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THE URBAN INSTITUTE

MEMORANDUM

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To: **David Olinger, Sarah Wines, USAID**

From: **Phillip Mayfield**

Through: **Tom Kingsley**

Subject: **MEMORANDUM ON *VOLUME I–HANDBOOKS FOR MUNICIPAL GOVERNMENTS***

Ref: **RFS 12, Housing Policy and Finance Contract, Contract No. EUR-0034-C-00-2033-00, AID Project No. 180-0034 (UI#6251), Prepared for Regional Housing and Urban Development Office, Eastern Europe (RHUDO/EE), U.S. Agency for International Development.**

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This is Volume One of the two-volume set of handbooks prepared to satisfy the requirements of this RFS (the other volume is submitted by a separate memorandum as of this same date). These handbooks were prepared by OKM Associates, Inc., incorporating materials prepared by Urban Institute staff in some sections. The emphasis at this stage has been on extending the substance as far as possible and not on final editing and formatting. The handbooks are expected to be revised again (under a subsequent RFS) during the process of using them in training trainers in the CSFR. After that they will be properly edited, translated, and published for broader distribution and use.

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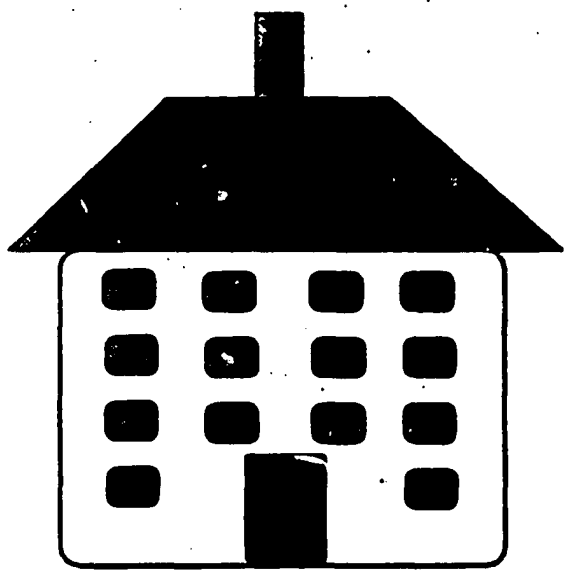

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VOLUME ONE:
HANDBOOKS FOR MUNICIPAL GOVERNMENTS

TABLE OF CONTENTS

Chapter 1.1 Strategic Planning Page 1.1

Chapter 1.2 Privatization: A Guide to Asset Disposition Page 1.2
- A. Introduction Page 1.2 - 1
- B. Some Considerations in Deciding on a Sales Program Page 1.2 - 4
- C. Description of the Various Ownership Models Page 1.2 - 4
- D. The Sales Price of the Assets Page 1.2 - 25
- E. Steps in Asset Disposition Page 1.2 - 30

Appendix A: Shared Equity Sales Page 1.2 - A
Appendix B: Return on Investment (ROI) Models Page 1.2 - B
Appendix C: Some Issues involved in Disposition of Assets Page 1.2 - C
Appendix D: Technical Assistance and Training Page 1.2 - D
Appendix E: Model Documents Page 1.2 - E
Appendix F: Homeownership Training Courses Agendas Page 1.2 - F
Appendix G: Model Request for Proposal (RFP) Page 1.2 - G

Chapter 1.3 Conversion to Private Management

Section One: Property Management Models Page 1.3
- A. What is Property Management Page 1.3 - 1
- B. Description of Various Management Models Page 1.3 - 2

Section Two: Soliciting Contract Management Page 1.3
- A. Concept of Request for Proposals (RFP) Page 1.3 - 19
- B. Development of the Request for Proposal (RFP) Page 1.3 - 20
- C. Distribution Process Page 1.3 - 21
- D. Contents Page 1.3 - 21
- E. Selection Process Page 1.3 - 22
- F. Contract Negotiations and Execution Page 1.3 - 23

Appendix A: Model Management Contract Page 1.3 - A
Appendix B: Outline for Request for Proposal Page 1.3 - B
Appendix C: Computer Support System Page 1.3 - C

Chapter 1.4 Housing Stock Management - Asset Management Page 1.4

CHAPTER 1.1

STRATEGIC PLANNING

HOUSING STRATEGY EVALUATION (HSE) MODEL

The Housing Strategy Evaluation (HSE) Model was developed to allow Eastern European local government housing officials to evaluate the effects of alternative housing privatization strategies under a variety of policy scenarios concerning the future course of rents, operating costs, sales prices, and financing for privatization. The model provides a five-year cashflow forecast based on the assumptions and criteria for selecting buildings to be privatized entered by the user. This section outlines the structure of the model, the data required, and the operation of the model and analysis of the results.

HSE MODEL STRUCTURE

The HSE Model is composed of four modules:

- File Management and Data Entry
- Model Assumptions
- Privatization Criteria
- Model Evaluation and Reporting

File Management and Data Entry. The HSE Model includes a data management module which allows the user to construct the baseline database required to run the model. The database (described in more in the following section) includes basic information about the social housing stock and commercial space owned by the local government, such as the age of the building, its type of construction, number of units, and floor area. The data management module allows the user to create a new data file, select an existing data file, or delete an existing data file.[1] Once a data file has been selected, the HSE Model allows the user to modify the data within the data file. New data can be added or existing data can be modified or deleted.

The module also includes other utilities to rebuild indicies for data files and to set labels for the various classes of characteristics which describe the buildings—building type, housing quality, location, and capital investment items.

Model Assumptions. The second module prompts the user for the assumptions required by the model to build the cashflow forecasts. Assumptions about the base year levels and future growth of the following items is required:

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[1] A sample database with 100 buildings is included with the HSE software for demonstration purposes.

— Rents;
— Operating and maintenance costs;
— Capital investment needs;
— Privatization sales prices;
— Privatization financing;
— Inflation and internal discount rates for net present value analysis.

These values are then used to calculate the current and capital cashflows associated with the particular privatization criteria specified and derive a net financial position for the local government at the end of the five-year period.

Privatization Criteria. The third module allows the user to specify the decision rules for deciding which buildings should be privatized. There are two methods available: setting categorical criteria or specifying individual buildings. The categorical criteria are built by defining classes of buildings which are to be privatized in a given year (i.e., "Year 3: All panel buildings of quality level 3 or lower in District 2"). Alternatively, specific buildings can be selected from the database to be sold in a given year or to be protected from sale in given years.

Model Evaluation. Once the model assumptions and privatization criteria have been specified, the model can be evaluated and the results examined. Using the privatization criteria specified, the model examines each building to see if it is to be privatized. If the building is to be privatized, the amount due to the local government through cash payments, downpayments, and installment loan payments is calculated. If the building is not to be privatized, the revenue from rents and costs for operations and maintenance are calculated. In both cases, the value of outstanding capital investment for each set of buildings is calculated, giving an indication of the potential investment bill facing purchasers and the remaining investment deficit to be faced by the local government. The model then produces a set of summary reports which list the model parameters (assumptions and privatization criteria), a listing of individual buildings selected for privatization, and a summary table of cashflows, giving both a dsicounted net present value of the capital and current cashflows and all cashflows in terms of base year constant value units. The summary table is also copied to a database format which can be imported into a spreadsheet for further analysis and comparison to other strategy runs.

HSE DATA REQUIREMENTS

The HSE Model is intended to provide a forecast of a complex process with as small a data requirement as possible. Even so, the amount of data which must be collected to use the full capabilities of the model is significant. The items required for the model are shown in Table X.1; in its fully operational form, the model would use a complete set of this data for each building in the social housing stock. Many of these, such as the identification of the building, building age, number of units, floor area, and quality category can be developed from existing sources. Others, such

as location classification and construction type, will require some limited investigation. The most intensive data requirements are those for the capital investment items, which will require field visits by trained personnel to assess the condition of the building and its key capital items (such as building structure, roof, enclosure, and service systems).

However, the model can still be used even before a complete data set for all buildings is developed to give some indicative results. A series of limited evaluations can be carried out with partial data as described below:

- **Grouping Individual Buildings.** Initially, rather than recording individual building is each record, a data file could be built which groups together similar buildings in each record. For example, if a development of 20 buildings of similar construction type, quality category, and location were part of the local government's social housing stock, a single record representing these buildings in the aggregate (i.e., their total floor area and number of units) could be entered into the data file. In this way, the entire stock could be represented the number of records which would be required to represent all the different classes of buildings grouped according to their varying characteristics.

- **Using Limited Sets of Characteristics.** The characteristics used to describe the buildings are meant to allow for variation in the costs and revenues associated with those buildings in a way that reflects their actual experience. However, in evaluating various scenarios, it may not be necessary or possible to use all of this detail. For example, if operating cost estimates cannot be readily developed by building type, then a single average can be used across all building types or al buildings can be assumed to be of the same type. Similarly, if sales prices are not planned to vary by location, then determining the location characteristic for each building is not required to use the model.

- **Omitting Capital Investment Criteria.** Developing the information on the condition of the buildings and estimating the investment deficit for each is part of the process of determining the overall financial position of the property. However, if the condition of the building will have little effect on the sales price or if the investment deficit of the retained social housing stock is not an important factor in privatization decisions, then the model can be used without developing this information.

In the cases outlined above, it is important to remember that the model will only be providing a partial picture of future outcomes. If sales prices are to vary by other factors than those considered in the model, or if capital investment needs are ignored but will eventually have to be covered, then the results of the model using limited data sets must be interpreted with great caution. Positive revenue forecasts from a certain strategy will be severely undercut if the result of the strategy is the

retention of buildings which have the highest operating costs and largest investment deficits. Thus, users of the model are encouraged to put it to use as quickly as possible, but to also work quickly to develop as much data as possible in order to obtain the most accurate forecasts.

HSE MODEL LOGIC AND OPERATION

As noted in the introductory section, the HSE Model is divided into four modules. This section describes the logic and use of each section in more detail.

File Management and Data Entry

File Management. The HSE Model provides the user with the flexibility to create multiple data sets for use with the model. For example, the user could first develop a summary data file which aggregates classes of buildings in single records and then build a second file which contains data on individual buildings. The model allows up to 8 file names to be maintained at a single time.

Files can be created, deleted, or selected from the list of existing files through the menu system. Files can be named with up to 6 alpha-numeric characters. When a file name is created, two files are created—a base data file ending with the characters "_B.DBF" and a forecast data file ending with "_F.DBF". (The files names must be created through the HSE file manager; attempting to enter the name of an existing file will cause the name to be rejected by the model.) Similarly, when a file name is deleted, both the base data and forecast files are deleted. When a file name is selected from the list of existing file names, indices allowing the file to be searched by record reference number and building address are created.

Data Entry. Once a data file has been selected for use, data relating to the file can be added, deleted, or edited through the menu system. A format is displayed for the record selected and data can be entered or changed by moving the cursor to the appropriate field (Figure 1.1). Pressing ESC or PGDN will exit the editing format.

To add data, an empty data format is displayed on the screen and the information can be keyed into the appropriate fields. Particular care should be taken when entering the building reference number and building address information. As these fields are used to index the base data and forecast files, they cannot be edited once they are entered when the record is first created. Entries in these fields which duplicate those in existing records will not be accepted by the model. If a reference number or building address must be changed, the record must first be deleted and then added back to the data files with the correct identification information.

To edit or delete existing data, the record to be acted upon must first be selected. The record can be located either through its reference number or building address. The model then displays a list of records nearest to the reference number

```
                    HOUSING STRATEGY EVALUATION MODEL
                          EDIT DATA RECORD

IDENTIFICATION   ID No.  0101101                 No. of Bldgs.  1
                 Street  Za Strahovem            No.                31

CHARACTERISTICS  Year Built        1935         Location (Com)     1
                 Unit Quality        1
                 Construction        1
                 Location (Res)      6

SIZE/AREA                          Floors    Units    Floor Area (m2)
                                   ------------------------------------
                 Total             [...]     [....]     [..........]
                 Residential           3        10           474.68
                 Commercial            1         2            48.81

CONDITIONS       Roof                  0   Electrical             2
                 Windows/Doors         2
                 Plumbing              4
                 Heating               0
```

Figure 1.1
Base Data File Input/Edit Screen

or address specified. The correct record is then selected by scrolling through the list (using the cursor keys) and pressing ENTER at the desired record. If the data is to be edited. the edit format is displayed and the data can be changed as desired. Totals are calculated automatically once the edit has been terminated. The user is then prompted to confirm that the data is conrrect and should be used to update the existing data files. If the file is to be deleted, the contents of the record are displayed and the user is prompted to confirm that the file should be deleted. Once a record has been deleted, it cannot be recovered; the data must be added back into the file by creating a new record.

Other Utilties. The data entry module also includes two other utilities. Indices can sometimes be corrupted by disk errors or other problems such as loss of power while the model is in use. If errors are encountered which relate to faulty indices, the indices can be rebuilt from the data entry menu.

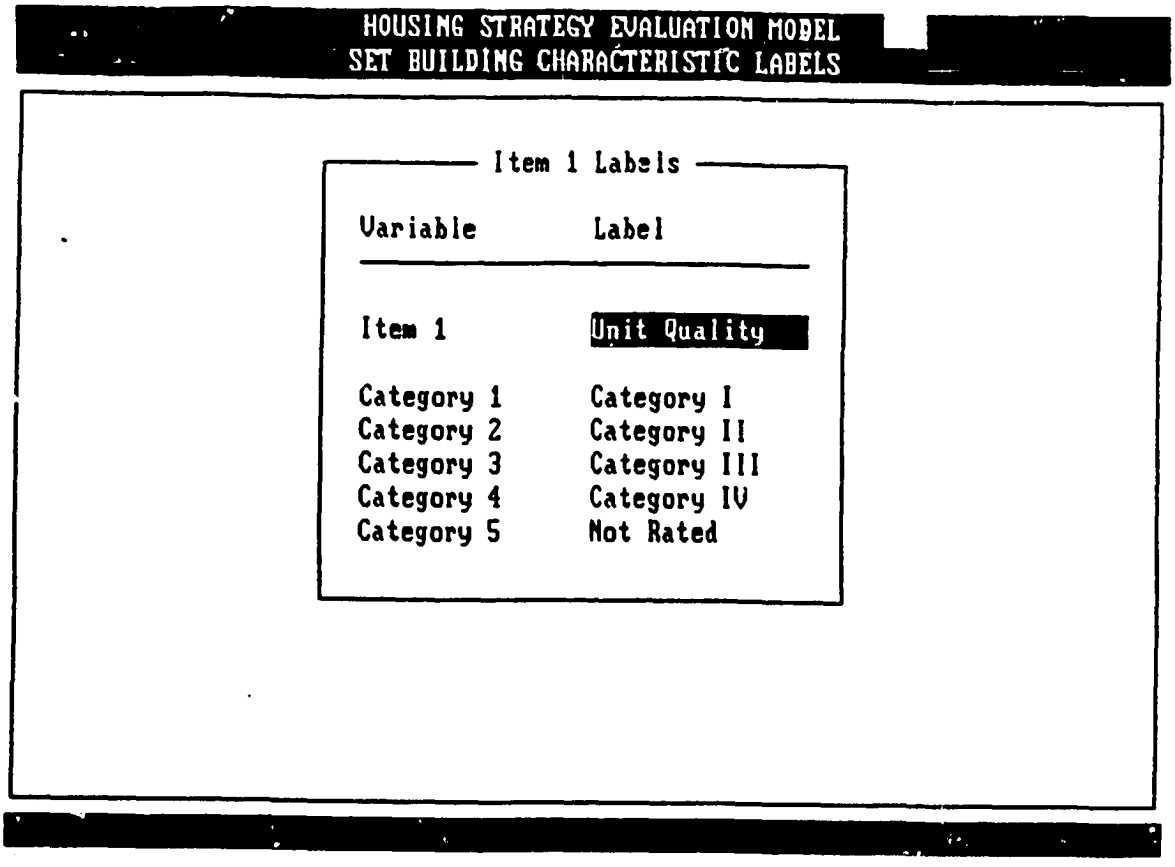

Figure 1.2
Data Element Label Input Screen

The second utility allows labels to be specified for the following sets of characteristics (Figure 1.2 shows an example):

- Housing quality (up to 5 categories);
- Residential and commercial location (up to 5 categories);
- Building/construction type (up to 8 categories);
- Capital investment items (up to 8 categories).

