

MANAGEMENT PLAN

CASA INDIANA

1. **DESCRIPTION OF DEVELOPMENT**

The following property will be managed by HACE Management Company

**Casa Indiana
2935-65 N. 2nd Street
Philadelphia, PA 19133
50 units, Elderly Housing**

Sponsored by: Hispanic Association of Contractors and Enterprises (HACE)

2. **MANAGEMENT COMPANY ORGANIZATION**

A. Organization Chart & Structure

An organizational chart is attached (Exhibit A).

- Name of Management Agent

HACE Management Company will be the Management Agent for this development.

- Contact Person

David Gonzalez
Property Manager

- Policy Statement Regarding Management Company Structure

B. Supervisory Relationships

The Owner will retain HACE Management Company (HMC) as its Management Agent. While the Owner recognizes its overall responsibility to set and to make major operational policy decisions, it has delegated the daily management function and the operation of the property to the Agent.

It is the intention of both the Owner and the Agent to work jointly in providing decent, safe and affordable housing for the residents of Casa Indiana.

It is the responsibility of the Agent to comply with the appropriate regulations of PHFA, PHA, HUD and/or with other funding sources in the physical and financial administration of the property. In this capacity, the Agent will have the authority

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and responsibility to run the development in the most efficient manner possible. The Agents, by means of monthly operating reports, financial statements, status reports and personal conferences, will advise the Owner of the operation of each property.

HMC's Property Manager will have the overall responsibility for the property management operation. He will delegate financial and operational authority to the site Manager. The Property Manager will be responsible for developing budgets and overseeing all bookkeeping/accounting functions for the property management operation. The Property Manager also has the responsibility for staffing the property. She/he in turn, will delegate day-to-day responsibility for the operation of the property to the Site Manager and/or Assistant Site Manager where available. The Property Manager to the Site Manager and the Maintenance Supervisor will delegate responsibility for the maintenance of the physical plant.

C. Decisions Requiring Consultation with the Owner

The Owner is aware of the day-to-day operation of the property through various reporting systems and, when necessary, is consulted on matters, which might affect the viability of the development. These areas include, but are not limited to, expenditures of funds through the approval of annual operating and capital budgets, changes in management or programmatic policies, notices of claims injuries or accidents, which potentially might expose the property to an insurance claim or litigation.

D. Decisions Management Agent May Make Without Consulting the Owner

The Agent will make all day-to-day decisions effecting the operation of the property. This includes the outreach, screening and the processing/selection of all residents. The Maintenance Supervisor in accordance with the Agent's established standards will implement a total maintenance program. This will include the development of preventative maintenance procedures necessary to provide for the upkeep of the development. Cleaning schedules will be created for each property and the Property Site Manager will oversee implementation of it.

Internal controls will be implemented and will include: work orders, inventory control, supplies and material ordering procedures, personnel policies, the collection of rent, and the eviction of residents in default and all ordinary and necessary actions to provide for decent, safe and sanitary living environments. All records, files, ledgers and bookkeeping functions will be the responsibility of the Agent.

E. Specific Responsibilities of Owner and Agent

The Owner and the Agent are dedicated to the principal that every person and family is entitled to a decent home with equal opportunity regardless of race, religion, color, origin or economic circumstances. In keeping with this policy:

• **The Owner assumes the responsibility for the following:**

- To supply housing for eligible applicants;
- To set management policies and guidelines;
- To accept financial responsibility for the developments, review monthly progress reports, budget and financial statements;
- To appoint managing agent to run the day-to-day operation of the developments;
- To make major operating decisions.

• **The Agent assumes the responsibility and has an obligation to:**

- Hire all personnel necessary to effectively operate the developments;
- Maintain books of accounts and records and related supporting documents and statements in accordance with the prescribed governmental accounting standards;
- File all necessary reports and documents with the appropriate governmental offices;
- Hire, train, and where necessary, terminate employees;
- Obtain all necessary service contracts and insurance;
- Collect all rents and pay all bills as incurred for the operation of the development;
- Act on behalf of the Owner in all matters relating to the management of these properties with all governmental agencies, contractors and vendors.

• **Expenses Paid From Fee; Expenses Paid From Rental Income**

The Management Agent's fee will pay for the following:

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- All necessary supervisory personnel attached to its staff for services essential to the operation of the development.
- The preparation for the necessary purchasing and operating controls;
- Providing for the necessary purchasing and operating controls;
- The overall supervision of the management of the property;
- Preparation of the annual operating budget.

Expenses paid from Rental Income

- Interest and amortization payment;
- All service contracts and insurance;
- Fuel, electricity and municipal services;
- Garbage and trash removal;
- Payroll expenses for site personnel;
- Maintenance and operating expenses;
- Taxes;
- Painting, decorating and replacement reserves;
- General operating costs;
- Data processing;
- Project administrative cost.

- **Hiring Policies in Conformance with E.O. Policies**

The hiring policies and procedures of HACE Management Company are and will continue to be in complete conformity with all applicable federal and state equal opportunity employment laws.

