MAT 30 would also receive the claim ID.

Stakeholder – Back to the SC Guide – He has a question about the requirement to send tenant damages or unpaid rent to collection agencies. Most collection agencies are not really willing to take a little claim like that. Doing some additional research. The collection agency requirement is part of the special claims guide is difficult. Some agencies want to charge a flat fee. What is everyone else doing regarding small mom and pop claims? Would an attorney sending a demand letter fulfill the requirements?

Stakeholder – This is a classic example of some of the issues that keep coming up. We have 20 to 25 issues that really fall in to grey areas and everyone is setting up their own policy because we are having problems getting guidance. Want to get a forum regarding outstanding questions regarding issues that keep coming up. I would even volunteer to lead the task force.

Gail – If you want to pull something together, we will review and see if there is something we can do to help.

Stakeholder – It seems, sometimes, as if a policy decision is being made on the phone during some of the conference calls.

Stakeholder – It would be nice if there was a write up after the call. That way there is a record of what is stated and who provided the information.

Stakeholder – There is some confusion – when people get on to repayment agreements for fraud there is very vague guidance –

Lanier – If the question or the issue is being sent – please add a recommendation.

Stakeholder – It seems that HUD keeps avoiding the issue or will not address the issue of zero income and how long can a person receive zero income. Would like to follow the PHA lead that state has taken and then they get 36 months of public assistance.

Lanier – What I am hearing is a statement of a problem which is zero income.

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PHA looks for a form that asks every 90 days that would enforce the requirement to answer questions to get the information on income.

Lanier - Send the issue to Mary.

Stakeholder – I have a question regarding TCAs. Currently only PBCAs are participating in the conference calls. Is there any way to add the TCA to the conference call?

Deb – Not at this time.

Gail – Appreciates everyone’s thoughts and ideas.

Want to talk about EIV for a minute. She mentioned that HUD has been getting tons of access authorization forms. Everyone at HUD is very excited about implementation of EIV for MFH.

Feel it will significantly reduce subsidy errors because of the information provided. Concerned because GAO has HUD on the high risk list. Reviewing again for 2007 designation and hope they will not be “high risk” again. GAO felt HUD’s rental assistance programs are subject to fraud, waste and abuse. The expectation is, as long as PIH implementation of EIV with access to HHS and as long as MFH has initiated implementation, then they will be off the list.

Since HHS has heightened security requirements, it has been determined that owner/agents and service bureaus have to re-apply to obtain access to EIV. Starting on July 17 opened phones and faxes to receive requests for access to EIV.

TASS was imbedded in EIV in March. As of 9/29, TASS will go away. Concerned about getting as many owner/agents access by 9/29. Have received over 500 forms in the last day or two. Already provided access to around 60% of the coordinators using TASS.

Approximately 700 plus people will have access to EIV by the deadline. Going to notify HHS that MFH is in the EIV environment. Want to get HHS to provide MFH approval to provide access to the NCNH database that PIH has had access to for at least a year.

Today submitting the last documentation for review by their data integrity board. Draft of the computer matching agreement is going over today.

Thought they could work toward NDNH at the same time as TASS was provided. Not happening. Maybe in a couple of months.

Main concern is the security issue. Diane will address some of the security issues.

To give an example. CAA form has rules of behavior. They are certifying that they will not share password and ID with anyone else. Stressing that point. Have been hearing that there is a sharing of IDs and that is not to be allowed.

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Started on July 17. EIV/MFH help desk contract will begin (hopefully) on September 30. One thing taking a lot of time is the review process. They have to review for completion and make sure that everything is correct. Have to be a WASS coordinator if you want to be an EIV Coordinator.

Pretty positive that every completed form they receive by September 18 they hope to provide access by September 29. Want to assign the Action and the Role so the coordinator can assign properties. Not processing user access authorization. Email to coordinator indicating they have access. After that they can assign the roles. *(Note from RBD – OA's should save those emails along with the executed Coordinator Access authorization form)*

Once they have received the announcement that they have received EIV access authorization, they can provide access to users who have completed the User Access Authorization form.

On 9/29 when the resource is officially converted from TASS to EIV there could be up to a 3 week dead period before anyone with access to EIV will see matched data. This is a concern but not a big concern since Oct 22 will be the date that you will see data.

For those coordinators who set up access before the official process was implemented you may find that you cannot access the systems. If you assigned yourself access to EIV instead of going through HUD, HUD will be eliminating your access to EIV until the appropriate paperwork is submitted.

EIV is not mandatory yet, still encouraging owners to get access to reduce errors and meet the industry objectives. There is a proposed rule to make EIV mandatory.

There is also discussion introducing the requirement that everybody have a social security number. Removing the 6 year old requirements.

### **EIV 6.0 release as of September 22.**

Safeguarding the data is important. Security of EIV data is important. Most people have the sensitive data covered by the privacy act. May need to recommend that they provide updated training to go over the security issues related to the EIV data.

Biggest obstacle has been proving to HHS that there is a secure environment. Large and varied numbers of people will be using the system.

How will you ensure security for so many different types of users? Going to be necessary to train on security measures.

Have developed a security check list that will be used by reviewers when they perform management reviews to ensure that owners and managing agents do have measures in place to secure the data.

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PBCAs will be provided with the checklist when approved.

On the EIV web site there are some system security measures that are posted. Technical items such as ensuring the right people have access.