These labels are important for two reasons. First, they are used in the model's interface and report formats, to show which each of the categories represent. Second, they affect the fashion in which the model is evaluated. Through out the model, a category is only used in the calculation process if the category is marked with a label. Thus, if the fifth housing quality category is not labeled, rents and sales prices pertaining to that category will not be used and a value of zero is assigned to revenues in the forecast record where the housing quality characteristic equals "5".

10

Thus, users must ensure that labels are specified for all values in the data files. (The sole exception to this rule would be for capital investment items, where certain items can be dropped from consideration simply by deleting its label rather than modifying the data file.)

HSE Model Assumptions

The HSE Model is structured to provide the greatest flexibility for the user in specifying the path of revenues and costs through the forecasting period. The first sub-menu allows the user to specify forecast assumptions for each of the following categories that affect the future cashflow to local government from the social housing stock.

Annual Rents (Figure 1.3). The model requires estimates of current annual rents for both residential and commercial properties. The rents may be specified

HOUSING STRATEGY EVALUATION MODEL
CURRENT REVENUE ASSUMPTIONS

	Base Year		Inflator for Year:				
ANNUAL RENTS	Per m2	Per Unit	1	2	3	4	5
Residential - Unit Quality							
Category I	100	0	0	50	50	20	10
Category II	80	0	0	50	50	20	10
Category III	60	0	50	50	50	20	10
Category IV	70	0	50	50	50	20	10
Not Rated	60	0	50	50	50	20	10
Commercial - Location (Com)							
Location C1	200	0	0	20	20	10	5
Location C2	160	0	0	20	20	10	5
Location C3	120	0	20	20	20	10	5
Location C4	100	0	20	20	20	10	5
Location C5	80	0	20	20	20	10	5

Figure 1.3
Annual Rents Input Screen

HOUSING STRATEGY EVALUATION MODEL
RESIDENTIAL OPERATING EXPENSE ASSUMPTIONS

ANNUAL O&M COSTS	Base Year Per m2	Base Year Per Unit	Inflator for Year: 1	2	3	4	5
Residential - Construction							
Wood	60	0	0	10	10	5	5
Masonry	80	0	0	10	10	5	5
Concrete	120	0	10	10	5	5	5
Panel	140	0	10	10	5	5	5
Other	140	0	10	10	5	5	5
Commercial - Construction							
Wood	40	0	0	10	5	5	5
Masonry	40	0	0	10	5	5	5
Concrete	60	0	10	10	5	5	5
Panel	60	0	10	10	5	5	5
Other	80	0	10	10	5	5	5

Figure 1.4
Annual Operating and Maintenance Costs Input Screen

using both per square metre and per unit components. The rents are differentiated according to quality category for residential units and location for commercial units.[2] For example, the estimate for rents of a Category I flat in Czechoslovakia may be Kcs26 per square metre plus Kcs500 per unit (representing an estimate of other fees paid by the tenants for such services as janitors, trash removal, elevator services, and so on). Once the rent formula is specified for the base year, an inflator must be added for each of the forecast years. These inflators represent the users estimates

[2] Obviously, in a competitive real estate market, rents are determined by factors in addition to these. However, for simplicity of use and ease of understanding, this version of the HSE Model uses only the most basic characteristics to differentiate costs and revenues. It should be remembered that the model is not intended to be a fully accurate representation of reality, but is merely a tool to assess the relative merits of alternative strategies under similar conditions. Future versions of the model will attempt to employ increased flexibility in differentiating the revenues and costs estimated in the model's forecasts.

12

of the path of nominal rents in the future and should include both adjustments for inflation as well as real changes in rent levels. Thus, if the annual rent is Kcs 100 per square metre in the base year, an inflator of 50 percent in each of Years 1, 2, and 3 will generate nominal rent levels of Kcs 150, Kcs 225, and Kcs 338 per square metre, respectively.

Operating and Maintenance Costs (Figure 1.4). The current cost side of the model is represented by a schedule of operating and maintenance costs which are linked to the building/construction type characteristic. Separate schedules exist for both residential and commercial spaces. As with rents, the cost fuction for operations and maintenance can be expressed as a combination per square metre and per unit costs. Inflators can be added for each of the out years, representing the nominal change in operating and maintenance costs through the forecast period.

Capital Investment Items (Figure 1.5). For each of the capital repair and

HOUSING STRATEGY EVALUATION MODEL
CAPITAL INVESTMENT ASSUMPTIONS

	Base Year		Inflator for Year:				
CAPITAL REPAIR COSTS	Per m2	Per Unit	1	2	3	4	5
Roof							
Base: Per Floor m2							
Condition: 4 to 5	15	0	15	15	10	5	5
3 to 3	5	0	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Windows/Doors							
Base: Total m2							
Condition: 4 to 5	100	0	15	15	10	5	5
3 to 3	50	0	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Plumbing							
Base: Total m2							
Condition: 4 to 5	40	0	15	15	10	5	5
3 to 3	20	0	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0

Press F2 for a menu of base area (m2) choices

Figure 1.5
Capital Investment Cost Input Screen

13

HOUSING STRATEGY EVALUATION MODEL
RESIDENTIAL PRIVATIZATION SALES PRICE ASSUMPTIONS

SALES PRICES - RESIDENTIAL	Base Year Per m2	Inflator for Year: 1	2	3	4	5
Unit Quality / Location (Res)						
Category I/Location R1	200	30	30	20	20	10
Location R2	180	30	30	20	20	10
Location R3	160	30	30	20	20	10
Location R4	140	30	30	20	20	10
Location R5	120	30	30	20	20	10
Category II/Location R1	180	30	30	20	20	10
Location R2	160	30	30	20	20	10
Location R3	140	30	30	20	20	10
Location R4	120	30	30	20	20	10
Location R5	100	30	30	20	20	10

Figure 1.6
Privatization Sales Prices Input Screen

investment items which are specified in the model base data file, up to three different cost functions can be described, each relating to a particular set of conditions. These cost functions, like those for rents and operating costs, can be specified through a combination of per square metre and per unit costs, with the costs in the base year increased by a nominal inflator for each of the forecast years. For example, Figure X.X shows that if the condition of the structure is rated as '4' or '5' (which might correspond to 'requiring major repair' or 'requiring replacement', then the model would calculate an investment requirement of Kcs 100 per square metre. However, if the condition were '3', corresponding to 'some repair required', only Kcs 50 per square metre of investment would be required.

Privatization Sales Prices (Figure 1.6). For residential properties, sales prices are set according to housing quality and residential location. Thus, in a database with the maximum 5 categories each for quality and location, up to 25 different unit sales prices could be specified. For commercial properties, the sales price varies only

HOUSING STRATEGY EVALUATION MODEL
PRIVATIZATION FINANCING ASSUMPTIONS

FINANCING TERMS AND SALES	Terms for Year: 1	2	3	4	5
Residential					
Proportion of units sold for cash (%)	50	50	40	30	20
Discount for cash sale (% of sale price)	70	70	60	50	40
Interest rate on installment loan (%)	3	3	6	9	12
Installment loan term (years)	30	30	30	30	30
Downpayment required (% of sale price)	10	10	10	10	10
Commercial					
Proportion of units sold for cash (%)	100	100	100	100	100
Discount for cash sale (% of sale price)	0	0	0	0	0
Interest rate on installment loan (%)	0	0	0	0	0
Installment loan term (years)	0	0	0	0	0
Downpayment required (% of sale price)	0	0	0	0	0

Figure 1.7
Financing and Sales Input Screen

by the commercial location of the property. Thus, up to 5 different unit sales prices can be specified. The sales prices entered in this section should be the price to be charged for persons buying the unit on an installment basis from the local government. For cash sales, a discount from this price (if desired) can be added in the section on model assumptions dealing with financing. The prices per square metre specified are for the base year, with prices adjusted in nominal terms for each of the forecast years.

Financing Terms (Figure 1.7). The model allows the user to specify what share of all sales are to be cash sales (i.e., where the purchaser has his own source of financing and can pay the entire pruchase price to the local government) and what the loan terms are to be for those units which are sold on an installment basis by the local government. For cash sales, the user can also specify how much of a discount (if any) is granted to such purchasers over the base sales price set in the prevous section. Thus, if a unit is to be sold at a price of Kcs 1,000 per square metre, a

discount of 70 percent would imply a adjusted sales price of Kcs 300 per square meter. For the units which are not sold for cash, the model assumes that they are financed through an installment loan repaid to the local government. The loans in the model are assumed to conventional fixed-rate, fixed term loans. The user specifies the interest rate and the amount of the downpayment (as a percentage of the sales price); the model calculates the payments due. Financing and sales assumptions can be specified for both residential and commercial properties.

Real/Present Value Assumptions (Figure 1.8). Finally, the model requires that the user provide estimates of price inflation and the local government's internal discount rate. The inflation estimates are used to produce tables of results that are displayed in real terms (constant value in terms of base year currency units). This allows the user to see how the real capital investment deficit chnages over time and how the other various income flows change in real terms. The internal discount rate is used to convert the various cash flows (rents, operating costs, and privatization

HOUSING STRATEGY EVALUATION MODEL
REAL/PRESENT VALUE ASSUMPTIONS

	Terms for Year:				
INFLATION & DISCOUNT RATE	1	2	3	4	5
Inflation					
Annual price index increase (%)	20	15	10	5	5
Present value calculation					
Annual internal discount rate (%)	25	20	15	10	10

Figure 1.8
Unemployment and Unemployment Insurance Program Input Screen

receipts) into net present value totals. Thus, the user can compare whether higher cash flows in later years have as much value to the user as smaller but more immediate receipts.[3]

Privatization Criteria

Once the assumptions of the model have been established, the user can then instruct the model on how privatization decisions can be carried out. As noted above, the decision can be structured either by setting out categorical criteria for residential and/or commercial properties or by marking specific properties from a list of all properties, indicating that a certain property is or is not to be privatized in a given year. The categorical criteria are specified by building a logical statement for each forecast year that must be satisfied in order for the building to be privatized. For example, in Year 2, the statement might be:

Location < 3 AND Housing Quality < 4

In this case, model would privatize all remaining buildings in the social stock that were in residential locations coded '0', '1', or '2' and which were also of a quality code '3' or lower. The statement could also be more complex. For example, the privatization decision might be structured as:

Housing Quality < 4 AND (Roof > 4 OR Structure > 4)

This statement instructs the model to privatize all buildings that have a housing quality code of '3' or lower and which also have a capital investment code of '5' or higher for either the roof or the building structure. (These might be buildings which require either a new roof or major repair to the structure.)

The categorical statements allow the user to construct privatization strategies that sell certain classes of buildings first while retaining others. One strategy might be to sell first those buildings which have the highest operating costs in order to reduce the local government's operating deficit. Alternatively, those buildings with the largest capital deficits could be sold first, in order to make their new owners responsible for their rehabilitation. The number of such potential strategies is very large.

These logical statements are built through an interface that allows the user to pick various elements—brackets, variable names, relational operators, and logical operators—from a pop-up menu which appears when the F2 function key is pressed

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3 The internal discount rate can be thought of as the local government's rate of time preference. If the rate is 10 percent, it implies that the local government is indifferent between receiving Kcs 100 now or Kcs 110 one year from now—the lack of use of the money now is just compensated by the larger amount available in the future.

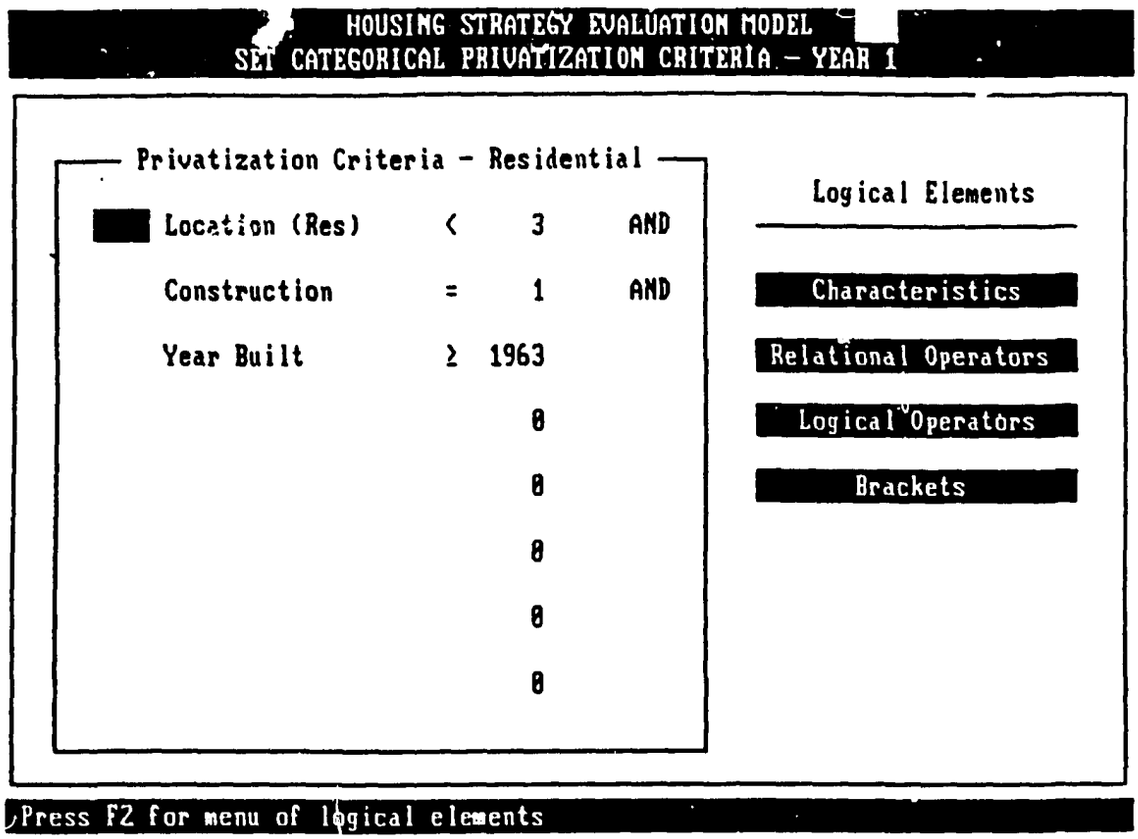

Figure 1.9
Input Screen for Building Logical Statement to Describe Categorical Privatization Criteria

(see Figure 1.9). The menu light bar is positioned using the cursor keys and slected by pressing ENTER. The choice is then inserted into the logical statement structure. (Pressing ESC while in the pop-up menu allows the menu to be closed without a choice being made.) Once user completes building the logical statement, the model checks for errors in the construction of the statement—unbalanced brackets, missing variables, or missing operators. The input screen cannot be closed until a valid statement has been entered.