3. **ON SITE PROJECT STAFF**

A. **General Staffing Needs for the Project**

- **Overall Site Management Responsibility** provided at the site by the Site Manager under the supervision of the Property Manager. (See attached Management Company Organization Chart).
- **Management Tasks with Residents will include:** Resident selection, preparation for recertification, resident compliance with lease and rules, rent collection, move out-processing.
- **Management Tasks related to Building Maintenance:** Acceptance and delegation of work orders, supervision of cleaning, rubbish removal, snow removal, living unit inspections, quarterly building inspections (in coordination with the Maintenance Supervisor) oversight of unit turnovers.
- **Overall Maintenance and Repair Responsibility** provided by a full time Maintenance Technician. The Maintenance Technician will work under the direct supervision of the Site Manager. One (1) full-time Maintenance Assistant will assist him where applicable. Note: Where properties require one maintenance person site manager will work with maintenance technician to provide direction or advice on any work being performed.
- **Maintenance Tasks will include:** Acceptance of work orders, completion of them and return of completed work orders to the Site Manager; contact with contractors regarding work, which is beyond his ability to perform; preparation of living units for turnover; completion of tasks on Preventive Maintenance Schedules; completion of quarterly Site Safety Inspection (in conjunction with the Site Manager).
- **Cleaning, rubbish removal, snow removal** provided by one (1) full time Janitor. The Maintenance Supervisor will supervise the Janitor.

B. **Employee Selection Policies**

The criteria used in selecting employees.

The Agent is an equal opportunity employer. The Agent will hire staff and on site personnel in conformance with applicable equal employment opportunity rules and regulations.

Training methods for on site employees.

The Agent will provide training for all positions. Management personnel will be required to attend courses and seminars conducted by the Agent, in order to keep them abreast of changes in federal and state regulations. Additionally, employees will be encouraged to attend courses offered by the Institute of Real

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Estate Management. Maintenance staff will be encouraged to attend appropriate courses related to physical plant issue at local vocational schools.

Methods of monitoring performance and accountability of on site personnel.

The performance of all personnel is reviewed after three months on the job and annually thereafter. In addition, each supervisor meets regularly with staff members to establish priorities and monitor the implementation of assigned tasks. Unsatisfactory performance of duties by any staff member will result in disciplinary action and may lead to termination.

C. Job Descriptions

Job Descriptions are attached as Exhibits B.

D. Security Measures

Physical Safety

Security at these sites will be provided by a combination of hardware (locks, intercoms, peepholes) and ongoing staff presence.

The Staff will be trained in the appropriate response to various emergencies.

Casa Indiana is a midrise development comprised of 39 one bedroom and 11 two bedroom apartments for elders age 62 and over. Each apartment is accessible only through an intercom and electronic proximity key from the entrance lobby. Each apartment door is equipped with a “peephole”, which permits the residents to see the person prior to opening their door. In addition surveillance cameras are positioned to monitor all common areas. Security personnel are available after 5pm and 24 hours during weekends and holidays.

Communication Network

Staffing for the project is described in detail elsewhere in the Management Plan. The Property Manager has ultimately responsibility for communication at each property. The Property Manager communicates with other site staff through formal and informal meetings, memos and work orders. The Property Manager is available during office hours to meet directly with residents and also communicates indirectly with residents through letters, memoranda and newsletters. After hour emergency call will be directly by the answering service to the staff member on call. The Site Manager will be notified of the emergency as soon as is appropriate. The Site Manager will notify the Property Manager of the emergency. Generally, in situations involving a threat to the life or safety of the residents or substantial damage to the property, the Property Manager and the President of HACE will be contacted immediately. In the case of less serious

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emergencies, these individuals will be notified during the same day or at the beginning of the day following an emergency, which occurs at night.

An integral part of the orientation of new residents to their unit is the importance of communicating essential information to property management personnel. Included in this orientation component will be:

- Office Hours
- Emergency and non-emergency telephone numbers.
- Training about measures, which should be taken to avoid emergencies, as well as the appropriate response to various emergencies?

HMC will establish a liaison with the local police and will provide the police with the telephone number of the Property Manager as the person to contact regarding the property in general, and the number of the owner of Casa Indiana Inc. Site staff will contact the police when an emergency requires their presence or assistance

Key Control

Original copies of all keys will be kept in a locked key box in the office of the Site Manager. A Key Code Control Sheet will be developed at the time of receipt of keys from the general contractor. The Key Code Control Sheet will be filed in the Building Files and kept separate from the key box. All staff that receives keys will sign a Key Receipt, a copy of which will be retained in their Personnel File. Only appropriate supervisory staff will have possession of Master Keys to the property.

Person responsible in an Emergency

The Site Manager will have over-all responsibility for Casa Indiana. He/She will contact the appropriate project staff, municipal agency or service, or outside contractor to deal with any emergency, which may occur. Site staff will be instructed in procedures to be followed in the case of an emergency and when and how to contact the Property Manager if an emergency occurs when they are not at the site. The Property Manager will report to the Property owner the nature of the emergency and review the corrective action required and/or taken.

