

WORKING DRAFT

— EXAMPLE —

MANAGEMENT AND MARKETING PLAN

FOR

ALLEGHENY I HOUSING LIMITED PARTNERSHIP

NOVEMBER 1993

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I. MANAGEMENT PLAN

A. Identification of Principals

The following person or organization will be responsible for the management of the 41 rental units under Allegheny I Housing Limited Partnership:

Owner: Allegheny I Housing Limited Partnership

Management Agent/
Rental Agent: The Allegheny West Foundation
Eleanor McDevitt, Property Manager

Construction Manager: The Allegheny West Foundation
John Ford, Rehabilitation Specialist.

B. Project Description

Allegheny I Housing Limited Partnership ("AIHLP") is a 41-unit rental housing project, which is being sponsored by The Allegheny West Foundation (the "Foundation"), a Pennsylvania nonprofit community development corporation. This is a scattered-site project comprised of 32 rowhomes and one 9-unit, multi-family structure. Most of the units created will contain two bedrooms, though the multi-family site will contain several one-bedroom units as well as one three-bedroom unit. The anticipated construction costs for this project is \$2,250,000. The proposed unit breakdown and rent schedule (net of utilities) is as follows:

1	three-bedroom unit	@ \$525	per month (market)
8	two-bedroom units	@ \$525	per month (assisted)
24	two-bedroom units	@ \$425	per month (market)
2	two-bedroom units	@ \$425	per month (market)
4	one-bedroom units	@ \$275	per month (market)
2	efficiency units	@ \$250	per month (market).

The Foundation, which has its own construction crew and over 23 years of experience in renovating properties in the community, will be the general contractor under an agreement to be executed with AIHLP. The Foundation is responsible for obtaining all necessary insurance and for meeting bonding requirements stipulated by project funders.

The construction process will occur in phases over a 18-month period. Between 12-15 units will be completed in each phase. One of the objectives of this project is to have each unit leased either before or shortly after they are completed. AIHLP intends to work very closely with management during the leasing period in order to ensure that all marketing channels within the community are fully utilized. These channels include local civic associations, churches, the local offices of state representatives as well as various retail and service establishments within the community. The Foundation has close connections with each of these sectors of the community.

C. Management Company Organization

Role and responsibility of AIHLP and its relationship with and delegation of authority to the Management Agent/Rental Agent (the Foundation):

1. The ultimate responsibility for project management rests with AIHLP. AIHLP, however, will delegate primary operational responsibility for management to the Management Agent/Rental Agent (the Foundation), along with commensurate authority to exercise its responsibilities. These responsibilities are set forth in detail in the Management Agreement.
2. The Management Agent/Rental Agent will be responsible for both the physical and financial administration of the project within guidelines established by this plan, the Management Agreement, the Regulatory Agreements between the AIHLP and the Pennsylvania Housing Finance Agency ("PHFA"), and any payment contracts with the Philadelphia Housing Authority ("Housing Authority" or "Authority").
3. The particular responsibilities of the Management Agent, while more fully set elsewhere, will generally include the following: (a) compliance with all local, state and federal laws and regulations, (b) conformance with standards of community maintenance (c) provision of services to residents, (d) establishment of financial objectives, (e) leasing of all units, (f) compliance with third-party regulatory contracts, (g) income certification, (h) establishment of procedures for maintenance and repairs, (i) rent collection, (j) purchase of all necessary materials and services (k) bookkeeping, and (l) preparation and submission of all reports required by AIHLP and PHFA.

4. The hiring of all personnel shall be in conformity with all applicable equal opportunity requirements of federal, state and local laws.

D. Project Staffing

Projected staffing needs for management and maintenance:

1. The Management Agent/Rental Agent will place the project under its management system with the Property Manager having the overall responsibility for the operations of the complex. This person's salary is paid from the management fee. The additional personnel described below will be charged to the project in accordance with the payroll breakdown.
2. The Property Manager will handle preventative maintenance matters and scheduling, and will be assisted by the Construction Manager in securing contractors and inspecting non-routine work of the Maintenance Worker and outside contractors. He/she will also deal with unusually complex or emergency maintenance matters, advise in the preparation of the annual maintenance budget, act as liaison between tenants and AIHLP, and assist tenants in matters of a social service or financial nature.
3. The Management Agent/Rental Agent will employ a full-time Maintenance Worker payable as a project expense. This person will report to the Property Manager. This person will take care of routine maintenance tasks, such as minor plumbing, electrical and carpentry repairs and will be responsible for preparing vacated units for occupancy. This person will also be responsible for custodial tasks such as cleaning common areas, groundskeeping and snow removal, primarily at apartment complexes. More complex tasks may be handled by maintenance subcontractors.
4. Lines of authority within the management entity are illustrated below:
 - Allegheny West Rental Homes, Inc.'s Board of Directors (general partner)
 - President of general partner (chief operating officer)
 - Controller
 - Property Manager
 - Construction Manager
 - Maintenance Worker.