The second method for selecting buildings for privatization is to specifically ear-mark individual buildings: either to be privatized at a specific time or to be protected from privatization during a certain period. The model allows the user to search for a particular property either by its reference number or address. Once the property is located, a listing of properties is displayed (Figure 1.10). Using the cursor keys, the user can position the cursor under the desired year (for either residential

18

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HOUSING STRATEGY EVALUATION MODEL
SELECT BUILDING FOR PRIVATIZATION

                    Select Building for Privatization
                                          Residential      Commerical
ID No.    Address                  Year:  1  2  3  4  5   1  2  3  4  5

S00001    NAGYBANJAI UT 251                ■              ■
S00002    NAGYBANJAI UT 28                    ■           ■
S00003    NAGYBANJAI UT 268                   ■           ■
S00004    NAGYBANJAI UT 148                o  o  o  o  o  ■
S00005    NAGYBANJAI UT 276
S00006    NAGYBANJAI UT 234                o  o  o        o  o  o
S00007    NAGYBANJAI UT 573                               ■              ■
S00008    NAGYBANJAI UT 365
S00009    NAGYBANJAI UT 883
S00010    NAGYBANJAI UT 690

          ■ - To be privatized    o - Not to be privatized

Press RETURN to mark/unmark ■; CTRL-RETURN to mark/unmark o; ESC to quit
```

Figure 1.10
Selected Buildings for Privatization Listing and Input Screen

or commercial properties) and then mark the building as either to be privatized (by pressing ENTER) or not to be privatized (by pressing CTRL-ENTER). A property can only be marked for privatization once in the forecast period; the marking sysbol is placed at the cursor position and all other marks are erased. Buildings to be marked as protected from privatization can be marked in more than one year. In both cases, the keys pressed act as toggles—if a mark is presently in place, an additional press of the key removes the mark.

HSE Model Evaluation

19

SAMPLE HSE MODEL OUTPUTS

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

CATEGORICAL PRIVATIZATION CRITERIA

	Residential Buildings					Commercial Buildings		
Year 1	(Quality Category	<	4)	AND		Year Built	>	0
	(Year Built	≥	1970)					
Year 2	Year Built	>	1950					
Year 3	Year Built	>	1920					
Year 4	Year Built	>	1910					
Year 5	Year Built	>	0					

2

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

PRIVATIZATION LISTING - SELECTED BUILDINGS (X - To be privatized; O - Protected from privatization)
Page 1

Building ID No.	Building Address	Residential Buildings					Commercial Buildings				
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 1	Year 2	Year 3	Year 4	Year 5
0100036	Nad Kajetánkou 8	O	O	O							
0100018	Pod Drinopolem 5	X									
0100019	Pod Drinopolem 7		X								

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION PARAMETERS

	Base Year		Inflator for Year:				
	Per m2	Per Unit	1	2	3	4	5
ANNUAL RENTS							
RESIDENTIAL - QUALITY CATEGORY							
Category I	35	0	50	50	50	20	10
Category II	20	0	50	50	50	20	10
Category III	18	0	50	50	50	20	10
Category IV	16	0	50	50	50	20	10
COMMERCIAL - LOCATION CATEGORY							
Praha 6	4,000	0	20	20	20	10	5
ANNUAL O&M COSTS							
RESIDENTIAL - CONSTRUCTION TYPE							
Kammena	60	0	15	15	10	5	5
Smisena	80	0	15	15	10	5	5
Drevena	120	0	10	10	5	5	5
Panelova	140	0	10	10	5	5	5
Skeletova	140	0	10	10	5	5	5
Zdena	120	0	10	10	5	5	5
COMMERCIAL - CONSTRUCTION TYPE							
Kammena	40	0	10	10	5	5	5
Smisena	40	0	10	10	5	5	5
Drevena	60	0	10	10	5	5	5
Panelova	60	0	10	10	5	5	5
Skeletova	80	0	10	10	5	5	5
Zdena	80	0	10	10	5	5	5

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION PARAMETERS

	Base Year		Inflator for Year:				
	Per m2	Per Unit	1	2	3	4	5
CAPITAL REPAIR COSTS							
Pozemek							
Condition: 4 to 5	0	2,800	15	15	10	5	5
3 to 3	0	1,400	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Exterier domu							
Condition: 4 to 5	0	8,500	15	15	10	5	5
3 to 3	0	4,000	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Strecha							
Condition: 4 5	0	3,000	15	15	10	5	5
3 to 3	0	1,500	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Kotelny							
Condition: 4 5	0	2,000	15	15	10	5	5
3 to 3	0	1,000	15	15	10	5	5
0 to 0	0	0	0	0	0	0	0
Elektricka							
Condition: 4 5	0	400	0	0	0	0	0
3 to 3	0	200	0	0	0	0	0
0 to 0	0	0	0	0	0	0	0
Vytahy							
Condition: 4 5	0	100	0	0	0	0	0
3 to 3	0	50	0	0	0	0	0
0 to 0	0	0	0	0	0	0	0
Popis budovy							
Condition: 4 5	0	3,500	0	0	0	0	0
3 to 3	0	1,700	0	0	0	0	0
0 to 0	0	0	0	0	0	0	0
Byt							
Condition: 4 5	0	0	0	0	0	0	0
3 to 3	0	0	0	0	0	0	0
0 to 0	0	0	0	0	0	0	0

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL

DATE: 04/22/92
SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

TIME: 14:31:10

SIMULATION PARAMETERS

	Base Year	Inflator for Year:				
	Per m2	1	2	3	4	5
SALES PRICES - RESIDENTIAL QUALITY/LOCATION						
Category I/Praha 6	2,000	30	30	20	10	10
Category II/Praha 6	1,600	30	30	20	10	10
Category III/Praha 6	1,200	30	30	20	10	10
Category IV/Praha 6	1,000	30	30	20	10	10
SALES PRICES - COMMERCIAL LOCATION						
Praha 6	5,000	20	20	10	10	5

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION PARAMETERS

	Base Year	Inflator for Year: 1	2	3	4	5
FINANCING TERMS AND SALES						
Residential						
Proportion of units sold for cash (%)		50	50	40	30	20
Discount for cash sale (% of sale price)		70	70	60	50	40
Interest rate on installment loan (%)		3	3	6	9	12
Installment loan term (years)		30	30	30	30	30
Downpayment required (% of sale price)		20	10	10	10	10
Commercial						
Proportion of units sold for cash (%)		100	100	100	100	100
Discount for cash sale (% of sale price)		0	0	0	0	0
Interest rate on installment loan (%)		0	0	0	0	0
Installment loan term (years)		0	0	0	0	0
Downpayment required (% of sale price)		0	0	0	0	0
INFLATION & DISCOUNT RATE						
Inflation						
Annual price index increase (%)		10	10	10	8	6
Present value calculation						
Annual internal discount rate (%)		26	26	26	24	22

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION RESULTS - NOMINAL/DISCOUNTED PRESENT VALUES

Kcs Thousands

	Discounted Present Value	Year 1	Year 2	Year 3	Year 4	Year 5
RESIDENTIAL BUILDINGS PRIVATIZED						
Number of Buildings	239	11	129	89	3	7
Number of Units	2,896	360	1,353	1,055	55	73
Total Area (m2)	162,201	19,094	74,650	61,571	3,055	3,831
Privatization Receipts						
Cash Payments	43,878	6,249	34,031	32,313	1,636	2,028
Down Payments	15,610	2,083	11,344	12,117	763	1,352
Loan Payments	25,566	1,063	6,850	15,653	16,396	18,075
Total	85,055	9,395	52,225	60,084	18,795	21,454
Outstanding Capital Investment						
Pozemek	415	261	111	208	86	0
Exterier domu	582	0	85	919	128	51
Strecha	500	14	321	487	92	19
Kotelny	169	9	56	227	32	0
Elektricka	27	0	12	39	0	0
Vytahy	1	0	0	2	0	0
Popis budovy	74	0	10	105	36	0
Byt	0	0	0	0	0	0
Total Investment Required	1,767	284	594	1,987	373	71
RESIDENTIAL BUILDINGS RETAINED						
Number of Buildings	N/A	232	103	14	11	4
Number of Units	N/A	2,564	1,211	156	101	28
Total Area (m2)	N/A	145,018	70,368	8,797	5,742	1,911
Total Rents	6,988	5,324	3,378	690	580	170
Total Operating Costs	21,530	18,654	9,632	935	472	0
Net Operating Balance	-14,541	-13,330	-6,253	-246	109	170
Outstanding Capital Investment						
Pozemek	N/A	325	263	81	0	0
Exterier domu	N/A	934	989	169	49	0
Strecha	N/A	747	538	105	18	0
Kotelny	N/A	252	234	31	0	0
Elektricka	N/A	51	30	0	0	0
Vytahy	N/A	2	2	0	0	0
Popis budovy	N/A	151	141	36	0	0
Byt	N/A	0	0	0	0	0
Total Investment Required	N/A	2,461	2,206	421	67	0

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION RESULTS - CONSTANT VALUES (BASE YEAR)

Kcs Thousands

	Total (Constant Value)	Year 1	Year 2	Year 3	Year 4	Year 5
RESIDENTIAL BUILDINGS PRIVATIZED						
Number of Buildings	239	11	129	89	3	7
Number of Units	2,896	360	1,353	1,055	55	73
Total Area (m2)	162,201	19,094	74,650	61,571	3,055	3,831
Privatization Receipts						
Cash Payments	60,552	5,681	28,125	24,277	1,138	1,331
Down Payments	21,791	1,894	9,375	9,104	531	887
Loan Payments	41,656	966	5,661	11,761	11,406	11,862
Total	123,999	8,541	43,161	45,142	13,075	14,080
Outstanding Capital Investment						
Pozemek	545	237	92	156	60	0
Exterier domu	884	0	70	691	89	34
Strecha	720	13	266	366	64	13
Kotelny	247	8	46	171	22	0
Elektricka	39	0	10	29	0	0
Vytahy	1	0	0	1	0	0
Popis budovy	112	0	8	79	25	0
Byt	0	0	0	0	0	0
Total Investment Required	2,548	258	491	1,493	260	46
RESIDENTIAL BUILDINGS RETAINED						
Number of Buildings	N/A	232	103	14	11	4
Number of Units	N/A	2,564	1,211	156	101	28
Total Area (m2)	N/A	145,018	70,368	8,797	5,742	1,911
Total Rents	8,666	4,840	2,792	518	404	112
Total Operating Costs	25,949	16,958	7,960	703	328	0
Net Operating Balance	-17,284	-12,118	-5,168	-185	76	112
Outstanding Capital Investment						
Pozemek	N/A	296	217	61	0	0
Exterier domu	N/A	849	818	127	34	0
Strecha	N/A	679	444	79	13	0
Kotelny	N/A	229	193	23	0	0
Elektricka	N/A	46	32	0	0	0
Vytahy	N/A	2	1	0	0	0
Popis budovy	N/A	138	117	27	0	0
Byt	N/A	0	0	0	0	0
Total Investment Required	N/A	2,238	1,823	316	47	0

82

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION RESULTS - NOMINAL/DISCOUNTED PRESENT VALUE

Kcs Thousands

	Discounted Present Value	Year 1	Year 2	Year 3	Year 4	Year 5
COMMERCIAL BUILDINGS PRIVATIZED						
Number of Buildings	80	80	0	0	0	0
Number of Units	228	228	0	0	0	0
Total Area (m2)	6,902	6,902	0	0	0	0
Privatization Receipts						
Cash Payments	32,868	41,413	0	0	0	0
Down Payments	0	0	0	0	0	0
Loan Payments	0	0	0	0	0	0
Total	32,868	41,413	0	0	0	0
Outstanding Capital Investment						
Pozemek	15	19	0	0	0	0
Exterier domu	47	60	0	0	0	0
Strecha	47	59	0	0	0	0
Kotelny	26	32	0	0	0	0
Elektricka	2	2	0	0	0	0
Vytahy	0	0	0	0	0	0
Popis budovy	7	9	0	0	0	0
Byt	0	0	0	0	0	0
Total Investment Required	143	181	0	0	0	0
COMMERCIAL BUILDINGS RETAINED						
Number of Buildings	N/A	1	1	1	1	1
Number of Units	N/A	3	3	3	3	3
Total Area (m2)	N/A	254	254	254	254	254
Total Rents	0	0	0	0	0	0
Total Operating Costs	0	0	0	0	0	0
Net Operating Balance	0	0	0	0	0	0
Outstanding Capital Investment						
Pozemek	N/A	0	0	0	0	0
Exterier domu	N/A	0	0	0	0	0
Strecha	N/A	0	0	0	0	0
Kotelny	N/A	0	0	0	0	0
Elektricka	N/A	0	0	0	0	0
Vytahy	N/A	0	0	0	0	0
Popis budovy	N/A	0	0	0	0	0
Byt	N/A	0	0	0	0	0
Total Investment Required	N/A	0	0	0	0	0

HOUSING STRATEGY EVALUATION MODEL - Version HE1.01
RUN: HSE99008 DATE: 04/22/92 TIME: 14:31:10
CATEGORICAL CRITERIA: RESIDENTIAL/COMMERCIAL SELECTED BUILDINGS: RESIDENTIAL/COMMERCIAL

SIMULATION RESULTS - CONSTANT VALUES (BASE YEAR)

Kcs Thousands

	Total (Constant Value)	Year 1	Year 2	Year 3	Year 4	Year 5
COMMERCIAL BUILDINGS PRIVATIZED						
Number of Buildings	80	80	0	0	0	0
Number of Units	228	228	0	0	0	0
Total Area (m2)	6,902	6,902	0	0	0	0
Privatization Receipts						
Cash Payments	37,649	37,649	0	0	0	0
Down Payments	0	0	0	0	0	0
Loan Payments	0	0	0	0	0	0
Total	37,649	37,649	0	0	0	0
Outstanding Capital Investment						
Pozemek	18	18	0	0	0	0
Exterier domu	54	54	0	0	0	0
Strecha	53	53	0	0	0	0
Kotelny	29	29	0	0	0	0
Elektricka	2	2	0	0	0	0
Vytahy	0	0	0	0	0	0
Popis budovy	8	8	0	0	0	0
Byt	0	0	0	0	0	0
Total Investment Required	164	164	0	0	0	0
COMMERCIAL BUILDINGS RETAINED						
Number of Buildings	N/A	1	1	1	1	1
Number of Units	N/A	3	3	3	3	3
Total Area (m2)	N/A	254	254	254	254	254
Total Rents	0	0	0	0	0	0
Total Operating Costs	0	0	0	0	0	0
Net Operating Balance	0	0	0	0	0	0
Outstanding Capital Investment						
Pozemek	N/A	0	0	0	0	0
Exterier domu	N/A	0	0	0	0	0
Strecha	N/A	0	0	0	0	0
Kotelny	N/A	0	0	0	0	0
Elektricka	N/A	0	0	0	0	0
Vytahy	N/A	0	0	0	0	0
Popis budovy	N/A	0	0	0	0	0
Byt	N/A	0	0	0	0	0
Total Investment Required	N/A	0	0	0	0	0

POPIS PRVKU BUDOVY

JMENO BUDOVY
Building Name

CISLO BUDOVY
Sub District

ADRESA BUDOVY + JMENO KATASTR. UZEMI
Address

DATUM: Den: Mesic: Rok:
Date

PROVEDLIA:
Name of surveyor

KONSTRUKCE
Type of Contruction

KAMENNA
Stone/Rock

ZDENA

SMISENA
Mixed

DREVENA

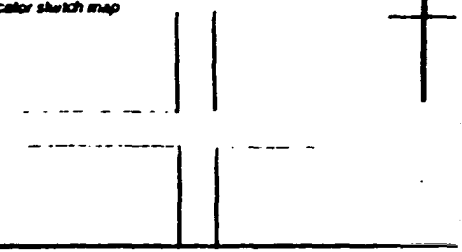
PANELOVA
Panel

SKELETOVA
Skeleton

Zakrouzkujte danou konstrukci

Pocet podlazi:
No. of stories

ZAKRESLETE UMISTENI POZEMKU A ZAPISTE JMENA ULIC
Locator sketch map



ZAKRESLETE PLAN POZEMKU, UMISTETE BUDOVU A HRANICE POZEMKU

ZAKRESLETE PUDORYS S ROZMERY
Footprint of the Building

UDAJE O BUDOVE

POSTAVENA V ROCE (SKUTECNOST, ODHAD) _____

_____

POCET BYTU _____ POCET PRAZDNYCH BYTU _____
 # units in building *# vacant units*

POCET NEBYTOVYCH PROSTOR (NEBYTU) __
 # commercial spaces

POCET NEBYTOVYCH NAJEMNIKU __m2
Total commercial space

__

POCET PRAZDNYCH NEBYTU ___
 # commercial vacant spaces

UDAJE O POZEMKU

PLOCHA (m2)
Site Area

DELKA FRONTY POZEMKU ___
Length

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

POPIS PRVKU SUBOVY Adresa _____ Číslo popisné _____

Osoba provádějící tento popis _____ datum _____

POZEMEK (nezast. plocha)

SITE SURFACE (PONRCH POZEMKU) _____

Landscape	Zelen						m2		25		
Roads	Vozovky						m2		60		
Parking	Parkoviste						m2		60		
Pedestrian Paving	Obnůrků objektu (dlaždice/beton)										
Sidewalks	Chodníky podél k pozemku						m2		60		
Curbing	Obrůbky						m		10		
Dumpsters	Popelnice/kontejnery										
Dumpster Enclosures	Přístřešky na popelnice/kontejnery						m		10		
Dumpster Pads	Zpevněná plocha pro popelnice/kontejnery						m2		30		
Fencing A	Plot c. 1						m				
Fencing B	Plot c.2						m				
Site Improvement A	Zvláštní vybavení pozemku c. 1						ks				
Site Improvement B	Zvláštní vybavení pozemku c. 2						ks				
Site Improvement C	Zvláštní vybavení pozemku c. 3						ks				
SITE DISTRIBUTION	INTERIORSKE SITE - PRIPOJKY										
Heating Distribution	Teplovod						m		30		

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[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Water Distribution	Vodovod						m		50		
Hot Water	Teplá voda						m		40		
Gas Piping	Plynovod						m		60		
Sewer	Odpadní voda						m		60		
Drainage	Kanalizace pozemku								60		
Catch Basin	Uliční vpusť						ks		60		
Leach Field	Zu [illegible]						ks		40		
Street Lamps	Uliční osvětlení						ks		40		
Other	Ostatní (specifikujte)						ks				

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	POPIS BUDOVY - VNEJŠÍ PRVKY		CÍSLO DOMU								
BUILDING EXTERIOR	EXTERIÉR DOMU										
Foundation	Základy								99		
Exterior Walls	Vnější zdi								99		
Exterior Stairs	Venkovní schody						ks		50		
Exterior Doors	Venkovní dveře do společných částí						ks		30		
Canopy	Ochranná střecha						ks				
Living Unit Door	Venkovní dveře do bytové/obytné prostoru						ks				
Service Door	Venkovní servisní vchod						ks				
Sliding door	Venkovní posuvné skleněné dveře						ks		20		
Exterior Ceiling	Venkovní stropy						m2		25		
Soffit	Podhledy						m		25		
Window	Okna						ks		25		
Window Frame	Rámy oken						ks		25		
Window Glazing	Výplň oken						ks		20		
Window Storm	Okenice/žaluzie						ks		15		
Window Sills	Okenní parapety						ks		25		
Storm Doors	Ochranné dveře/vrata								15		
Balcony Railings	Zábradlí balkonu						ks		20		
Fire Escape	Nouzový východ						ks				
Lighting	Hromosvod/ostrovy na fasádě										

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Door Grille	Rohezha										
Door Grille Space	Rohezha s odpadním prostorem										
English Yard	Anglický dvorek										
Other	Ostatní (specifikujte)						ks				
ROOF	STRECHA										
Roof Structure	Konstrukce krovu						m2		99		
Roof Covering	Krytina krovu/střechy						m2		20		
Flashing	Plechování						m2		20		
Roof Drainage	Odvodnění ploché střechy										
Chimney	Komíny						ks				
Skylight	Poklopy/střešní okna						ks		25		
	Střešnímu výstupu						ks		99		
Parapet	Atiky, obvodové střešní zídky						m2		99		
Telephone Poles	Telefonní stožáry/kabely										
Roof Vents	Odvětrání										
Roof Pitch	Střešní zakřivení						m		42		
Penthouse	Přístřešek										
Other	Ostatní (specifikujte)						ks				

	TECHNICKE VYBAVENI DOMU		**CELO DOMU**								
BOILER ROOM	**KOTELNY - ustredni, domovni, bytove vytapeni**										
Smoke Detector	Detektor požaru/kouře						ks		20		
Fuel Oil Storage	Uskladnení topných olejů						ks		20		
Fuel Transfer	Zařízení pro transport paliva						ks		20		
Heat Exchanger	Výměník tepla						ks		25		
Boiler	Kotle						ks				
Burner	Hořáky						ks		20		
Flue Exhaust	Odkouření						ks				
3 way valve controller	Trojcestný ventil a ovládač						ks		12		
Boiler piping	Potrubí v kotelně										
Pipe Insulation	Izolace potrubí v kotelně										
Heat Distribution	Rozvod tepla z topírny						ks				
Water Treatment	Odkalovač kotle						ks		25		
Feed Water	Napojecí voda						ks				
Hot Water	Domovní výroba teplé vody						ks		3		
Pumps	Domovní čerpadla na teplou vodu						ks		3		
Air Furnace	Domovní kotel ústředního vytápění						ks		25		
Zone Valve	Zařízení pro měření a regulaci						ks		20		
Heating Risers	Svislé a vodorovné rozvody tepla								30		
Central Air Conditioning	Centrální klimatizace						ks		15		

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[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Gas Meter	Přívod plynu/domovní plynomer								50		
Water Meter	Přívod teplé/studené vody, vodomer								50		
SERVICE EQUIPMENT	JINÁ TECHNICKÁ ZAŘÍZENÍ										
Fire Supplies	Domovní protipožární zařízení								[illegible]		
Sewer Ejector	Čerpadlo fekálního odpadu						ks		50		
Sump Pump	Kalová čerpadla						ks		20		
Sanitary Distribution	Fekální kanalizace								50		
Fire Extinguisher	Požární čerpadla						ks		30		
Fire Pump	Požární hadice										
	Hasicí přístroje										
Fire Hose	Venkovní vývod vody						ks		20		
Hose Bibs	Chapy										
Gutters	Svody chapu										
Downspout	Bleskovody										
Other	Ostatní (specifikujte)						ks				
ELECTRIC SYSTEMS	ELEKTRICKÁ INSTALACE V DOMĚ										
Building Wiring	Přípojka elektrického proudu								40		
	Přípojková skříň (vnejší/vnitřní - viz poznámky)						ks		40		
	Vnitřní rozvodná skříň						ks		40		
Emergency Lighting	Nouzové svetlo						ks		10		
Emergency Generator	Nouzový generator						ks		35		