E. **Occupancy Items**

Affirmative Fair Housing marketing Plan Compliance

An Affirmative Fair Housing Marketing Plan will be developed for the development, which incorporates the outreach dictated by the requirements of the owners. The Agent will assure that all employees are familiar with federal, state and local laws related to equal opportunity in housing and will supervise their compliance with these laws. Once the Affirmative Fair Housing Marketing Plan has been developed by the owners, the Agent will assure that all staff are familiar with all components of the Plan and will oversee their compliance with it.

Eligibility and Occupancy Procedures

The Site Manager will be trained in and follow all regulations related to leasing Low Income Housing Tax Credit elderly affordable rental developments and PHA Unit Based Operating Subsidy Program. She/he will make an initial determination of the applicant's household income based on a preliminary application and interview. He/She will have the applicant sign the necessary consent forms to secure third party verification of income, credit and landlord information. Once information has been verified, using PHFA and PHA criteria, the appropriate Certification forms will be completed. If the applicant is income eligible and has acceptable credit and landlord references, a home visit will be scheduled to assess the applicant's housekeeping practices based on the criteria as outlined by funder guidelines. If the outcome of the home visit is favorable he/she will be accepted for tenancy.

Criteria for Rejecting an Applicant

An applicant may be rejected for any of the following reasons;

- **Substantial risk** that the applicant will be unable or unwilling to pay rent.
- **Substantial risk** that the applicant or members of the applicant's household will interfere with the health, safety and/or security of the property.
- **Substantial risk** that the applicant or members of the applicant's household will interfere with the rights of other residents to have peaceful enjoyment of their leased premises.
- **Substantial risk** of intentional damage or destruction to the unit and/or surrounding premises by the applicant or members of the applicant's household.

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- Substantial risk of committing criminal acts on the property (including, but not limited to, acts related to drug and alcohol abuse).
- Substantial risk of interference with the management of the property.
- Submitting an incomplete or falsified application.

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

- The possible biases, attitudes and motives of all references and sources of information will be considered.
- All information used in consideration of an applicant will be current. The possibility of mitigating factors will be considered in every case.
- Consideration will be given to the applicant's present income to total household expense 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.

The Property Manager will review all rejections and supporting documentation. All eligibility factors must be verified in writing and maintained in the applicant's file.

- If it is determined that an applicant is ineligible because of family composition, because his/her eligibility income exceeds the appropriate income limits, because the applicant's family composition is not suitable for the size units available, or because the applicant does not meet the selection criteria outlined above, the applicant will be promptly notified in writing of this determination with a Resident Rejection Letter. The notice will explain why the applicant is not being admitted and will advise the applicant he/she may (within 14 days of receipt of the rejection notice) respond in writing or request to meet with management to discuss the notice. The notice will also inform the applicant that responding to the agent's notice does not preclude the applicant from exercising other avenues available if he/she believes that he/she is being discriminated against on the basis of race, religion, color, creed, sex, national origin, age, familiar status or handicap. A member of the management agent's staff who did not participate in the initial decision to reject the applicant will conduct the meeting or the review of the applicant's written response.
- If the applicant responds in writing and after a meeting is held, the applicant will be advised, in writing, whether or not the agent's position has changed. This letter will be sent within five (5) days of the date the meeting was held.
- The application, the notice or rejection, any applicant response and the agent's final response will be maintained for a period of not less than three

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(3) years. The file will also contain all interview and verified information on which the determination was based. The file will be maintained in a manner, which respects the applicant's right to privacy.

Annual and Ongoing Function (e.g. recertification)

The Site Manager will be responsible for the annual recertification process. The Site Manager will be trained in regulations regarding recertification and will assure that the process is carried out in conformance with PHFA and PHA requirements.

Handbook and Statement of Resident Charges

A Resident Handbook will be developed prior to initial occupancy and submitted to PHFA and PHA for review and approval. This document will include, among other items, the House Rules that will be developed by HACE Management Company for Casa Indiana. These rules also become attachments to the lease.

Eviction Procedures

Evictions will be initiated only for non-payment of rent or repeated or substantial violations of the lease, including any approved Rules and Regulations, which may be attached as an addendum to the lease. Notice to quit for non-payment will be sent to residents who are in arrears as of the 15th day of the month.

Rent Collection

Resident rents will be collected and recorded at the site by the Site Manager using a one write rent collection system. Rents will be forwarded daily to the main office for deposit into the property's operating account. A Rent Roll indicating resident and subsidy charges and receipts will be produced and maintained by the Central Office. Both the site and central office personnel to ensure timely collection of rents and will monitor weekly delinquency reports.

Rents will be due and payable on the first of each month. Payment by check or money order is the only form of payment accepted.

If a resident is more than five (5) days late in paying rent, the Site Manager will issue a written reminder of the payment due (Late Notice). If payment is not received within ten (10) days from the notice, a \$30.00 late fee will be charged. If payment is not received within fifteen (15) days from the notice, legal action will be initiated in accordance with applicable state and federal laws.

Security Deposit Returns

Prior to move in, each resident will pay a security deposit equivalent to one month's rent, or \$ 50.00, which ever is greater. The security deposits will be held in a separate interest bearing account. Prior to move-out, the Site Manager will conduct an inspection with the resident and any damage due to resident's abuse or neglect will be noted and the resident will be informed that he will be billed for the repair of the damage. Within 30 days after the vacate date, the resident will receive a statement describing the original security deposit, any interest earned and deductions for unpaid rent and/or the cost of repairs due to the resident abuse or neglect. Enclosed with the statements will be either a check for the balance of the security deposit or an invoice for the amount by which damages exceed the security deposit.