5. A field office will be set up in a rented commercial space at 2344 W. Allegheny Avenue, a location which is in very close proximity to the project. This space will serve as a base of operations for the Property Manager, and Maintenance Worker. It will be furnished with required desks, telephone and answering machine as well as space for storage of files, supplies and equipment.

E. Security

While it is not the Management Agent/Rental Agent's responsibility to provide project security personnel, Management Agent/Rental Agent will assist AIHLP to provide as secure an environment as possible for residents. The following guidelines will be followed:

1. A handbook outlining guidelines for project residents will be prepared by AIHLP and distributed to each residents. Included as part of the handbook will be emergency police, medical, fire and maintenance/management telephone numbers, as well as other required phone numbers, and procedures to be followed in case of emergency.
2. The Maintenance Worker will monitor activities as much as possible for the scattered site units and the apartment complex during business hours. Residents will be advised to notify management of any activity not in compliance with project policies and procedures guidelines.
3. Master keys will be maintained in the management office and locks will be changed when an apartment is turned over.
4. Management Agent/Rental Agent's on-site personnel and the Allegheny West Rental Homes, Inc. (general partner) will participate in local crime watch programs and will encourage residents to organize a neighborhood crime watch.
5. Management Agent/Rental Agent will notify AIHLP of security issues as they arise.
6. Management Agent/Rental Agent and AIHLP will coordinate security efforts with the City of Philadelphia's Crime Prevention Officer.

7. Additional security procedures will be developed if deemed appropriate.

F. Maintenance/Repair Program

The importance of daily contact with residents and frequent inspections must be stressed. The high visibility of maintenance staff and the goal of responding to complaints within 48 hours shall be the Management Agent/Rental Agent's policy. The Property Manager will inspect grounds, trash collection, lights, and interior/exterior common areas periodically to determine that staff is performing the maintenance tasks necessary to keep the site in a safe, clean and attractive manner. Each day, the Maintenance Worker will check with the Property Manager for the previous day's resident requests for services and will satisfy these requests. In the event the Property Manager determines that a repair is now within the purview of the Maintenance Worker, then he/she will request assistance from the Construction Manager as to the correct plan of action, e.g., obtain an independent contractor.

1. Regular inspection of units, buildings and grounds, and the use of an inspection reporting form will serve to identify maintenance problems which are to be tended to promptly. Inspections will be scheduled not only on regular time intervals but also will be conducted whenever a resident either occupies or vacates a unit. to insure that such inspections result in identification of potential problems, both the Management Agent/Rental Agent and resident shall certify, before occupancy can take place, that the subject unit is clean and that all aspects of the apartment are in good repair and sound operating order.
2. A file will be maintained at the Management Agent/Rental Agent's field office for each dwelling unit, wherein a complete report, based on a visual inspection and mechanical inspection, will be prepared of all of the appliances and mechanical equipment prior to each move-in and again after each move-out.
3. Exterior painting and redecorating will take place according to need, anticipated on a very infrequent basis because of the materials used. Interior painting and redecorating within the apartment units will take place every three to four years, or upon change in residents as required.

4. Garbage and trash removal for the multi-family site will be handled by a commercial trash removal company according to need. Occupants of single family homes will be responsible for placing their own trash and garbage out for collection by the City.
5. Major repairs which are not an emergency nature will be investigated by the Property Manager. Then the nature of the repair required will be made known to AIHLP. This report will include the degree of repair or replacement required, the possibility of repairing major parts versus purchasing new ones and replacing them, and costs estimates from more than one competitive company. If deemed appropriate, AIHLP will authorize work to be completed. Prior approval of AIHLP will be required, in most instances, for any single expenditure exceeding one thousand dollars (\$1,000) which is not a regular budgeted item. In most instances, prior approval of PHFA will be required for any single expenditure exceeding two thousand dollars (\$2,000).
6. Approval will not be required for emergency repairs involving danger to persons or property or required for any single expenditure exceeding two thousand dollars (\$2,000).
7. Approval will not be required for emergency repairs involving danger to persons or property or required to avoid suspension of any necessary service to the apartment complex. The Management Agent/Rental Agent will inform PHFA in writing as promptly as possible of the facts involved in such emergency after rendering services.
8. Grounds, upkeep and maintenance not otherwise provided by tenants in their leases, will be provided by the Maintenance Worker and, when necessary, may be contracted to an outside contractor.
9. Residents will be instructed to report maintenance repairs needed to the Management Office during office hours. Maintenance problems at other hours will be handled by an answering service who will contract the person on call. Authority for arranging for emergency repairs will be obtained from the Property Manager.
10. Emergency maintenance will be provided on a 24-hour, seven-day-per-week basis. Non-emergency items will be handled as promptly as feasible.