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[redacted]		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
							STAV Condition	MĚRNÁ JEDNOTKA Measurement	STÁŘÍ	ŽIVOTNOST Useful Life	POZNÁMKY Comments	OBHAP NÁKLADU [illegible]
	Domovní klimatizace							ks		25		
Heating ventilation	Ventilace chodeb							ks		25		
Sanitary Ventilation Exh	Řídící centrum klimatizace							ks		99		
Fire Detector	Detektor požaru/kouře									20		
	Venkovní zásuvky							ks		20		
Communication	Zvonky							ks		20		
TV Antennae	Televizní antény							ks		20		
Other	Ostatní (specifikujte)							ks				
ELEVATOR	VÝTAHY											
Shafts	Šachty a vstupní dveře							ks		15		
Cabs	Kabiny							ks		15		
Controller/Dispatcher	Ovládací panel							ks		15		
Machine Room Equipme	Vybavení strojovny							ks		15		
Other	Ostatní (specifikujte)							ks				

[redacted]														
	POPIS BUDOVY - VNITŘNÍ PRVKY/SPOLEČNÉ PROSTORY						**ČÍSLO DOMU**							
BASEMENT	**SUTERÉN**													
Stairs	Schody							ks		50				
Interior Structure	Vnitřní konstrukce							ks		50				
Waterproofing	Izolace proti vlhkosti							m2		50				
Crawl Space	Sníženy suterén v panelové výstavbě							ks						
Crawl space vent	Ventilační otvory sníženého suterénu													
Rooms	Místnosti													
Laundries	Prádelny (počet: _____)							ks						
Ironing Rooms	Mandlovny (počet: _____)							ks						
Drying Rooms	Sušárny (počet: _____)							ks						
Storage	Sklepy nájemníků (počet místností: _____)													
Equipment Room	Sklepní kůje (počet: _____)							ks						
Heat Exchanger Room	Výměníková místnost							ks						
Other Room	Ostatní místnosti (počet: _____)							ks						
Other	Ostatní (specifikujte)							ks						
HALL/CORRIDOR	**HALY**													
Walls	Zdi							m2		50				
Baseboard	Lemovací podlahy													
Ceiling	Stropy							m2		50				
Floors	Podlahy							m2		35				

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Living Room	Vstupní dveře do bytu						ks		25		
Balcony Doors	Dveře ke společnému balkonu										
Fire Doors	Únikové dveře										
Other Doors	Ostatní dveře										
Shutters	Zavírací dveří						m		30		
Railings	Zábradlí						m		30		
Interior Lights	Vnitřní osvětlení								20		
Interior Heat	Místní vytápění/ventilátory						ks		25		
Interior Stairs	Vnitřní schody						ks		45		
Switch	Vypínače						ks				
Outlets	Zásuvky						ks				
Janitor Room	Úklidová komora										
Carriage Room	Kočárkárna										
Other	Ostatní (specifikujte)						ks				
Other	Ostatní (specifikujte)						ks				
STAIRWELL	SCHODIŠTĚ										
Walls	Zdi						m2		50		
Baseboard	Lemovací podlahy										
Ceiling	Stropy						m2		45		
Floors	Podlahy						ks		25		
Doors	Dveře						ks		30		

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Railings	Zabradlí						m		30		
Heating Risers	Nastěnné plochy/vetkamykové lavy/podlaha,gnice										
Local HVAC	Místní vytapení/ventilatory						ks		25		
Inside Lighting	Vnitřní osvětlení						ks				
Switches	Vypínače						ks				
Outlets	Zásuvky						ks				
Balcony	Balkony						ks				
Balcony Door	Balkonové dveře						ks				
Other	Ostatní (specifikujte)						ks				
Other	Ostatní (specifikujte)						ks				
LOBBY	VESTIBUL										
	Rohožka s odpadním prostorem										
Walls	Zdi						m2		50		
Baseboard	Lemovací podlahy										
Ceiling	Stropy						m2		45		
Floors	Podlahy						m2		25		
Mail Room	Prostorní schránky						Unit		20		
Local Interior Heat	Místní vytapení/ventilatory						ks		25		
Interior Stairs	Vnitřní schody						ks		50		
Interior Lights	Vnitřní osvětlení						ks				
Switches	Vypínače						ks				

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Outlets	Zasuwy												
Other	Ostatni (specifikuje)												

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COMMUNITY ROOM	SPOLECENSKA MISTNOST - KLUBOVNA		CIELO DOMU								
Walls	Zdi						m2		50		
Baseboard	Lemovani podlahy										
Ceiling	Stropy						m2		45		
Floors	Podlahy						m2		25		
Floor Covering	Kryti podlahy						ks		25		
Kitchen Cabinet	Kuchynsky koutinet						ks		20		
Kitchen Appliance	Kuchynske spotrebice						ks		20		
Interior Stairs	Vnitni schody						ks		50		
Interior Lights	Vnitni osvetleni						ks				
Switches	Vypinace						ks				
Outlets	Zasuvky						ks				
Local Interior Heating	Mistni vytapeni/ventilatory						ks		25		
Other	Ostatni (specifikujte)						ks				
Other	Ostatni (specifikujte)						ks				
LAUNDRY ROOM	SPOLECNE PROSTORY - PRADELNA(Y)										
Walls	Zdi						m2		50		
Baseboard	Lemovani podlahy										
Ceiling	Stropy						m2		45		
Floor	Podlahy						m2		25		
Floor Covering	Kryti podlahy						ks		25		

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Washing Tubs	Nerezové kade						ks		20		
Washing Machines	Pračky						ks		20		
Dryer	Sušice						ks		20		
[illegible] Machine	Mandl						ks		20		
Interior Stairs	Vnitřní schody						ks		50		
Interior Lights	Vnitřní osvětlení						ks				
Switches	Vypínače						ks				
Outlets	Zásuvky						ks				
Local Interior Heating	Místní vytápění/ventilátory						ks		25		
Other	Ostatní (specifikujte)						ks				
Other	Ostatní (specifikujte)						ks				
SERVICE ROOM	MISTNOST PRO OBSLUHU										
Walls	Zdi						m2		50		
Baseboard	Lemovení podlahy										
Ceiling	Stropy						m2		45		
Floors	Podlahy						m2		25		
Floor Covering	Krytí podlahy								25		
Room Equipment	Vybavení místnosti								15		
Interior Stair	Vnitřní schody						ks		50		
Interior Light	Vnitřní osvětlení						ks				
Switches	Vypínače						ks				

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[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Outlets	Zásuvky	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Local heater Heating	Místní vytápění/ventilátory	_____	_____	_____	_____	_____	ks	_____	25	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
OTHER BUILDING	JINÉ BUDOVY (SPECIFIKUJTE)	_____									
Garages	Garáže	_____									
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	
Other	Ostatní (specifikujte)	_____	_____	_____	_____	_____	ks	_____	_____	_____	

[illegible]												
	BYT stav:		CELO DOMU			Vetkost bytu (1+1, 2+1 atd.)						
HALL	HALA											
Living Unit Door	Vstupní dveře ze společné chodbychodby						ks		25			
Door Peep Hole	Dvéřní kukátko						ks		25			
Interior Door	Vnitřní dveře						ks		15			
Built in shelves	Vestavěné skříně/komory						ks		15			
Wall	Zdi						m2		50			
Ceiling	Stropy						m2		50			
Floors	Podlahy						m2		7			
Interior Stairs	Vnitřní schody						ks		50			
Ceiling Fixtures	Stropní svítidla						ks					
Switches	Vypínače						ks					
Outlets	Zásuvky						ks					
Other	Ostatní (specifikujte)						ks					
Other	Ostatní (specifikujte)						ks					
DINING ROOM	JÍDELNA											
Interior Door	Vnitřní dveře						ks		15			
Built in Shelves	Vestavěné skříně/komory						ks		15			
Walls	Zdi						m2					
Ceiling	Stropy						m2					
Floor	Podlahy		© CEM Associates, Inc.				m2		7			

Interior Stairs	Vnitřní schody						ks					
Ceiling Fixtures	Stropní svetla						ks					
Switches	Vypínace						ks					
Outlets	Zasuvky						ks					
Other	Ostatní (specifikujte)						ks					
Other	Ostatní (specifikujte)						ks					
KITCHEN	KUCHYNĚ											
Interior Door	Vstupní dveře ze společné halychodby						ks		25			
Walls	Zdi						m2		50			
Ceiling	Stropy						m2		50			
Floor	Podlahy						m2		7			
	Kuchynska linka						ks		10			
Counter	Pracovní plochaline						ks		10			
Stove	Sporak						ks		15			
Refrigerator	Ledrice						ks		10			
	Digestor						ks		15			
Ventilation	Ventilator						ks		25			
Dishwasher	Mycie nadobí						ks		10			
Ceiling Fixtures	Stropní svetla						ks					
Switches	Vypínace						ks					
Outlets	Zasuvky						ks					

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Other	Ostatní (specifikujte)						ks				
BATHROOM	KOUPELNA/WC										
Walls	Zdi						m2		50		
Ceiling	Stropy						m2		50		
Floors	Podlahy						m2		20		
Closet	Klozet								10		
	Klozet (ve zvláštní místnosti)								10		
Bath Tub	Vana/sprcha								10		
Wash Basin	Umyvadlo/umyvadlový stolek								10		
Toilet	Toaletní sluška								5		
Bath Accessories	Doplňky (zrcadlo atd.)										
Ventilation	Ventilator						ks		25		
Ceiling Fixture	Stropní zdroje						ks				
Switches	Vypínače						ks				
Outlets	Zásuvky						ks				
	Pračka						ks				
	Samostatný vodovodní ventil pro pračku						ks				
	Smesovací baterie						ks				
Other	Ostatní (specifikujte)						ks				
LIVING ROOM	OBYTNÉ MÍSTNOSTI										
Interior Door	Vnitřní dveře						ks		20		

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Built-In Shelves	Vestavěné skříňohomory						ks		15		
Walls	Zdi						m2		50		
Ceiling	Stropy						m2		50		
Floor	Podlahy						m2		7		
Ceiling Fixture	Stropní svetla						ks				
Switches	Vypínače						ks				
Outlets	Zásuvky						ks				
Other	Ostatní (specifikujte)						ks				
Other	Ostatní (specifikujte)						ks				
HEATING/AIR CONDITI	VYTÁPĚNÍ, ODVĚTRÁVÁNÍ A KLIMATIZACE BYTU										
	Otopné topení						m		15		
	Rozvody ústředního topení						m		15		
Central Radiator Heating	Radiátory ústředního topení						ks		50		
Air Conditioning	Klimatizace						ks		15		
	Kontrolní. puntíkové ohřívače vody						ks		10		
	Kotel otopného vytápení						ks		25		
Boiler/Electric Heater	Bojler						ks		25		
Other	Ostatní (specifikujte)						ks				
Other	Ostatní (specifikujte)						ks				
ELECTRIC APPLIC/AN	ELEKTRICKÁ INSTALACE V BYTĚ										
	Bezpečnostní signalizační systém		© GEM Associates, Inc. — cp. demo — Bobby — Date:				ks	Demo-10	20		

	Razvedny el. panelpojistkystatomer	____	____	____	____	____	ks	____	____	____		
	Razvod el. energie	____	____	____	____	____		____	____	____		
Smoke Detector	Detektor požaru/kouře	____	____	____	____	____	ks	____	____	____		
	Domácí telefon	____	____	____	____	____	ks	____	____	____		
Other	Ostatní (specifikujte)	____	____	____	____	____	ks	____	____	____		
	BUZNE	____										
Other	Ostatní (specifikujte)	____	____	____	____	____	ks	____	____	____		
Other	Ostatní (specifikujte)	____	____	____	____	____	ks	____	____	____		
Other	Ostatní (specifikujte)	____	____	____	____	____	ks	____	____	____		

CHAPTER 1.2

PRIVATIZATION: A GUIDE TO ASSET DISPOSITION

A. Introduction

Options for Disposing of Local Government Assets

This volume will explore the various for-sale or disposal options which the municipality has currently and the ones which might or should be made available in the future. It will also deal with practical implementation issues for each type of choice made.

The key question is- which assets are best maintained by the Government and which by others?

Municipal government (and for that matter, any governmental body) usually has a variety of assets which it manages. These may include revenue-consuming assets, revenue-neutral assets and revenue-producing assets. These assets can also be classified in other ways. Some assets are critical to the basic functioning of government, some are not. Some serve a variety of people while some serve a special group. Some could be produced and/or maintained by private interests without a diminution of their worth while others would not be produced or would decline if left to the private sector.

In the case of commercial and residential real estate, it has generally been the experience of most free market economy countries, that commercial real estate can be developed and maintained adequately by private interests with only a minor involvement of government. Typically, there may be a need to regulate commercial transactions rather than the actual development and management of real estate which houses such transactions. The one minor exception to this experience has been in neighborhoods which have a high concentration of poverty or of crime or of both. In these cases government has often had to provide "carrots and sticks" to ensure that (1) lenders make loans available for real estate developers to invest in these locations (2) the terms of the proposed investment are sufficiently attractive to compensate for the drawbacks of the neighborhood.

Should the municipality focus on affordability or on profit?

In the case of residential real estate, the issue is more complicated. Whereas there may be an inconvenience to people if little or no commercial business is located in their community, they may be able to travel to other locations to conduct their business. However, in the case of housing, if housing is not provided for all segments of the population or not provided in a wide variety of locations, then there can be significant hardships as a result. Thus,

if housing which is affordable is not produced or preserved for people, conditions of homelessness and overcrowded substandard living conditions will result. If housing which is affordable is not produced or preserved in locations which are critical to families' well-being such as near supportive services for elderly or within affordable commuting distance of employment, then we create a major imbalance in housing supply and demand. Many market economy countries see low vacancy rates in some communities while there are high vacancy rates in others. Generally, market rate countries have found that there is a greater need for government involvement in the housing sector than is the case in the commercial or industrial sectors.

Housing places more demands on government than other forms of real estate.

The scope of government involvement in the housing sector is heavily shaped by the way in which poverty is addressed. Normally, the housing development industry in a market economy considers that housing for the poorer segments of society, especially those subsisting on pensions and welfare payments, is not sufficiently rewarding compared with the risks. Asa result the industrytends to favor supplying housing to the fully employed, especially the middle and upper income groups. Consequently, governments have often had to intervene to assist the poor. In addition, housing developers, especially those which produce the largest volumes have avoided the development of housing for special needs groups such as the handicapped, because the additional costs, the design requirements, marketing and management needs and the limited market available make developmentsof this type un attractive as investments. Therefore, governments have often had to intervene to assist these special groups as well.

Special needs of families usually cost more and thus are less attrative to investors.

The governmental approach to these special housing needs has been either to subsidize the occupants or to subsidize the developer or buildings. In the latter case this subsidy has taken a variety of forms:

Subsidize people

or

Subsidize Buildings

- Insurance of lenders against the risk associated with families who are at risk financially;
- Subsidy of loans and even direct loans to developers of such housing;
- Subsidy of operating costs;

- Direct development of such housing from governmental appropriations in the budget.

As indicated under some development scenarios, government has relied on private industry to develop, finance and maintain the housing providing assistance to ensure an appropriate risk-reward ratio for lenders and developers. In other cases government has become the real estate developer and/or manager.

The other major approach is to provide financial support to the family. This also has taken a variety of forms:

- Subsidies restricted to specified housing and paid on behalf of the family to the private owner;
- Subsidies restricted to housing and paid by the family itself to owners of housing;
- Subsidies calculated for housing but not restricted to housing - in effect an income supplement.

Housing Allowances enable families to exercise choice in the market place.

Generally family housing allowances have been successful in addressing situations in which the key problem for the real estate industry has been its inability to develop and maintain housing for the poor and still make an adequate return on their investment. They have been less successful in dealing with special needs housing such as housing for the handicapped, mentally retarded, terminally ill and so forth.

The issue of housing allowances has a major impact on whether and how housing will be sold.

The key question therefore facing a Municipality which owns a substantial amount of commercial and residential real estate, and which has traditionally met the needs of the poor and other specialty groups through the government acting as developer and manager, is whether this system will continue. There are really two related but separable issues. Will the government continue to provide housing for all and if not will it provide for the poor and other special needs groups. Key to resolving this issue for municipalities is, will there be a housing allowance program?

If the answer is no, then the strategy for disposition will take a certain direction. If yes, another direction will be taken.

A housing allowance program will protect lower income families from losing their housing or losing their ability to have a home as housing is removed from the assets of the municipality.

Even if there is no housing allowance program in place, a municipality can structure the disposition of its assets in such a way that the poor and special needs groups can be protected. Whatever local government does about the poor, there is another issue of whether it should terminate and even recover the subsidies it has and does provide those who can afford to pay some or all of the costs of housing. There is quite likely to be a significant number of occupant families which can afford to pay for their home either as an owner or as a renter without any subsidies. In addition, if a housing allowance formula is used to calculate rent (i.e., a percentage of income to be spent on housing), or a sale to residents is structured with subsidies, many people will not need the subsidies they now receive.

B. Some Considerations in Deciding on a Sales Program