Visitors

Residents will have the right to have visitors for up to two (2) weeks, with proper notification to Site Manager.

Accounting and Record Keeping

General Overview

HACE Management Company will perform all accounting function on an accrual basis using integrated, computerized accounting software. Central office personnel will generate Rent Rolls. Rent will be collected at the site management office and will be recorded and deposit by central office personnel. Central office personnel will process payables. Central office personnel following the end of each month will generate the following financial reports.

- A Rent Roll
- A Budget Operating Report
- A Balance Sheet
- A General Ledger
- A Check Register
- An Accounts Payable Report

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Property Management staff will identify variances between actual and budgeted amounts and develop a written explanation for significant deviations which will be submitted to the Property Manager by the 15th day of each month.

Financial Reports will be available for review by the President of HMC by the 15th of each month, which outline the preceding month's financial activities.

Detailed budgets will be completed for each property and submitted to the Board of Directors for approval.

Description of Financial Reports

Rent Roll

The Rent Roll is a master listing of all residents by property, showing, for each resident, all financial and status information, including outstanding receivables itemized by date and type.

The Rent Roll will include:

- All current billing amounts and prior receivables individually identified by date and billing code;
- Receipts and adjustments posted against each item resulting in an itemized ending balance due for each billing charge;
- A description of each billing charge, date of each payment transaction and balance due for each item;
- Security Deposit amounts;

At the end of each month, journal entries will be generated based on the month transactions and posted to the general ledger.

Accounts Payable Report

The Accounts Payable Report will list all unpaid invoices at the end of each month. This report will indicate the vendor name; date the invoice was entered into the system, invoice number and amount due.

At the end of each month, journal entries will be generated based on the month's transactions and posted to the general ledger.

Check Register

A check register will be maintained, which shows detailed information about each disbursement for each property during the month.

The Check Register will include:

- Every check drawn for the project during the month in check number sequences;
- A total of all checks drawn against the property during the month;
- The name and number of the account to which the item was charged and the number and description of the invoice paid by the particular check.

The Check Register will provide a means for controlling, reconciling and referencing checks by property and reflects the amount of money disbursed by the property.

At the end of each month, journal entries will be generated based on the month's transactions and posted to the general ledger.

General Ledger

The General Ledger records the journal entries for each account on a monthly basis. The amount of each transaction and its distribution will be detailed on the report.

The General Ledger is the document from which all other financial reports are generated.

Budget Operating Report

The Budget Operating Report is an operating and financial analysis that compares the monthly and year-to-date performance of the property to established budgets.

The Budget Operating Report will include:

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- Current month and year-to-date comparisons of actual amounts to budget for all income and expenses accounts showing both dollar and percentage variances;
- Net Income (Loss).

The Budget Operating Report assists management in reviewing the performance of each property compared to established goals. Specific abnormal conditions are highlighted by the detailed comparisons for each line item on the chart of accounts.

Balance Sheet

The Balance Sheet is a statement of the financial condition of each property as of the last day of each month. The Balance Sheet will include a detailed listing of the Assets, Liability and Net Worth accounts for each property.

Maintenance of Resident Files

Resident Occupancy Files

Resident files will be maintained in multi-part folders (one separate file for each resident), which will be organized as follows:

Section 1

- Application
- Credit Check
- Landlord References
- Home Visit Report
- Emergency Information
- Criminal Check
- Child Abuse Check
- Drug & Alcohol

Section 2

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- Lease
- Riders to Lease
- House Rules & Regulations (Resident Handbook)

Section 3

- Initial Certification Documents
- Recertification Documents
- Back-up Document for Recertification
- Low Income Housing Tax Credit Documents

Section 4

- General Correspondence
- Incident Reports
- OSHA Reports
- PHFA Correspondence

Section 5

- Legal Matters

Section 6

- Resident Rent Balance History

Unit Files

One unit file will be maintained for each dwelling unit and one for each building including common spaces. Unit files will be maintained in perpetuity as on-going records of the maintenance activity for each unit and building. The following records will be kept in these files:

- Initial Inspection Forms
- All subsequent Inspection Forms

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- All completed work orders
- Copies of any warranties related to furnishings and appliances in each unit

Residents Relations

Policy for Grievances

Hace Management Company will establish a grievance policy and make it available to all residents. A Grievance Committee consisting of the Property Manager and the President will hear all grievances. The staff of HACE Management Company will make immediate efforts to deal with any grievance found to have merit.

Resident Services

Appropriated resident services programming will develop in cooperation with the Owner. A Social Services Manager will be hired for Casa Indiana to oversee resident services on a day-to-day basis. (See Exhibit D)

4. **EFFECTIVE MAINTENANCE PROCEDURES**

Monitoring Systems and Record Keeping

An important component of effective maintenance procedures are the establishment of monitoring and record keeping systems and procedures, which describe tasks to be performed and record their performance. To that end the following will be established:

Building Files to contain:

Warranty Files: copies of all warranties received from the general contractor/architect at the end of construction (roof, mechanical systems, appliance) and copies of subsequently received warranties, filed by type of item (e.g., roof, stoves, etc).