11. Ordering equipment and supplies when on an ordinary basis will be handled by the Property Manager, with assistance from the Construction Manager, according to the annual operating budget established by Allegheny West Rental Homes, Inc. (general partner).
12. Procedures for unit turnover are as follows:
 - (a) Property Manager receives written notice from resident that resident will be vacating unit;
 - (b) Property Manager notifies Maintenance Worker of location and vacate date;
 - (c) Property Manager notifies resident of right to attend move-out inspection and schedules move-out inspection;
 - (d) Property Manager stores inspection checklist form, apartment and mailbox keys at management office. Move-out inspection occurs and locks are changed;
 - (e) Property Manager notifies Maintenance Worker of occupancy date for new resident;
 - (f) Repairs, painting (if necessary) and cleaning of unit are completed;
 - (g) Unit is reinspected by Property Manager and/or Rental Agent to ensure that all items have been completed in a satisfactory manner; and
 - (h) New resident takes possession of unit; move-in inspection occurs.
13. Energy conservation is an obvious concern of management. Items related to energy conservation will be discussed with the resident during lease signing with Management Agent/Rental Agent and will also be addressed in the Resident Handbook. In addition, heating units shall be serviced as frequently as requested by the manufacturer to ensure maximum efficiency of each heating unit.

G. Partnership Obligations

AIHLP shall become familiar with the project units, property management, maintenance and finances, so as to provide prompt and effective direction to the Management Agent/Rental Agent and to create the potential for taking on management when the contract with the Management Agent/Rental Agent expires or is terminated. The General Partner's Board of Directors will meet quarterly for this purpose.

The board will meet quarterly, or more often as needed, to review property management, maintenance and finance matters

for decision-making and policy-making. The Property Manager and, if necessary, the Maintenance Worker, may participate in person or by speaker phone.

The General Partner will propose and prepare the annual operating budget and narrative, with the participation and review of the Management Agent/Rental Agent. The budget will then be presented to PHFA for approval.

II. MARKETING PLAN

A. General Marketing Approach

The Management Agent/Rental Agent will make all positive efforts to ensure that persons of various races, creeds, religious, and national origins are made aware of the project. There will be no barriers to obtaining housing on the basis of race, color, religion, national origin, or sex.

The Management Agent/Rental Agent will comply with the terms of the Management Agreement, the PHFA Resident Selection Plan and Criteria, and the Affirmative Fair Housing Marketing Plan. The Management Agent/Rental Agent, in cooperation with AIHLP, will be responsible for carrying out the Resident Selection Criteria, as required by PHFA. Such responsibilities include but are not limited to the following tasks, which are included in the rent-up and marketing budget during the leasing phase, and in the management fees after full occupancy is achieved:

1. Preparation and placement of advertising.
2. Showing vacant units to prospective tenants and conducting applications and pre-occupancy interviews.
3. Processing and evaluation of applications for rental including landlord and employment verifications and credit reports.
4. Preparation and execution of Lease Agreements.

For marketing purposes, it should be noted that some potential residents may be forwarded to the Management Agent/Rental Agent from the Philadelphia Housing Authority's Section 8 waiting list. The Authority will determine income eligibility. AIHLP, Management Agent/Rental Agent

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should contact the Authority so that the project can get onto the Section 8 waiting list. The waiting list may be closed from time to time, or even for extended periods, by the Authority if demand for Section 8 certificates is great. Therefore the Management Agent/Rental Agent should keep in close contact with the Authority to know when the list will be open so as to better to advise those who call wanting to rent an apartment or house. In the unlikely event that the Management Agent/Rental Agent would exhaust the Authority's waiting list without coming up with sufficient residents to fill the project units, then they may proceed with direct marketing and forward selected applicants to the Authority.

Due to PHFA and Authority requirements for non-transient housing, the minimum lease term on any unit would be one (1) year. A Section 8 Lease Addendum will become part of the lease with the resident.

The Management Agent/Rental Agent will handle all aspects of leasing.

Costs for initial rent-up of the units is a project marketing expense not covered by the management fee.

B. Office

A rental office will be located at the Foundation's field office in order to facilitate initial rent-up and pre-leasing of units. The field office is located within 10 minutes walking distance of all units in the project. Office hours will be posted inside and outside the premises. Applications for occupancy will be available to prospective tenants whenever the field office is open.