Ownership structures can accomplish different goals.

In deciding upon a sales program that is unique to the municipality, it is important to recognize that there are no inherently good or bad forms of ownership. Different ownership forms are used for different situations. Options should be chosen based on many issues including familiarity with type of ownership, financing possibilities, physical attributes of the building and concerns of the municipality. Types of ownership can also be structured to achieve municipal goals such as profit, capital investment in housing, or affordable housing and non-displacement of existing residents.

The Intrinsic Values of Homeownership

Ownership is a basic form of democracy. It empowers individuals and groups

A sales program should first and foremost consider that there is an intrinsic value of ownership that is hard to measure.

The self-interest of home-owners serves to develop an interest in community affairs.

For a current resident (potential owner) there is the issue of empowerment. Empowerment gives families greater control over their homes and neighborhoods and promotes economic self-sufficiency. It instills pride, self-worth and responsibility for one's surroundings. For example, if an area consists of many renters where its residents are interested in becoming home owners, an association could be formed whereby each individual person is not only responsible for their unit but also for a share of the common areas shared by the association. This could include the maintenance of playing fields, sidewalks, or community gardens.

This type of shared ownership also creates the feeling of community which discourages crime and vandalism. This is particularly effective in concentrated areas of residential living. When members of a community are living in one large building, there becomes a feeling of pride in the building that spills over to all residents and brings the community together. The relationship between the strength of the community and the level of crime in that community is quite strong. As the community organization gets stronger its tolerance for crime perpetrated by individuals outside of the community is reduced.

Ownership Benefits:

- **holds down costs**
- **builds equity**
- **secures tenure**

Their is also an economic benefit to the families who decide to become purchasers. While the purchases themselves can be structured so they are affordable to the residents, the potential economic benefits of an owner are far greater than for a renter. That family now has an asset that if maintained properly, can bring economic rewards. It can provide security of tenure preventing eviction or displacement. It can provide a growing equity or net asset which can be used for retirement, to borrow against in an emergency or for other purposes or can be left to one's heirs. This reward also ties back into the empowerment issue. Ownership brings with it a sense of responsibility which encourages the family to strive for self-sufficiency. This is in the municipality's best interest also as self-sufficient owners are contributing tax payers and likely to be responsible citizens.

Private investment brings capital into the community or keeps it there.

The Values of Private Investment

In any economy, there is also great value in private investment. In a transitional market economy, entrepreneurial

56

investors whether they be residents purchasing their units or others making real estate investments, are contributing capital resources to the transition by purchasing the assets. Investors provide needed housing for the housing market, since not all assets need be owned by the municipality. With private capital investment, there is an external motivation to maintain and improve the asset in order to secure a steady and consistent stream of income as well as to assure future profit. This investment activity's side benefit of its self-interest in securing a minimum level of maintenance will also assure that decent, safe, and sanitary housing units will be continued. A final benefit of such private ownership, is that investors typically are not owner occupants and thus they utilize their capital and ownership efforts in maintenance in securing and keeping renters. Thus they provide a rental resource for those who choose not to own, without any continuing government involvement in housing ownership.

Private investment relieves the local government from securing capital for housing by raising taxes.

Thus investors can provide needed capital to the municipality which it can use to invest in other public activities, including affordable housing, infrastructure improvements and the provision of social services to residents of the city. As State or Federal government assigns responsibility to local governments and asks them to not only own but also maintain such housing and even to provide any necessary subsidies, the proceeds of sales, the removal of asset responsibility and the reduction in subsidy requirements, all by-products of the disposition process, the private market can help take some of the financial and administrative burden off the municipality.

When government is forced to cutback on subsidies, there is a greater need to require families who do not need subsidies to pay their own way.

Investors can also infuse capital into the economy. Often investors do not personally oversee their investments but leave them in the hands of professional organizations. Such organizations can provide immediate employment and potential opportunities for start-up businesses where individuals can use their newly acquired skills.

The Marketability Question

In choosing a sales program another important consideration is the marketability of the type of ownership(s) selected. Purchasers often feel more comfortable or are more familiar with certain types of ownership models and thus will be more inclined to purchase under those pro-

Some forms of ownership have an image which needs to be changed before they are promoted for use.

grams. Ownership structures can be modified to achieve goals and still retain the comfort factor with the purchasers.

For example, in some Eastern European countries cooperatives are often associated with the old centrally planned economies and often perceived to be large, beaurocratic, anti-democratic organizations. Yet in other countries, cooperatives can be highly efficient and democratic and provide economic services to its members.

Another example is investor owned housing in the United States which is often associated with housing which is run at such a profit that the interests of the tenants are secondary even to the point where they are deprived of safe and sanitary living conditions. Yet there investor owned housing is quite often superior in quality, in services and in value for the money than almost any publicly owned housing.

Condominiums have also been seen as instruments whereby people with lower incomes are displaced or unable to participate because of lenders' favoring people with higher incomes and more assets. Yet there are many examples of condominiums being developed for low income families and lenders making loans to people with few assets and low earning power.

Afforability for residents

or

Recovery of investments?

Affordability Issues

As noted in the introduction, the municipality has to decide whether it is more interested in terminating all subsidies and/or recovering past investments in the housing, or whether it needs to provide and/or preserve affordability.

Initial Affordability

Many residents will not immediately have the financial resources to purchase a unit at its appraised fair market value. However, when the municipality determines that the sale of this unit or building to its residents is appropriate, a deferral of initial capital requirements may be in order. This deferral of capital may come in many different forms. It could be a one-time subsidy provided by the

58

government to allow the family to purchase at a price below fair market value which makes the home affordable. Or it could be a lease/ purchase option where a family pays through installments until it has sufficient capital to afford a down payment. Or perhaps it comes through a structured below-market interest rate loan that allows the family to afford its monthly mortgage payments. This deferral is based on the need of the residents and the commitment of the municipality to dispose of the building to its residents irrespective of their ability to pay the cost of ownership.

Continuing Affordability

Structuring affordability in the beginning has to be tempered with continuing affordability

In addition to the capital required up front to purchase a home, there is operating and replacement capital needed to operate and maintain a building to provide its residents with decent, safe and sanitary housing. In other words, there is the issue of initial affordability and there is the issue of continuing affordability. Often times a resident may meet the financial requirements for equity and for the monthly mortgage payments, with or without assistance but will have few or limited resources for handling increased monthly operating costs (such as utilities, maintenance, insurance etc.,) or for paying for an unexpected replacement of major items (such as a new water heater, a broken water main, etc.,). While it is critical that each family understand the responsibilities related to ownership, it should also be a responsibility of the municipality to ensure the feasibility of the sale by examining both initial and continuing affordability. It should determine that the family has the financial resources to maintain the building over the long term or that there is a program set up to cover those expenses the family cannot be expected to meet. In the United States there has been a large emphasis on addressing the financial capacity of a family and rebuilding or building it through job training, counseling and other programs. In addition, one can fund a reserve for operating and replacement costs based on a careful estimate of both operating changes which might occur over time and of the useful life of the property elements. The latter task can be undertaken in conjunction with the BLIMP described more fully above and in Volume 2, Section 1.

Sources of Financing

A crucial aspect of any sales program is the financing. In order to sell, someone has to be able to buy and the available sources of funding should be considered.

Housing is not a commodity which can be purchased by a family for cash as consumer goods are. It is too expensive for the vast majority of people. In some countries it will consume two to three times annual family income and in other countries as much as ten to fifteen times family income. (In Eastern Europe the latter is more the case). Consequently, the capital is either supplied by the government (as a loan or a grant) or by private investors. Housing policy can drive people with sufficient capital towards ownership and others towards rental from those with capital. On the other hand, government can supply access to capital for poorer families either through lowering its costs through interest subsidies and other mechanisms or by by being a direct lender at lower interest rates.

An extremely valuable source of financing is from the Seller itself?

It has advantages:

- **It does not require capital today**
- **It can enable the local government to share in future value**

A stable housing market requires sources of capital at costs which people can afford. To sell its housing, the municipality has two options. It can either provide the financing or it can look to financial institutions such as banks, pension funds, unions and other organizations which have money to invest.

What are the sources of capital for housing, especially in Eastern Europe?

In the case of municipally owned housing in Eastern Europe, it is quite likely that because of the risks associated with a transition to a market economy and because of the limited accumulation of capital for investment, financing for real estate will only grow slowly. Most major suppliers of capital to the real estate market tend to be conservative in their underwriting. This translates into only lending to ventures which either have a low risk or a high return or both. This means that many people will just not be able to secure financing in the early stages without some form of assistance to them or some insurance of the risk of the lender. This situation may be present for a number of years. In addition, not all residents will have the personal resources to invest in their homes as may be required by lenders.

- **It can be provided with terms and conditions**

Thus at this time and in some instances for the foreseeable future, the municipality may become a direct and

possibly only source of financing. In other words it will need to provide what is commonly known as "seller financing".

Another advantage with so-called "seller financing" is that the seller can create terms and conditions associated with the sale which accomplish other desirable goals.

- **Seller Financing can be used to focus financial support on those in the housing who need it most.**

There are a variety of instruments which can be used in seller financing such as BMIR (Below Market Interest Rate Reduction) mechanisms such as the World Bank DIM and the Urban Institute PLAM; balloon financing which is non amortising and even non-interest bearing; repurchase programs and shared equity. All these enable governments and even some private owners to sell housing at a lower price than market because of temporary financial conditions of the investment institutions or of the buyers and have protected unrealized value through a variety of instruments. These are usually driven by a mixture of motives. Government wants to remove itself from the housing ownership and management business; wants to terminate subsidies to people who can afford housing costs; wants to protect itself from sale prices which permit buyers gaining excessive profits; and wants to preserve poor families from being deprived of safe, decent and sanitary housing. Each of the financial instruments try to address some or all of these motives at the same time and must be evaluated accordingly.

Various financial instruments are designed to aenable the objectives of seller ssuch as local government to achieve its objectives.

For example, the "Shared Equity" approach is trying to reduce the demand for capital by increasing the equity investment and yet also not make this equity so onerous that the purchasing family cannot raise it. "Shared Equity" takes the equity not paid for by the buyer (i.e., the difference between fair market value and the purchase price) and declares it be an equity investment of the seller. At the time of future sale any return of equity and profits are shared proportionately to the original equity investments. There are a number of variations on this approach which are detailed in Appendix A.

Look at "Shared Equity" as an instrument to permit low down payments or equity contributions by a buyer.

Seller financing also permits a municipality to enable residents or third party investors to purchase now and yet protects whatever financial or social interests it may have in the asset.

Another example is that a local government may have a specific interest in protecting certain residents from the impact of a free market especially where such families may not be able to afford the initial or on-going costs of ownership or may be viewed as 'undesirable' by the investor-owner and forced to move. By providing financing it can create a significant lever to enforce covenants it may impose on the buyer of the property. Provision of financing may also be an incentive or 'trade-off' to a purchaser whereby in return for a lower purchase price or less expensive financing, it agrees to secure the tenancy of certain households at certain rental rates.

In disposing of assets, a municipality can also address the issue of how much subsidy can or should be provided to its citizens.

Another consideration for municipalities is the subsidy revenue stream it may be receiving from a higher level of the government. In the transfer of power to local governments there are usually continuing revenues from Regional, State or Federal government, which either are earmarked for housing support or are included in a general appropriation. Often these revenues do not differentiate between use for regular operations and capital improvement or investment operations. Moreover, in Eastern Europe the allocation of this subsidy is usually to a property, ignoring the varying income levels of the occupants. A municipality can shift this approach. It could focus some or all of the subsidy stream on support of people either not covered under the housing allowance program if there is one or in support of people of low income if there is not a housing allowance program. In other words it can create its own local housing allowance program or supplemental housing allowance program. It could also set aside this stream of subsidies (especially under a housing allowance program) for a capital improvement loan or grant program to the buildings it owns or sells. This really only becomes feasible if the properties are sold and people with sufficient means are required to pay the full cost of their housing.

In approaching the sale of its buildings, a municipality needs to consider other sources of financing which might be available other than normal lenders in the real estate economy. For example, private and quasi-public agencies are often formed to pursue a specialized housing or social agenda. They may have resources from members, foundations and together sources to further their agenda. Other sources may also include foreign investors. Again