Operating Manuals: copies of all operating and/or service manuals received at the end of construction or subsequently; filed by type of item (e.g. stoves, boiler, copier, etc).

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As-built Drawing: stored in a heavy mailing tube in a secure location; describe location and file in Building Files.

Contracts: copies of all service/maintenance contracts (e.g. extermination, elevator, alarm systems); filed by type of contract.

Bids: copies of current bid and rejected bid; filed by type of service.

Loss Control/Site Safety Inspection: copies of completed quarterly Site Safety Inspections.

Building Work Orders: copies of all completed work order for items not in living units; filed chronologically.

Living Unit Inventory: may be maintained on a computer but hard copy filed at least quarterly.

Inventories: copies of Maintenance Materials & Supplies Inventory, Janitorial & Cleaning Supplies, Office Inventory.

Maintenance Schedules: copies of blank schedules and all completed ones.

Key Control & Valve Location Charts: copy of key control list and Valve Location Chart. Valve Location Chart should also be posted in area where valves are located.

Unit Files: one for each living unit, to contain all Unit Inspection Reports and all completed work orders; filed chronologically; not removed when a resident moves out; becomes a long term history of the unit.

A. **Unit Inspections**

Prior to initial occupancy the Site Manager, Property Manager and Maintenance Technician will inspect each building, including all living units and public spaces. Any defects in installation or operation will be reported to the architect/general contractor for correction, if applicable. Inventories of all items will be prepared and warranty and instruction files will be established for all mechanical equipment, roofs and any other applicable items. As-built drawings will be obtained from the architect/general contractor and filed in the project's Building Files.

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The Site/Property Manager and each resident will complete unit Inspections at the time of move in. The inspection form will be signed and dated by the residents and the Site/Property Manager indicating their acceptance of the unit and agreements as to the condition described in the Inspection Report. Each Inspection Report will be filed in the Unit File.

Prior to move out the Site/Property Manager and the resident, each of who will sign and date the report, will perform an inspection. Any damage caused by the resident, beyond normal wear and tear, will be noted and an invoice for the cost of repairs will be submitted to the resident. Work orders will be prepared for the corrective work and the completed work orders will be filed in the unit files.

The Site Manager will prepare a Turnover Checklist, which will be used by the Maintenance Technician to prepare the unit for the next resident. Once the unit is ready, the Site Manager will inspect the unit to assure the preparation is complete. The Site Manager will perform a unit inspection with the new resident; both parties will date and sign the Unit Inspection Report and it will be filed in the Unit File.

Every unit will be inspected annually or quarterly on or about the anniversary of the move-in-date. The Site Manager will inspect the units of their residents during the first month of occupancy and report to the Property Manager any unit, which will require more frequent inspections in order to assure that the unit is maintained at an acceptable level. The Unit Inspection Report will be used to record the results of each inspection and a copy, signed and dated by the resident and the Site Manager, will be retained in the Unit File. Work orders filed in the Unit File. Residents will be billed for any damaged beyond normal wear and tear.

B. Schedule of Interior and Exterior Painting

Individually living units will be repainted at turn over, unless tenancy has been less than one year and the Site Manager determine that re-painting is not yet required. A Unit Inventory will be maintained and a schedule for repainting established, which assures that each living unit, is repainted every three years. Common and public spaces (halls common/sitting rooms, dining rooms, kitchens, bathrooms, laundry rooms) will be repainted as required, but no less frequently that one every three years.

Buildings requiring exterior painting will be scheduled as required, based on the quarterly Site Safety Inspections. This painting will probably be required at three-year intervals.

C. **Contract Services**

Garbage and Trash Removal

The Janitor will prepare the rubbish for removal by a designated private waste management company and maintain the rubbish storage area in a clean and sanitary manner. Residents will dispose of their garbage and trash in the assigned trash room or disposal system.

Snow Removal

Removal of snow from the steps/street or high traffic public areas is the responsibility of maintenance and janitorial personnel. Management reserves the right to hire subcontractor when appropriate.

Other Contract Services

A maintenance and service contract with a licensed contractor will be secured for the elevator(s). Maintenance and service contractors will be implemented for the fire detection systems. Extermination for insects and rodents may be required and, if so, the services of a licensed contractor will be engaged. No other on-going contracts are anticipated.

D. **Cleaning Schedules**

The janitorial personnel will clean common/public areas. A schedule will be developed to assure that all areas are clean and well maintained. The Site Manager will oversee the cleaning and make changes in the schedule as required.

E. **Major Repairs**

Repairs at each location will be the responsibility of the Site Manager, who may delegate the repair to the Maintenance Technician. If the work is beyond his/her ability, an outside contractor will be contacted to perform the repair. For repairs in excess of \$500, which were not included in the approved Operating Budget, the Property Manager's approval will be required. Bids will be secured for repairs

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costing in excess of \$1,000 with the exception of emergency repairs, in which case the repair will be made immediately.

