**National Housing & Rehabilitation Association**

**Asset Management Conference, Grand Hotel Minneapolis**

**June 4, 2019, 10:45am: Managing Your Management Company: Supervising the Internal and Third Party Inspections.**

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1. HUD Notice 2018-18--Renewed HUD focus on physical and financial compliance and how to report it on the 2530 form and Active Partners Performance System (APPs).  ***It’s all new again with HUD’s one-strike policy.***
2. Updates on HUD’s REAC Compilation Bulletin—It’s Tough but Not Bleak—Strategies to Get out in Front.
   1. 96% (or so) pass
   2. Average score declining but still in the 80s.
   3. Good news, few below 30s, bad news, when it happens HUD tends to react very badly.
   4. Use “industry standard”
   5. Bedbug units will be inspected
   6. Lead Paint, fair housing accessibility will be noted and being used.
3. Strategies to help anticipate issues and increase compliance
   1. MORs: pass, appeal or clearance letter
   2. Curb appeal issues on REAC
   3. Timely audit
4. Other Financial issues, such as Enterprise Income Verification (EIV) and financial audit compliance-
   1. Five percent penalty
   2. Other penalties including flags
5. HUD still interpreting the 2016 Previous Participation/APPs/2530 regulations and guidance.
   1. Focus is on “controlling participant”
   2. Sharpened focus on “risk”
6. Flags
   1. Will a flag come with a notice of default?
   2. Strategies for dealing with triggers in financing documents
   3. Three kinds of flags—temporary, 5 year, permanent