these investors may have the financial backing to design a financing package that another source would be unable to structure.

Another consideration in selling is what is known as skewing or cross subsidization. Many of the assets available for disposition can include elements such as commercial property which create net operating revenues. In cooperatives this income is often used to offset losses from residential and other operations or rather to enable activities otherwise unaffordable.

The Physical Characteristics of the Assets

Most municipalities have a substantial residential housing stock from which to select properties for a sales program. It is important to look at the physical characteristics of the available housing stock before deciding which buildings are appropriate. Certain types of building lend themselves more appropriately to residential ownership than others. The market economy offers choices to families. As families exercise choice, the market place differentiates size, type/style, amenities, costs and other features in housing. In disposing of assets, municipalities will need to assess these preferences of the market (whether existing residents or external to the development). In addition the municipality will need to measure its assets to determine what improvements it will need to make to them in order to sell them or what discount it will need to offer in order that prospective purchasers or investors will have sufficient capital available to undertake such improvements themselves.

A close examination of the assets to be put on the market needs to be made.

This examination will look at physical condition, amenities, apartment design in terms of whether the building does or can meet market desires and needs.

It is important to look at the unit configuration and the intended use of the building (residential/commercial) as well as the type, quality and current condition of construction.

Some assets will need reconfiguration. They may be poorly designed. They may not provide appropriate or, most importantly, desirable living environments. If left as is, people will move out to other developments as the free market begins to provide desirable features. Or, people will demand a discount to compensate for 'environmental or living hardships.'

How much capital investment will be required by a new owner?

The more important issue to consider when determining a building's suitability for an ownership program is the amount of capital investment required over an expected ownership period. In market economies homeowners typically remain in place for five to ten years. Thus they consider the amount of capital investment for major repairs and improvements, needed over that expected ownership period, when evaluating their purchase decisions. A new resident owner may not be able to afford a boiler system replacement within the first year of ownership. Large capital investments could either force the family to sell and move out or cause them to neglect the property and thus live with a subsequent deterioration of the asset. The sale of a rundown building, needing extensive capital investment to its residents has a smaller chance for success than a sale where these factors are taken into consideration.

The same issues also apply to the municipality as owner. It too faces the need to raise and invest capital in the assets it owns and operates. In fact this need may be one of the driving forces behind the municipality seeking to sell the property. However, many owners find that by investing in property and taking care of major problems now it can achieve a higher sales price.

Consequently, an owner needs to have a complete description of its property including a survey of the condition and useful life of its major elements as well as a market evaluation of improvements needed to make it salable. This latter improvements plan is either determined from a survey of potential buyers or from an analysis of the competition's offerings and success. In another volume there is a complete description of a Base-Line Inventory and Measurement Plan [BLIMP]. This system enables an owner to catalogue all elements, their deficiencies and their expected remaining life and calculate a cost spread over a period of 10-20 years for improving and maintaining the property.

C. Description of the Various Ownership Models which might be Chosen.

a. Private Ownership

The following is a discussion of the common **private** models of homeownership. There are two major types of private ownership, ownership by residents or by profit or not-for-profit investors.

There are great benefits to private resident ownership including the economic empowerment of residents. These families would retain all rights associated with ownership including the unusual opportunity of building equity in a home/unit and any profit from the selling of that unit. In a market economy, real estate often appreciates at a rate greater than inflation and thus becomes a "good" investment for that family.

How can residents be organized for ownership?

There are also public relation benefits for government sale of residential buildings to its residents. Often sales to investors can result in residents being displaced from their homes or their rents being raised significantly making it impossible for the residents to continue to live in these units. Is this illustrates, for-profit investors may have different purposes or goals than residents, the most common being the desire to realize profit, which may differ from or even be in conflict with resident preferences. In the case of not-for-profit investors they may have goals relating to who can live in the property and these also may differ from or even be in conflict with resident preferences.

Quite likely, a municipality will have a major say in the determination of the form of ownership.

1. Resident Models

i. Condominiums

One could define a condominium as tenancy through unit ownership.

Condominiums are a good choice.

Condominium ownership consists of:

(1) fee simple title to the apartment or living unit, with the physical boundaries consisting of the walls, floors and ceilings of the dwelling unit;

(2) a shared, but undivided ownership interest in the underlying real estate, common areas, and other assets of the property; and

(3) governance of common area issues through a condominium association, with individual unit representation based upon beneficial interest, a measure of the relative value or size of the unit.

In essence, the owner of the habitable unit has all the rights of ownership and can occupy, sell or rent the unit. However what distinguishes a condominium from single family ownership is that there are usually portions of the land and buildings which are owned in effect by a type of corporation whose "shareholders" are limited to the unit owners.

The share of ownership of these commc[illegible] defined in proportion to the original value [illegible] time the organization was formed (the so-called "beneficial interest"). Typically the size of the unit is used as a 'proxy' for value.

All operating costs (except mortgage interest and property taxes) are assessed to owners in proportion to that interest.

In a condominium the individual owner holds the mortgage and must be qualified by the lending institution. This can prove difficult for lower income residents, unless the mortgage is coming from some quasi-public or public agency with different underwriting standards.

In a condominium the individual owner is responsible for the maintenance, operation, investment improvements of the interior of the unit while the association is responsible for all common areas. In fact, quite often interiors are serviced by the association as a service to the owners. The maintenance assessments can be less onerous for lower income families in mixed income condos (if their beneficial interests are low relative to other units), but assessments for luxury improvements by the association can cause hardships.

Consequently, while conversion of mixed income developments to condominium ownership is difficult to structure, it

can and has been done successfully. The key is to ensure that the lower income family can access financing which makes the unit affordable and that the process and structure for developing operating budgets and capital investment plans, accommodates that family's more limited means.

ii. Cooperatives

One could define a cooperative as tenancy through stock ownership in a corporation.

Cooperatives can take different forms and are also a good choice in many situations.

The cooperative has been a common form of affordable homeownership, due to the collective borrowing capacity of cooperatives. Individual shareholders are not borrowing based on their personal financial credit and strength. The coop corporation does the borrowing. Typically, there are cooperative banks which give a preference to housing cooperative borrowers. On the other hand other lenders to the housing sector will quite often be more reserved about lending to a cooperative, especially if there are questions about the depth of the financial 'pockets' of the shareholders and a history of poor payment of rents.

Individual participation consists of:

(1) Stock ownership in a corporation that owns the property;

(2) Occupancy of a unit under a proprietary long-term lease; and

(3) Governance of all property affairs through the corporation's Board of Directors and membership.

The owner of the property is the corporation. It leases the units, but the corporation's stockholders are the only ones with a right to occupy and their stock ownership is usually limited to one unit and one vote in corporate matters.

The cooperative corporation is likely to hold most of the debt on the property through blanket mortgages, freeing the members from having to qualify on an individual basis for mortgages. However, the price of membership in some coops may be sufficiently high that members will require loans to purchase their shares.

In a cooperative, the corporation is responsible for maintenance of the entire property, including the interior of the units. However, it is common for the cooperative to require its shareholders to assume responsibility for unit interior maintenance as part of its occupancy agreement. Thus in practice, cooperatives and condominiums operate similarly.

iii. Mutual Housing

One can define mutual housing as providing tenancy through membership.

Mutual Housing Corporations, permit an association of families to utilize the asset value of property to fund additional housing units.

A person becomes a member of the mutual housing association and through membership the person may obtain an opportunity to occupy a unit owned by the mutual housing association. It is often compared and confused with cooperatives. While a cooperative can be part of a mutual housing association, a mutual housing association is not necessarily a cooperative (residents usually are not stock owners).

There are two common models for mutual housing associations:

(1) Mutual Housing Services - The mutual services model sees the housing association as a mechanism for providing services on a mutual basis to members such as management, marketing, purchasing, legal etc. In this model, it is common to find that the members are owners and typically owners in a cooperative.

(2) Mutual Housing Development - In the mutual development model the member organization owns the properties developed and uses the 'cash flow' and equity to borrow additional funds to develop more housing. It is a type of 'chain letter' or 'pyramid scheme' for housing. It in effect takes the traditional real estate empire building

techniques and applies them to housing development rather than building wealth for the individual/s.

In Mutual Housing Associations, each property is structured the way the Mutual Housing Association prefers. As noted above, the most common building model is that of a cooperative. However, even when the cooperative model is used, it is structured to enable the MHA to pledge the property to raise additional capital for the development of new housing. Each building takes care of its property depending upon the specific rules it has adopted. Thus a resident may or may not be responsible for the interior of their unit.

Quite often, MHAs by their nature tend to restrict the powers of its members. Consequently, they have often become autocratic. This is particularly true of larger MHAs.

2. Investor Models

As discussed above there are also models for investor ownership of residential housing stock. While there are some drawbacks in investor ownership, there are often real needs for investment which can't be met by residents. Involving investors means the project is more complex in terms of the current and future ownership rights of the investor and the residents, but there may be compelling short-term reasons for choosing to bring investors into a project:

- Private investors have greater access to and credit from lenders for loans.
- Private investors have capital which can be used as equity to reduce the equity required of the home buyers thus making the units more affordable.
- In some countries, private developers and investors usually can make use of tax breaks available to owners of low and moderate income housing, and take these tax benefits in lieu of part of the profit they would otherwise require for their services.

Values:

- **access to credit**
- **access to capital**
- **greater use of tax benefits**

• **real estate operations skills and experience**

- Investors usually have real estate skills which can be provided to the property and its residents in such areas as property management, capital repairs and resident relations including screening of potential residents and enforcement of leases.

Examples of investor participation models include:

One can make investors and residents partners

a. Limited Partnerships with the residents organized as Managing General Partners.

In this model, both the investors and the residents are owners, with the investors being 'silent' partners while the residents take prime responsibility for management. The value to the limited partners is that their liability is usually limited while at the same time they share in the net cash flow and in the future sales proceeds.

In some situations, the Limited Partners are local people with an interest in housing as well as an interest in profit. In others, they may be local corporations seeking to enhance housing opportunities for their workers or potential workers. In still other situations they may be simply investors who have been recruited to make an investment in the development because of the expected return.

b. Limited Partnerships with the Limited Partners being the sole owner and the resident group owning option or conversion rights at a point in time.

This can be converted into **a.** above at a fixed point in time or when the residents have raised a certain equity. Then it operates just like **a.**

c. Shared Equity Ownership.

This is similar to a partnership but may be simply a mortgage instrument as opposed to actual shared ownership. It provides a return to the equity contributors determined by a formula in terms of annual net cash flow and sales proceeds.

d. Leased Ownership

In this model, the full ownership is vested in the investor who then, rather than operating the property, leases it to the residents who pay a monthly leasing fee to the investor. The structure is similar to that of the traditional landlord-resident, however it provides the resident corporation with a legally valid lease and permits them within the specified terms of that lease, to develop their own resident selection policies, management systems and rules of residency.

Investors can lease the property to residents

e. Limited Return Ownership.

Typically this structures an ownership interest of the buyer in such a way that the subsequent re-sale of that condominium unit or cooperative share is restricted in terms of profits and/or to whom it may be sold. It is typically used by government and other public interest developers, where the purpose is to use subsidies from taxes or contributions, to make housing affordable to special needs groups or economically troubled families. [Note: In some literature this is referred to as Limited Equity Ownership].

Investors can be limited in their return and their rights in return for special considerations in initial purchase price or financing terms or tax benefits

Using investors can bring real estate skills and capital to the property.

For smaller properties in particular, investors tend to be individuals or families.

Capital requirements or loan terms may be such that investors join together.

Types of Investors

i. Individuals

Because of the investment potential of real estate, individual private investors often want to purchase units or whole buildings. Some individual investors are 'amateurs' who know something about real estate and often are willing to do the cleaning and maintenance work themselves. Others may be professional investors, who perhaps started as a small self-help investor but over time developed a portfolio of properties.

Typically, the units are rented to other families at rent levels determined by the owner and usually at the highest market value they can receive for their unit. Rental units are a very important part of any housing market and the selling of units to individual investors allows these units to remain in the rental stock.

ii. Partnerships