F. **Grounds Upkeep**

Maintenance personnel will be responsible for keeping walkways free of debris and in good repair. Landscaped areas will also be maintained by the maintenance technician and or landscaping company as required.

G. **Resident's reporting of Maintenance Repair Needs**

Residents will be instructed to immediately report any maintenance repairs needed, either in their living units or any public areas, to the Site Manager. After normal working hours, emergencies may be called in to the answering service, which will be responsible for directing the call to the appropriate staff person on call.

H. **Maintenance Service Available at all Times**

The Maintenance Technician will be required to carry a cell phone and be on-call at all times. He will be contacted during the day by the Site Manager, and after hours, in the event of an emergency, by the answering service.

I. **Resident Charge for Repairs**

Residents will be charged for repairs to their living units or common spaces, which are required due to the resident's abuse or neglect, including severe housekeeping problems. During the move-in orientation, the Site Manager will explain to the resident his responsibilities in caring for the living unit and the Resident Handbook will also describe them.

Damages caused by a resident's abuse or the Maintenance Supervisor performing a work order may identify during a Unit Inspection or neglect. The Site Manager will determine when a repair is caused by the resident's abuse or neglect and will inform the resident of his responsibility to pay for the repair. In the first year of operations the charge will be determined by the actual cost of materials and supplies used, invoice(s) from outside contractors, and/or the cost of the Maintenance Superintendent's time. In subsequent year, a "cost list" may be developed for the more routine repairs.

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J. Ordering Equipment and Supplies

As described above, Operating Budgets will be prepared for each site. The Site Manager will be authorized to purchase items described in the operating budgets, unless the cost differs from that listed in the approved budget. The Property Manager must approve purchases of any item not included in the budget or the cost of any item that differs from the amount in the budget or any item in excess of \$1,000.

K. Preventive Maintenance

Prior to initial occupancy, Preventive Maintenance Schedules will be prepared, which assures that all systems are maintained appropriately. The Maintenance Supervisor will be responsible for performing all tasks delegated to outside contractors. The Site Manager will review the completed schedules with the Maintenance Supervisor to assure that tasks are performed as scheduled. The completed schedules will be filed in the Building Files.

In addition, the Site Manager and the Maintenance Supervisor will conduct the quarterly Site Safety Inspection. Work orders will be completed for any item requiring correction. Copies of his completed work orders will be filed in the Building File.

5. OCCUPANCY STANDARDS

Occupancy Standards are used primarily to determine how many people are permitted to live in a unit and are established to avoid overcrowding and underutilization of a unit.

HACE Management Company has adopted the Occupancy Standards set forth below.

1. Determining Unit Size at Move-In – Owners must balance the need to avoid overcrowding with the need to make the best use of available space and to avoid an unnecessary subsidy. Owners must consider both the number of persons in the household and the relationship and sex of those persons.
 - a. Owners may not provide bedroom space for others who are not members of the household - - such as adult children on active military duty, permanently institutionalized family members or visitors.

B. General Occupancy Standards

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1. Two persons may occupy a one bedroom unit.
 2. Three persons may occupy a two bedroom units.
2. Overcrowding or Underutilizing Units
- a. After move-in, if a unit becomes overcrowded or underutilize because of changes in household composition, the owner will require the family to move from the development. Site manager will assist to the best of his/her ability to secure appropriate housing in the community.
 - b. A family may be required to move from the project because it does not meet PHFA, PHA and HUD occupancy standards.

For further details on occupancy standards according to the U.S. Department of Housing and Urban Development, please refer to the H.U.D. Handbook 4350.3.

7. WAITING LIST

In order to properly and equitably accommodate those in need of housing, all properties will keep a list of all individuals who complete an application. This list, hereafter referred to as the Waiting List, shall be kept in a bound book (if required) or file folder and shall record all individuals who have applied for housing by unit size. At the same time, the application is either handed or mailed to the prospective applicant, he/she will also be provided with a copy of a letter advising of his right to request of a Reasonable Accommodation to Residential Living Quarters. While these forms are part of the initial application process, they are also a vital part of the Fair Housing Laws, which will be discussed in Chapter 6. All applications are to be date stamped and numbered when received and a single chronological list of all applicants is to be maintained at the Rental office. The applicant's number shall remain the same as long as he/she remains on the Waiting List unless updating the waiting list results in a substantial loss of Applicants. When the application is received a letter should be sent to the applicant confirming receipt of the application and outlining his/her responsibilities while on the list. A copy of this letter is to be kept with the application for documentation purposes.

HACE Staff and any appropriate government agency shall keep the Waiting List available for review. The status of all applications in process must be kept up to date. The information contained on the Waiting List is not to be shared with the general public.

Once the process has begun for a particular applicant, a file should be made for that applicant and the manager must track all processing until the file is completed. At this stage, the manager should note in pencil in the comment section of the Waiting List:

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“processing”. Once the file is completed, the final disposition (approved, rejected, etc.) must be noted in ink on the Waiting List.

Files should be documented regarding attempts to contact the applicant and all other pertinent information. Kindly refer to Chapter 2 for more information regarding files and the length of time they are to be maintained.