Office equipment, which is a project expense, will include:

- desks for management personnel and rental agent
- telephone
- adding machine with tape
- file cabinets
- reasonable furniture and furnishings
- general office supplies
- answering machine
- fax machine.

Once rent-up has been completed, any such continuing administrative expenses, as may be related to re-rental and ongoing management, will be included in the management fee.

C. Signage/Printed Materials

All printed material and project signage will utilize the "Equal Housing Opportunity" logo, including newspaper ads, stationery, signage, etc.

At all times, during initial leasing, one of each apartment or house type will be maintained in good order for showing to prospective resident, if this is at all possible given the nature of the scattered sites format.

During initial marketing, local agencies/organizations will be contacted, including, but not limited to:

- Philadelphia County Board of Assistance
- Salvation Army
- Philadelphia Housing Authority
- Department of Human Services
- Philadelphia County Services for Senior Citizens
- Office of Aging
- Local churches
- Local civic associations.

Included as an integral part of AIHLP and Management Agent/Rental Agent's ongoing management program will be a commitment to assist, as practicable, in improving the neighborhood and ensuring good neighbor relations.

III. RESIDENT SELECTION PROCESS

The Management Agent/Rental Agent will comply with regulations as set forth in the income and rental rate guidelines of the various funding sources, Affirmative Fair Housing Plan, Regulatory Agreements and the Management Agreement and will be responsible for performing the Resident Selection Process, as required by PHFA, as specified below. In situations where applicants will receive Section 8 assistance, the Management Agent/Rental Agent does not determine income eligibility or certify or recertify income -- the Philadelphia Housing Authority will do that. The Management Agent/Rental Agent will, however, decide whether or not to accept an application forwarded by the Authority based on the Additional Selection Criteria noted below.

A. Interest List

The name, address and phone number of any person who orally, or in writing, contacts the Management Agent/Rental Agent or any other Management Agent/Rental Agent staff regarding how to apply for residence, shall be kept in the office. However, applicants may also be forwarded to AIHLP from the Philadelphia Housing Authority's Section 8 waiting list, as noted below.

B. Additional Selection Criteria, Credit Report, Landlord Report

The Rental Agent will solicit a credit report on all applicants, at project expense. Information shall be requested on the form provided by the area credit bureau. The absence of a credit file shall not adversely affect the applicant. Each applicant's report will be reviewed to determine the history of payment practices including utilities, outstanding loans, judgments, repossessions, foreclosures, etc. The uniform review and objective determination of credit history is not always possible; however, the following specifications will be used as a benchmark in reviewing the credit report:

1. Address will be checked with application.
2. Place of employment will be checked with application.
3. Credit history will be reviewed.

Check the number and amount of outstanding balances. After checking balances and to whom the applicant owes money, the evaluator will examine the manner of payment and historical status. The credit bureau classifies accounts from 0 through 9. The number 0 represents a newly approved credit account too new to rate, and a 9 represents a bad debt in collection status. For purposes of evaluating payment histories of prospective residents, payment ratings of 0, 1, 2, and 3 will generally be considered acceptable. Ratings of 4 through 9 will not be acceptable. A rating of 3 represents that a person pays in more than 60 days but not more than 90 days or two payments past due. A rating of 4 represents payments overdue 90 days but not longer than 120 days.

The person evaluating the report must review the report with some subjectivity, taking into consideration the overall payment record as an indication of the probable expectation regarding rent payments.

In areas where the credit bureau does not use the standardized 0 through 9 rating, a payment record of between 60-90 days will be the maximum acceptable.

Two (2) accounts in excess of the 90-120 days period will constitute a basis for rejection.

References from previous landlords for a minimum of 3 years prior to application will be required. References from landlords prior to applicant's current landlord shall be pursued as they may be more objective than that of the current landlord, whose motives may be to either hold on to or get rid of the applicant. An applicant may be rejected if this report documents failure to make prompt rental payments without evidence of good cause or responsibility for disturbing the safety, security and right to peaceful enjoyment of other residents. The absence of a landlord reference shall not adversely affect the applicant.

C. Standards for Rejection of Applicants

Substantial risk must be evidenced that the applicant will be unable or unwilling to pay the rent. With Section 8 assistance, it is unlikely that an applicant will be unable to pay the rent.

Substantial risk must be evidenced that the applicant, or those under the applicant's control, will interfere with the health, safety, security and the right to peaceful enjoyment of the resident community.

Substantial risk must be evidenced that the applicant will be incapable of living independently with reasonable, minimal outside assistance.