A partnership is defined as two or more persons combining their efforts legally, in a business or a venture for profit. As part of this association, all partners share jointly in any profits made from the partnership and in all debts or liabilities of the partnership. Real property owned by a partnership is not owned by any one partner but by the association or partnership. However, the partnership does not accept any liability on behalf of the partners and all investors are personally liable. There are several type of partnerships which were described above.

iii. Corporations

Corporations differ from Partnerships in that the investors/principals are usually not personally liable for the property. Instead the Corporation assumes all debt and liabilities that occur during its normal course of business. However, with this decrease in liability, comes a decrease in control over the property. The corporation may be held by many stockholders who may have control over the management of the corporation.

Officers may be elected by the stockholders and thus each individual "owner" may have little or no control over the management or operations of the property held by the corporation. Moreover, the assets of the corporation are usually pledged to the loan and thus put at risk. If the corporation's major business is real estate, it will usually find that the decisions on any individual property serve the interests of the corporation.

Typically corporations limit the liability of investors.

In some instances, the corporation may invest in real estate as a cheaper and more advantageous way to provide its manufacturing, office or commercial space. This investment may become quite extensive and require a full service asset management operation to ensure that the property continues to serve the corporation as intended.

3. Not-For-Profit Ownership

There are several varieties of not-for-profit ownership of real estate, particularly that of housing.

i. Private Not-for-Profit

Not for profit corporations are most often organized around a social purpose such as affordable housing. These corporations gain title to real property and then structure the ownership or rental of the property such that the housing is affordable to low income families that might not otherwise be able to enjoy such housing. These Not for Profit's can be controlled by private citizens, by a community organization or by a charitable organization such as a Religious Organization.

Public spirited organizations and people often create non-profit corporations to develop housing.

Often States or Localities have specific laws governing not-for-profit corporations regarding such matters as the By-Laws of the organization, the procedures for appointing Board members, the specific purposes of the organization and the handling of finances. Because of their limited purposes and eschewing of profit, they are usually given special treatment such as not paying sales taxes, income taxes and having access to subsidies from the government.

Quite often a cooperative or a Mutual Housing Association or a Condominium Association will be a non-profit organization.

In many countries, these organizations are preferred by the government in the disposition of government owned housing and/or in the development of housing for special needs population such as the disabled or the elderly.

Housing being a sensitive public issue and usually involving quite complex financial and social issues, needs to be insulated from too rapid political change.

Public non-profits provide a way to do this.

ii. Public Not-for-Profit

Not-for-Profit organizations can also be set up and controlled by public officials or governments. They will usually be created where either the financing required is only available to a non-government entity or where the activities need to be insulated from political changes for a period of time. Typically, 51% of the not-for-profit's Board are appointed in their capacity as government or public officials and the remainder from organizations and institutions which are relevant to the non-profit's purposes and from citizens with specifically appropriate skills. The public officials will typically have terms of three years or more and staggered. Thus change is slowed down.

4. Public Ownership

There are several varieties of public ownership of real estate, particularly that of housing.

Government has often developed housing and owned and operated it.

To a greater or lesser extent, the government in most countries over the last 200 years, has become involved in the ownership of housing whether as a practical matter or as an outcome of political principles. The most common forms for structuring a government's ownership of housing are:

- Public Non-Profit

  This has been discussed above.

- Agency

  The most common form of housing ownership is that of a separate Housing Agency or Housing Trust. It can be a State organization or a Local Government Organization. It is usually created by special enabling legislation which establishes basic rules for agency operations and through these rules, the government controls the activities of the agency or trust. These rules can become

quite detailed and complex and the monitoring of the agency/trust adherence to them, quite complex and onerous. The larger the amount of housing being provided either because of the concentration of people to be served or because of the size of the geographical territory the agency/trust covers, the larger the organization will become. As a result they can become excessively bureaucratic, inefficient, costly and unresponsive to the needs of its residents.

A separate agency provides opportunity for professional administration of housing issues.

In many countries these agencies have become troubled and are being dismantled or reduced in size by sub-contracting management of such housing to private for-profit and not-for-profit corporations, by converting it into homeownership or by converting the system of subsidy from buildings to families by means of a housing allowance program.

Consequently the option of selling assets to a public agency would seem to be swimming against the tide. If this option is chosen for some or all of the assets, then there would need to be careful consideration given to improving performance and attention given to the experience of other countries.

Many public housing agencies have become troubled and need improvement.

- Departmental

This is similar to an agency but is under the direct control of the staff of the government. There is a direct liability but also a direct chain of command. It has advantages in leveraging the cooperation of other departments, in being funded from governmental operating budgets and in being closely monitored (by use of internal controls).

Housing can be managed directly by a department. There are some efficiencies and synergies in this approach.

However, where this model exists the same trend to sub-contracting, sale and conversion to allowances is occurring.

As this is where asset disposition starts, it is only a retention option for a local government.

D. The Sales Price of the Assets

The other major issue facing an owner is determining the sales price of the property. Here an important distinction to make, is the difference between the sales price and the market value of the property.

Can we set a reliable and objective price?

The sales price is driven by the objectives of the seller. If the seller wishes to keep the housing affordable, the sales price will be determined mostly by the carrying costs of the purchase. On the other hand if the seller wants to realise maximum profits the sales price will be determined mostly by the buyer's assessment of the value of the property. If the seller wants to combine certain affordability and profit goals, then it will adjust the sales terms accordingly. Whatever the sales objectives, an owner will determine the market value of the property, in order to establish the sale terms.

Why do we want to own housing?

Why would we want to sell it?

What are our goals?

To establish market value requires that an owner either sell the property for whatever someone will pay and trust that the price received is at "market value". More likely the owner will seek to have others determine the price.

In a widespread, full service market economy the real estate industry will advise the owner of the appropriate price.

Realtors or brokers who handle many sales every day will have a database and their experience, both of which they will use to determine an "asking price" for the owner to place on the property.

The industry also has an appraisal profession. Appraisers are usually licensed and trained. The appraisal profession can be quite simple in its application or quite complex and mathematical. During the transition to a market economy appraising is more difficult and less reliable due to the absence of many of the key data elements which appraising relies upon. The following discussion of appraising is merely suggestive of a 'hybrid' approach which might be used until such time as a more reliable method is designed or more data is developed by the expansion of the free market.

Auction method

To place a property at auction without a 'reserve' price (or price below which the owner will not accept a bid), is to allow a kind of 'pure' market system whereby the price is what people are willing to pay as they assess risks and rewards. It is not at all suitable if the owner's objectives include provision or preservation of affordability.

The reliability of the system can be suspect in that it depends on a whole lot of variables, many of which are not necessarily related to the property in question and many of which do not reflect the true nature of the potential market demand for the property. For example, if notice of the auction is not provided certain potential bidders, then the market is reduced and perhaps the bids will be less than they could have been. In another case, certain events such as weather conditions, may intrude and prevent people from attending the auction. In an auction, it is not often that seller financing is offered and it is quite often that bidders must have a large down payment or deposit in cash or its equivalent. Financing often restricts real estate auctions to investors who may or may not bid lower prices.

One can calculate its value from an investment viewpoint.

On the other hand it is a system used for most real estate sales in some countries (e.g., Australia) and works very well. It has the advantage of removing the setting of the sales price from the hands of 'experts' and realtors and leaving it to the market. In practice the auctioneer or auction house will advise the owner of what an appropriate price might be to guide the owner in setting a reserve price. Consequently, it is not entirely a 'pure market' mechanism.

Comparables Method

In appraising there are three methods for determining value.

This is one of the three pillars of modern appraising methodology. It is dependent upon sales of property of sufficient number, in similar or nearby locations and of similar type. In effect it tracks the prices of comparable properties and projects the probable value based on this database. This is the most common model used in market economies. It is also a key methodology used to establish the value of discounts provided poorer purchasing families

when their price is established by the 'net income' or capitalization method discussed below.

One can compare the property with others which have been sold.

In its most simple form, the comparables method simply assembles a database of properties of similar type in similar neighborhoods and averages the sales prices and determines a projected sales price for the property in question. In its most sophisticated form it will assemble a complex database of sales of all types of property including vacant land, of neighborhood features, of urban amenities, of locational elements and even of national, regional and local economic, demographic and other macro elements and run statistical analyses to develop formulas by which a property can be compared with other properties at a point in time.

The comparables method is probably the most commonly used in a well developed market economy. It depends upon sufficient sales recorded accurately with sufficient information (such as location, size, amenities, condition, land area, infrastructure services etc.) to be reliable.

In a transitional economy it has obvious limitations. The number of sales is less even though they be growing. The information available on many sales may be spotty and unreliable and hard to access.

To strengthen the use of this method, as well as provide other important information to a municipality (such as a database for property taxes), a municipality needs a sales recording mechanism apart from or in addition to that maintained by a county/region or State. In the case of the municipality as owner, the BLIMP can be a useful vehicle for establishing the key elements of such a database (land area, building size and configuration, infrastructure, condition etc.).

What is needed is a BLIMP - a Base Line Inventory and Measurement Plan

In addition to assembling data on the assets to be sold or being sold including sales prices, the municipality can also assemble a hedonic index similar to that used in the Annual Housing Survey in the United States. In Volume 2 Section 1, there is a simple model which can be used. Essentially this assembles some information on the 'block face' which is the immediate area surrounding a building, such as trash, vacancies, observable conditions, etc.; some information on the neighborhood such as transportation, schools, parks and other amenities. In addition the

municipality can conduct an opinion survey of the neighborhood, area, city etc., using a modified Delphi method. This secures people's opinions of the desirability of the locality and through systematic revision, translates these into an adjustment factor which can be placed on a property thus enabling a comparable price from another neighborhood to be used. It is particularly helpful in the absence of a many comparable sales in the immediate neighborhood.

- **Neighborhood conditions**
- **Neighborhood amenities**
- **Is the area in demand?**

Replacement Method

This method uses cost information on new development of comparable housing. It depends upon other methods to establish the value of the land and thus is limited by the same factors as discussed above. In addition, development costs may have significant variables, such as the cost of financing and the cost of infrastructure. Moreover, many features of the property being evaluated may be obsolete and not meet code requirements for new construction. Any comparison of costs will have to adjust for these new requirements. In addition, in Eastern Europe, the transition from a heavy dependence upon State companies for construction and the rapidly changing economy including the cost of labor and materials, make the replacement method difficult to use or rely on.

One can determine how much it would cost to build it new - i.e., replace it.

The method relies upon a detailed listing of the elements of the building, their condition and the cost of bringing them up to new construction standards. In other words the cost of new construction has to be discounted for the condition and amenities of the existing building being evaluated. This is a quite large task, but given the likely need of the municipality for such information anyway, it is probably a workable method to pursue.

Thus, despite these strictures, the method has utility in establishing another benchmark of value. When used with other methods it can help an owner move closer to value.

Capitalization Method

This method relies upon net cash flow analyses of both existing and projected income and expenses. It develops the net available for financing or for a return on investment [ROI] of a purchaser. Typically, the ROI is equal to what an

79

investor would receive on average in real estate adjusted for risk or if that investment is not available, some other conservative investment of capital. This is the most common methodology used in developing sales models which include sales to people who cannot afford 'pure market' prices.

In some analyses, the net cash flow is divided into two portions. One portion is calculated by determining the amount of financing debt it could support after adjusting for the required down payment of the institution. The other determines a ROI for the investor from what is left over from net cash flow. In Appendix B there are some examples of these calculations.

Obviously the big variable is the cost of capital or financing. The underwriting conditions, the term/length of the loan and the interest rate and points, may be such that the Net Cash Flow cannot support financing large enough without the equity requirement of the buyer being beyond the buyer's means or desires. Generally, this cost of financing translates into a zero [0%] or even negative [loss] return to the investor/buyer.

The other difficulties with this method relate to the problems associated with determining net cash flow. Net cash flow is the difference between expenses and income including subsidies, capital investments and any other relevant financial information. Generally it is calculated over the proposed length or term of the mortgage.

- **Operating costs**

In assembling relevant information the simple method is to develop a financial proforma which starts with Year 1 and merely applies an inflation factor over the ensuing period. A more complex and preferred method is to calculate the proforma for each year based on the best assumptions for that year. Despite the difficulty of this task, it has the advantage of taking into account the real world or at least the best assumptions about that real world. In particular, it allows for different rates of change for such major elements as rents, subsidies, utilities and labor costs. This more detailed method allows for multiple instruments of financing which can take account of larger or more dramatic changes in net cash flow. For example, a specific proforma shows that the development will only operate on a bare break-even basis for the first two years. However, in the third year it shows a major rise in net income. Con-