Administering the Waiting List

As indicated earlier, each application for residency must be date stamped and numbered upon receipt. Each potentially eligible applicant shall be placed on the Waiting List and informed by letter of his/her application number. A copy of this acknowledgment letter must be attached to the application. The Waiting List must be filled out in its entirety. It must be kept up to date and maintained in chronological order.

When the units is designed for a special purpose, (i.e. for disabled), applicants meeting these requirements shall be given priority over other applicants.

Change in Family Composition

At the time the applicant is placed on the Waiting List, as indicated above, confirmation letter informs the applicant that if there is a change in the family composition, he/she should immediately inform the rental office. When an applicant's name comes up on the list, the manager must immediately verify the family composition. If a change has occurred and the family requires a bedroom size that exceeds one bedroom, the applicant must be informed that he/she will be eligible for the limited two bedroom units at Casa Indiana.

Updating the Waiting List

It is a good practice to update the Waiting List periodically, so that the Waiting List continually lists candidates who are still interested in housing. In order to accomplish this, it will be necessary to contact everyone on the Waiting List at least annually. Since documentation of the contact is necessary, every applicant on the Waiting List should be mailed a form letter, which requires him or her to complete a portion and return it within a ten (10) day period. The letter asks them if the information, which was originally given, has changed, and if so, to note the changes in the space provided. The portion of the letter, which is returned, is attached to the original application and kept on file.

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If an applicant does not respond by returning the letter within the ten (10) day period, the name is removed from the Waiting List. This is done by striking a line through his/her name on the list, noting the date and reason, and pulling his/her application from the file. The office copy of the letter is attached to the original application and filed in the canceled file.

If a previous applicant informs management after the ten (10) day period that he/she was unable to contact the office when required, and offers a valid reason for failing to respond, the Manager may restore the applicant to his/her original place on the Waiting List. Valid reasons for failing to respond may be: Hospitalization, applicant was out of town, or was in some other manner physically unable to respond. The applicant should be instructed to immediately return the letter. The application is then re-filed in the active file with the letter attached.

Closing the Waiting List

It is common for a Waiting List to become longer than necessary. In order to avoid this, the Property Manager should be contacted to determine that there is a sufficient pool of applicants from which to draw for the anticipated number of vacancies over a two-year period. At that time, the representative from your development's regulatory agency (e.g., PHFA, PHA or HUD) should be consulted for the pertinent regulations and policies. Some agencies have procedures, which mandate advertising the effective date for the closing of a waiting list prior to doing so (please refer to the Affirmative Fair Housing Marketing Plan for the newspapers, newspaper ads, etc, which should be utilized in this process). Some regulatory agencies merely require a notice posting the effective date of the closing in conspicuous places throughout the apartment complex; some require both. The effective date is generally thirty (30) days from the posting of the notice allowing those who may wish to have their names added sufficient time to do so.

Once the Waiting List is officially closed, NO applications may be taken.

Reopening the Waiting List

If the Waiting List is closed and the present pool of applicants is insufficient to handle the number of anticipated vacancies for the next two years then the Waiting List should be reopened. Before reopening the List consult your Affirmative Fair Housing Marketing Plan and discuss the matter with your Property Manager. ***Again, prior to taking any action of this kind, please contact the Property Manager.***

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Preferences for Occupancy

Household with at least one senior 62 years of age or older.

Definitions for Federal Preferences

N/A

Verification and Screening

When processing the application it is important to screen the applicant according to the Resident Selection Criteria. Once this is completed, if there are no immediate vacancies and there is a sufficient number of approved applicants, the processing may be suspended until such time as the number of approved applicants diminishes. Lastly, employment and other eligibility criteria must be verified by third party verification (see Processing Applicants from the Waiting List).

In the House Transfer Policy

The Internal Transfer Waiting List should be kept separately, in a bound book (where required), and all individuals or families should be recorded chronologically.

Transfers to other apartments during occupancy will only be made because of a change in extraordinary circumstances. Possible reasons for a transfer might be a severe medical condition requiring a first floor unit, or someone requiring the special features found in a disability accessible unit.

The resident will be given as much consideration as possible. Notice of the availability of an appropriate apartment will be given at least fifteen (15) days in advance. The residents, however, cannot be given a choice of the apartment to which they will transfer. The resident will be given two (2) days to complete the actual move, and clean his/her old apartment. The current apartment must be surrendered to management in a clean condition and in good repair. Generally, the cost of unit turnover (minor repairs, painting) is absorbed by the property. The resident who is transferring is responsible for his/her own personal expenses, such as transfer fees for utility, phone and cable. It is also the policy of HACE Management Company that all current balances owed to the property by the resident must be paid in full prior to being transferred. If there are any questions, the Property Manager is to be consulted.

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Processing Applicants from the Waiting List

All applicants must be processed on a “first come first served” basis, unless specifically mandated preferences apply.

Depending upon the size and type of property managed, it is usually necessary to have several applications processed and approved for each unit. It is generally accepted that the number of approved applicants shall equal the number of anticipated vacancies by unit and type, which will become available in the next three to four months. It may also be necessary to have a number of applications processed to the point where vacancies can be filled *in no more than thirty (30) days*.