Would also help owners determine that the right people are using the system. Considerations include:

- Training the staff
- Enforcing policy
- 9887 and 9887 A are in place
- What are they doing to protect the data?
- How are they disposing of paper copies
- What are the physical safeguards?
- Have they identified an area where people are using the data?
- Is it a restricted area? For example, if downloading information, where is the printer?
- When you leave the computer, don't leave the screen up. Screens should be locked.

Measures should already be in place.

As far as training goes... Two satellite trainings provided. First one later in the fall. Don't know the range of people who will have access yet. Training materials will be shared with people who don't have access. Training is to be designed to take a step-by-step approach. While people will not be on computers, there will be screen shots so that people can follow along.

Second satellite training will be around when 7.0 is released which is tentatively scheduled for June 15.

Also planning on providing information sheets for owners, service coordinators managing agents and tenants. There will also be a user manual.

## **EIV Update David Sandler**

Please see the Power Point Posted under Meeting Presentations Goals

<http://www.hud.gov/offices/hsg/mfh/trx/trxmeet.cfm>

Stakeholder – What if properties are owned by different owners and they do not have permissions for each of the owners.

Gail – Yes – only submit the authorization request if you have permission from the owner. This may be required coordinators to send multiple requests as they get paperwork from owners.

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## TRACS Industry Meeting September 21 & 22, 2006

Stakeholder – Runs a service bureau and work for a number of PBCAs to do the voucher review. Wants a walk through regarding the PBCA function. Do the PBCAs pick him up as a user or a coordinator? And does he have to be recertified on a regular basis.

Gail – The coordinator at the service bureau. Revised the form to provide a list for each property in which approval has been obtained.

Stakeholder – For PBCA who access in house with their own staff, it is easier. If the PBCA is subbing that out, what is the process?

Fail –If there is a difference they may have to review the policy.

Stakeholder – Couple of questions – some managing agencies centrally process everything. One process is the coordinator forms must be on site.

Gail – revising the instruction to say that the information can be maintained at the home office as long as it is readily available to HUD or HUD's agents upon request.

Stakeholder – I just want to clarify that the SS errors will not longer go through TRACS Mail and that the Owners will have to run the EIV reports to get SS and income discrepancy errors.

David – Yes that is the long term plan

Bob Barrick– For double clarification –Errors will not go away until the function is eliminated and Lanier will provide notification when that happens.

Stakeholder – Is it true that the Coordinator password has to be re-set every 30 days?

Gail – She will check on that...

Stakeholder - Are EIV reports going to be available for BMIR?

Gail – Yes

Stakeholder – What about notification about the change in the error process?

Lanier – Will get review with Gayle regarding notification when TASS errors will stop.

Stakeholder – Concerns about the fact that info is verified once a month versus daily for MAT 10s

Lanier – They will take a look at it.

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## TRACS Industry Meeting September 21 & 22, 2006

Stakeholder – Currently it takes three days and now it will take a month to find out that the data is incorrect. Then it takes another month to verify that the fix was accurate.

Bob – to make it a daily process may be more effort than it is worth.

Lanier – We're picking up a lot of added value with the EIV system and the fact that it processes on a quarterly basis for **all** residents. The reality is that we will have to look at it.

Deb Lear – there are a lot of loose ends out there that will be worked out as the process is implemented. Also want to speak about something they are going to start wrestling with. Some of you may remember when were working on TIFF. She still has all the paperwork when they aware going to have CAs do income monitoring. Worked with TASS to create reporting formats and environments that PBCAs would use to track information.

There were several industry meetings to get feedback and try to accomplish RHIP goals regarding erroneous payments. So we were trying to be proactive and have a task for income matching in the performance based ACC. TIFF never got off the ground.

In the meantime, the task remained on the list of things to get done and there is a billing item attached to it. Now with EIV, that particular priority remains within the department. Whether it should remain in the ACC as it stands – don't know. But the timing is good since ACC contract is being removed.

HUD needs to be clear in delineating monitoring pieces and what they define as discrepancies. If there are thresholds established, they would not create different frameworks.

Currently – PBCA held to 100% accountability to all households reported. It is something to look at. Preliminary assessment on how they would try and start creating scenarios, they would have to look at

- Data provided
- Frequency of changes in data
- Veracity of the data.

Will look to the PBCAs to garner experiences. Will communicate with COAMS regarding the monitoring pieces.

Other critical piece they are trying to be observant of is to avoid redundancy.

Will be adding a new security checklist to the MOR.

Do not want to ask PBCAs to perform redundant logging and tracking. It is critical not to fold this type of activity into other things that the PBCAs do.

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A lot of what we do gets folded in to other activities and does not necessarily reflect the scope or the value of the services that the PBCA program offers.

Have had some hiccups regarding getting PBCAs coordinator access and she does not know if the office has moved beyond that. There are some things that still need to get resolved.

This is a tool under the Management & Occupancy requirement. Can pull the reports for the review of the tenant files.

Hopefully, we will have better instruction regarding the quality control guide.

Stakeholder - A lot of the evaluation of how this shall be used will be in defining what a material discrepancy is. Middle initial versus significant hits – especially when HHS data becomes available

Moving things out of the TRACS environment makes things less accessible. Now they have to take a separate step outside. For future functionality, as with things that are material, if it is possible that the user could download the information.

Lanier – This is on the board.

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