Falsification of any information placed on a rental application may be grounds for rejection.

Household size exceeds HUD guidelines for maximum occupancy may be grounds for rejection.

In making determinations relative to rejecting an applicant, the following considerations will be made:

1. The possible biases, attitudes and motives of all references and sources of information will be considered.

2. All information used in consideration of an applicant will be current. The possibility of mitigating factors and the possibility of changes in the applicant's behavior will be considered in every case.
3. Consideration will be given to the applicant's present shelter cost-income ratio and whether the rent level for the unit for which the applicant is applying would help eliminate present financial hardship, when judging an applicant's payment record or credit report.

When a determination has been made that an applicant is ineligible or does not satisfy the resident selection criteria, he/she will be given prompt, written, specific notice of the determination. The notice shall inform the applicant that he/she has the right to request a conference within seven (7) days from receipt of the letter to discuss and review with the management the ineligibility/rejection determination. At this meeting, the applicant will be given an opportunity to submit additional information which may be grounds for reconsideration. Minutes of all conferences and documentation relating to the rejection of an applicant will be kept on file for three (3) years.

D. Reporting and Regulatory Requirements

PHFA, the Philadelphia Housing Authority and AIHLP are all placing regulations and reporting requirements on the Management Agent/Rental Agent. The entity with the strictest requirements takes precedence on any issue of conflicting requirements. PHFA regulations and reporting requirements are generally the strictest, and reports required by PHFA will generally also satisfy the other parties noted above. The income eligibility requirements of the Authority's Section 8 Program are the strictest of the entities involved.

E. Applicant/Resident Files

The following information must be included in each applicant's file:

1. Application form
2. Acceptance or rejection letter
3. Lease and Addendum (residents)
4. All correspondence.

All selected residents will be given a copy of their approved Lease, a copy of the Resident Handbook, and will be taken on a personal inspection of their apartment or housing unit with the Management Agent/Rental Agent, who will review appliance usage, energy-saving policies, maintenance, and rental collection and maintenance request policies.

IV. RENT COLLECTION POLICIES AND PROCEDURES

- A. During lease signing, the Management Agent/Rental Agent shall inform the resident of the rental payment policies. Rental payments can be made by check or money order at, or mailed to, the Management Agent/Rental Agent's office. It is required that rents be paid by residents on the first day of each month for a month in advance. If payment is not made by the fifth of the month, the following procedure will take place:
1. Within five days a "late notice" will be mailed to delinquent residents from the Property Manager.
 2. If, by the end of the month, rent has still not been received, a "notice to vacate the premises" will be mailed which also requests a meeting to discuss the situation. If a hardship is determined, then a solution will be discussed with the resident, i.e., payment schedule.
 3. If the Property Manager concludes that the resident would be in a position to pay the unit rent if assistance could be provided to help solve any social, economic, or budgetary problems the resident might be experiencing, then the Property Manager will refer the resident to any available counseling services.
 4. If, after counseling, the resident has still not responded, the Property Manager will, in accordance with local laws and procedures, take the necessary legal steps for eviction and appear at a District Justice's office for a hearing, after informing the Housing Authority.
- B. Generally, the rent collection policy for the proposed project will be one of firm, yet understanding, application of a system or reminders and counseling, consistent with maintaining AIHLP's goals for maximizing project income. Policies and procedures regarding collection to all residents, and the procedures for collection, will be applied impartially.

- C. The management office will establish adequate and reasonable normal business hours to accept rental payments and service inquiries, and will communicate the hours to the residents in writing. A 24-hour answering service will be available for after-hours or weekend inquiries or service calls. Emergency services will be handled immediately, and non-emergency services will be addressed as promptly as possible.
- D. The Management Agent/Rental Agent may accept partial payments and repayments in accordance with a resident's pay periods, social security and/or assistance check receipts by special agreement in advance. There will be no late charge in this instance. Otherwise, the Management Agent/Rental Agent reserves the right to establish late charges that comply with Pennsylvania Landlord/Tenant Law.
- E. All rental collections and depositories will be recorded in accordance with accepted accounting practices, and daily deposits will be made to a separate account in an approved banking institution.

V. OTHER PROCEDURES

- A. A security deposit equal to one (1) month's resident gross contribution shall be charged per the Section 8 Certificate Program. The Housing Authority guarantees the balance. In no instance shall the deposit be less than \$50. The first month's rent shall be collected at the execution of the Lease, together with the security deposit.
- B. All accounting, purchasing and reporting procedures shall be consistent with generally accepted accounting principals.
- C. This plan may be amended by AIHLP and the Management Agent/Rental Agent, subject to the approval of PHFA.

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