As indicated earlier in this chapter, the applicant is contacted, an interview is scheduled and the appropriate information is recorded on the Waiting List. During the interview, it will be important to verbally review the information recorded on the application, update it, and ascertain that the applicant meets the program eligibility requirements. To assist in the process, the following is a list of all forms to be used in verifying income, assets, expenses, etc.

Eligibility Requirements vary slightly from program to program. However, during the processing stage, an applicant must meet the eligibility requirements and the applicant’s information must be verified under PHFA, PHA and HUD guidelines. For further definition regarding the eligibility requirements refer to the HUD Handbook, 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, Section 2-1.

8. **TENANT INTEGRITY PROGRAM**

The HACE Management Company subscribes to the philosophy, which inspired the Tenant Integrity Program (TIP). HACE believes that most applicants want to be honest and that the proper attitude from the management staff will inspire the applicant to be honest. Without reproducing the entire TIP philosophy for this manual, it is important to inject that if a Manager provides the property amount of time, energy and conscientious effort toward obtaining accurate and complete information, the opportunity for fraud is diminished. The manner in which he or she conducts the initial processing interview is therefore critical and furthermore, sets the tone for all future certifications. Thought should be given as to how questions could be asked and information obtained. Management has a truly responsibility to encourage the applicant to remain honest.

9. **RESIDENT SELECTION CRITERIA**

General Goals

The projected is rented on a first-come, first-served basis with all applications date-stamped when received and a single chronological list of all applicants to be maintained

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at the Rental Office. In addition to a chronological determination of resident selection, the agent must also comply with the Affirmative Fair Housing Marketing Plan.

Processing Steps

A will be date-stamped upon receipt and a number assigned. Applicants' names will be listed on the Processing Sheet/Waiting List. The Processing Sheet/Waiting List will then be reviewed to determine whether the compliance with the Affirmative Fair Housing Marketing Plan goals and the income mix goals can be achieved by processing on a first-come, first-served basis. If the goals cannot be met by following chronological order of the Processing Sheet/Waiting List, the agent, with PHA management representative's approval, will adjust the order of acceptance of the applicants so that the goals can be met.

Tenant Selection/Rejection Criteria

The Tenant Selection/Rejection Criteria applies to all applicants, including all members of the applicants' household. The agent shall secure the following information on standardized forms.

1. Credit reports, at project expense.
2. References from present and previous landlords for a minimum of three years prior to application.
3. Home visit reports on housekeeping. In some instances, the agent may have to designate someone else to do the home visit. Citation of three or more problem areas is ground for rejection, unless undesirable conditions or damages exist due to circumstances beyond the applicant's control. In such an instance, the burden of proof will rest with the applicant.
4. Police reports, if any, at project expense. The only permissible data to solicit and utilize pertains to arrest leading to conviction.

Standards for rejection

1. Substantial risk that the applicant will be unable or unwilling to pay rent and other household expenses. In order to avoid any resident being unduly burdened by paying rent and other household expenses that would be easily affordable for a family in their particular income group, an applicant who would be paying more than 50% of the household's gross income for rent and utilities will be determined ineligible.

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2. Substantial risk 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.
3. Substantial risk of intentional damage or destruction to the unit and surrounding premises by the applicant or those under the applicant's control.
4. Substantial risk that the applicant will be incapable of living independently with reasonable, minimal outside assistance.
5. Negative information received on the credit report.

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

1. The possible biases, attitudes, and motive 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 which the applicant is applying would help eliminate present financial hardship, when judging an applicant's payment record or credit report.
4. For a credit history, the agent will check 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 classified accounts from 0-9, 0 representing a newly approved account, too new to rate, and 9 representing a bad debt in collection status. For purposes of evaluating payment histories of prospective residents, payment ratings of 0, 1, 2, and 3 will be considered acceptable. **Ratings of 4 through 9 will not be acceptable.** A rating of 3 represents that the person pays in more than 60 days, but no more than 90 days or two payments past due. **A rating of 4 represents payment overdue 90 days but not longer than 120 days.** The person evaluation 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, clarification and considerations for charge off accounts and bankruptcy. In areas where the credit bureau does not use the

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standardized 0-9 rating, a payment record of 60-90 days will be the maximum acceptable. Two (2) accounts in excess of 90-120 days period or two charges off accounts of any combination of these will constitute a basis for rejection.

5. Information received in the Criminal History Investigation will be used in determining whether or not an applicant will be approved for residency. Negative information received can be used as grounds for rejection of the applicant.

The Agent will review all rejections and supporting documentation. When a determination has been made that an applicant is ineligible or does not satisfy the Tenant 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 the review with the management agent regarding the ineligibility/rejection determination. At this meeting, the applicant will be given an opportunity to submit additional information, which may be grounds for reconsideration. If it is determined that the applicant is eligible, he/she shall be placed on the Processing Sheet/Waiting List as of the date of the original application. Documentation relating to the rejection of an applicant and the minutes of all conferences will be kept on file for three years.

Changes in Tenant/Selection Criteria

Any additions or deletions to the existing Tenant Selection Plan will be submitted with the Management Plan on an as needed basis.