60

sequently, one might have a short term loan which can be converted into a longer and larger longer term loan at the beginning of the third year.

E. Steps in Asset Disposition

Marketing strategies are critical elements of a sales program. There are various strategies available to municipalities in the disposition of their residential housing stock. Strategies should be chosen depending upon who is purchasing. In general, the municipality has two target markets, residents and investors. A strategy designed to sell to residents will have unique characteristics such as the possibility of government subsidy. If the government is targeting a sale to investors a different strategy will be appropriate, including the concern over windfall profits.

Step 1: Determine Mission

A successful sale to residents, the most likely buyers, is dependent upon a careful training program.

The local government needs to determine what its philosophy of housing is. It could see its mission as the prime developer of housing for all; as the developer of housing only for special needs (socio-economic) groups; as the entity which primes the pump for development of all housing or just special needs housing; as the entity which transfers income to special needs groups to enable them to procure housing; or as the entity which allows the market place dynamics to meet the need as best it can.

- **Understanding the options**

In this section, we have assumed that the government has determined to sell some or all of its housing.

Step 2: Developing a Buyer Profile

- **Choosing the best structure of ownership**

To develop an appropriate sales price, the government will need to identify its target buyers, particularly any whom it wants to provide with housing at an affordable cost. This will mean that it will want to define what 'affordable' means both initially and over a longer term. Is it 10%, 15%, 25%, 30%, 35%, 50% of family income for all housing costs? Is it different for different income groups? [There is an argument that families need a basic 'market basket' income to feed, cloth and provide medical care for their members and

- **Seeing the advantages and disadvantages**

that therefore a fixed percentage of income for housing is inappropriate]. Income information on buyers is essential for developing a sales price.

Step 3: Developing a Database

To develop an appropriate strategy, the government will need to do the following:

1. Conduct a BLIMP

   This survey needs to document government assets including the configuration, size, location, condition and costs [within 15%] to fix those conditions over the next 10 years.

- **Where to get the money**

2. Conduct a Resident Survey

   This survey will document the current occupancy profile, interest in purchasing and financial situation of all families. The interest in purchasing will require a briefing of all residents to explain how it would work and what the financial impact and prospects would be for them if remaining a tenant building or an ownership building.

- **Can the owners secure cost effective and timely quality management services?**

3. Conduct a Block-Face Survey

   This will document the condition of the immediate neighborhood to determine the external influences on the likelihood of sale, especially to families not currently occupying the building. It would also document the amenities of the neighborhood.

4. Conduct a Reputational Survey

   This will document the image of the area in terms of its desirability as a place to reside in and as a place to purchase a home in. It would also include a survey of responses to major building types.

82

5. Develop a Development Based Budget

This would determine the operating costs of the property with and without rehabilitation.

Step 4: Determine A Sales Price

This would be based on an appraisal using a combination of methods described above and on the modeling of the finances of the intended buyers.

Step 5: Determine Sales Strategy

This will need to address the issue of what properties to sell and to whom. As the issue of whether to sell or not has already been determined, the issue here is what is the most responsible and realistic approach.

If there is little capital available to invest in real estate, or the economics of an investment doesn't make sense, then the issue of 'seller financing' comes to the fore.

Complicating this discussion is the current and future cost of subsidies and the source and amount of these subsidies.

Critical Issues in Developing a Sales Strategy

Highlight the following issues:

Following are some critical issues to consider when the sales program is targeting residents as potential purchasers. While this discussion raises some of the concerns, each case may be different and the municipality must be able to determine on a case-by-case method the appropriate critical issues.

I. The Buyer's Financial Capacity

Can the family afford to buy today?

Can the family continue to afford the purchase tomorrow?

Perhaps the largest and most obvious concern is that of the financial ability of the prospective purchasers. Experience in many countries with homeownership programs, identifies the major obstacle to be the 'down payment' or buyer equity requirements of the financial markets.

43

Commercial income can be essential to the the financial health of a building.

Non-Residential Income Producing Property

It should be noted here, that many properties can or do have commercial and retail lessees and that these can be a significant source of revenue. Consequently, in the disposition of property or properties, how any existing resources are disposed of can have serious consequences for the economics of the cooperative, condominium or investor. [See the attached Appendix C, for a more detailed discussion of this issue].

II. The Buyer's Understanding

Do the families understand their choices?

- **Remaining as renters**
- **Becoming an owner?**

In selling a building to its residents, the municipality must also take on the responsibility of education. Very few residents will thoroughly understand the options available to them and the responsibilities that are part of ownership. Adequate education of the residents can make for an easier transition from rental to ownership and ensure a full commitment on the part of the residents. Most often this education can take the form of resident training sessions on various topics.

(1) Initial training in homeowner responsibilities: Not every resident wants to or should become a homeowner. Rental units are a vital part of a fully functioning market economy. Therefore, the first educational session that should take place is to find appropriate interested purchasers. It is important to potential homeowners that they understand *before* they commit to buy, the responsibilities associated with homeownership. This training can cover how-to topics such as home repair, insurance, hiring of outside contractors, preventive maintenance and tax assessments.

(2) Training in homeownership structure options: There are many ways to structure homeownership (discussed above) and residents should have the benefit of this knowledge before they commit to a type of homeownership. In some instances, residents may only be familiar with one type of ownership structure and information may open up new ownership possibilities for them. Those that could not afford to buy a home outright may be able to buy into a condominium building, or a cooperative structure.

(3) Advantages and disadvantages to residents: There are both advantages and disadvantages for residents as they become homeowners. Residents take a large financial risk when they purchase a home. If the investment is not "good", they could stand to lose money in the investment. This risk can be minimized if the municipality takes an active role in tenant selection and inspection of the building (including a long-range capital plan) before sale to residents. It could be that residents do not completely understand all the risks and responsibilities associated with homeownership and thus find themselves in an undesirable situation. Homeownership can also "lock" a resident into a location for a substantial period of time, if the property is not attractive to people not living there now or if it become unattractive.

However, the homeowner also stands to receive substantial financial gain if the investment is wise. In several years the unit can be sold for a profit and the owner gains increased financial independence. This gain can be used to purchase another property in a different location and with a different configuration and set of amenities.

(4) Financial matters: Residents will need to be trained in how to obtain financing for purchasing and how to understand the various terms and conditions of that financing as well as the consequences of different types of financing.

(5) Management: For the most part, conversion of municipally owned housing will likely involve multi-family apartments or flats and thus involve cooperative and condominium forms of ownership. This in turn will require mutual management of the property. Residents will need to be trained in such matters. This is more fully elaborated upon in Volume 3.

III. Sales to Investors

If the municipality determines that the building is more appropriately sold to an investor due to the unwillingness of the residents to buy, their incapacity to pay the appraised fair market value the municipality is seeking (and it does not want to provide seller financing or subsidies), or the municipality does not believe in resident ownership, a different set of issues arise. This may be of particular importance, if there is a housing allowance program in

place and thus the issue of whether poorer families will be able to afford the rents an investor may charge is somewhat minimized and consequently a city is freer to sell. A municipality must consider the same social safety net issues that it considered when the purchaser was a resident, only now the issue is not focused on the resident as owner but as renter.

The major reason for investors purchasing, is to turn a profit either from regular net operating revenues or from a future sale. The investor should not get special consideration, unless the investor agrees to provide certain protections and/or subsidies to the tenants. Municipalities thus should structure sales to investors so that the municipalities get the maximum profit possible within any constraints it places on the purchase to protect some or all residents.

Do the selling yourself

(1) Capital requirements and impact on saleability and sales prices of properties: The municipality must consider how badly it is in need of capital. Often if a building is sold for cash, it must be sold at a reduced price while if it provides some or all of the financing ('seller financing'), the municipality may be able to sell for a larger price. This becomes a cost benefit analysis for the municipality. Is it better for the city to have money in hand to reinvest in the municipality's missions or is it better to receive more capital albeit over a longer period?

(2) Political and social (special needs groups - poor, disabled, elderly etc.) consequences: Once the municipality completes the sale to an investor, it can lose some or all control over the operation of that property. Depending upon the investor and the requirements imposed at the time of sale, the sale could result in poor and/or elderly persons being displaced from their homes by high rents or by simply the desire of the owner to have a different mix of tenants. Even in a market economy, real estate investors can be encouraged or required to have some responsibilities to provide housing for these needy groups. However, the municipality must make sure that these responsibilities do not affect the property so severely that the investor can not make a profit. Typically these requirements are

either imposed by legal regulation of rents (so called 'rent control') or by the provisions of the deed for sale. The former is usually sweeping, covering most properties in a city and has generally been a leading factor in decline and abandonment of property. The latter can be developed on a property by property basis through negotiation.

(3) Windfall profits issues in a volatile transition: All investment decisions are based on the potential for profit versus the potential for loss. Investors look for the greatest "bargain" they can find. Thus, the municipality must take extra care not to sell to investors at "fire sale" prices. Investors who buy property at below market value are taking money out of the municipality that could be used to fund subsidized purchases for residents. Such low prices can give the investor with up front capital and connections an unfair advantage to turn a windfall profit. This can be guarded against by imposing a resale restriction which limits profits to a fixed percentage over a fixed term (say 5 years) or to an increasing percentage over a fixed term. One can also use the shared equity approach discussed above.

Step 5: Offering the Property

Using an RFP (Request for Proposals)

The issuing of a Request for Proposals (RFP) is one that can solicit for the municipality the best offer from a whole pool of investors. In the RFP, specifications are drawn to the municipality's liking and then distributed among all interested participants. Because the same RFP is disclosed to all bidders, the municipality has a level 'playing field' on which to judge the proposals that are submitted. It also increases the chances that the municipality will get the best proposal within the limits that it has designated. It can be made available to residents, to for-profit investors and not-for-profit organizations.

RFPs can be issued for any type of property. Adaptive reuse is a common property type for which an RFP would be issued. For example, a school is standing vacant in the middle of a desirable neighborhood, and the city wants to find a developer who will adapt the building for

condominium living units. This is a situation where the city could tie on additional requirements in return for the prime location of the property. Additional requirements could include the development of units to be affordable to elderly on fixed incomes.

Perhaps the city wishes the creation of a certain environment for its property. It could issue an RFP that designates that only proposals that create a safe environment for senior citizens (including medical facilities and security) will be accepted. It allow the city some control of the development of its property even though it will be released from the city inventory once the sale has taken place.

RFPs are also a very effective way to establish linkage between development and other municipal responsibilities. The city could require that in exchange for development of city owned property, the investor must pay the cost of repaving the road on which it is situated. Or the city could tie development of luxury housing with the development of a percentage of affordable housing. This could remove some of the burden to produce affordable housing from the municipality and still lure investors and their capital into the city.

Using Realtors

The Realtor industry develops in a market economy to provide a broker or middle-person between the buyer and the seller. Sometimes realtors represent the seller and sometimes the buyer. In listing the sale with a Realtor the seller is asking that all of the details of advertising, showing and discussing the property and negotiating the terms of the offer as well as managing negotiations between the seller and the buyer and assisting in closing the deal and transferring the property, are left for the most part to the Realtor. Realtors often have buyers listed with them looking for property and often belong to networks of realtors and thus have expanded access to buyers.

Using Auctions

Auctions were discussed in the appraisal section above. They operate similarly to the Realtor system, in that the auction house is usually responsible for the development

of an information packet on the property, advertising, the actual auction itself and quite often, the post auction details for completing the transfer of the property.

Using Direct Sales

Of course a municipality can advertise the property itself through whatever media are typically used for real estate advertising. The municipality would appoint a person/s to handle the details of the advertising, the meeting with prospective buyers, negotiations and final transfer of the property. Typically staff will be assisted by the municipal attorney or a private attorney experienced in real estate matters.

AI PENDIX A

SHARED EQUITY SALES

APPENDIX B

RETURN ON INVESTMENT (ROI) MODELS

Comparison of Investor and Occupant Maximum Price Based on Income Capitalization

The goal is to compare the maximum price that a particular building is worth to an investor and to the occupants (through a coop or condo structure). The hypothesis is that the occupants can pay more than an investor if:

1. the government provides a purchase money mortgage at a rate lower than the rate at which an investor can borrow on the private market; and

2. the investor's rate of return on equity is higher than the private loan interest rate.

We assume that it is in the government's interest to provide purchase financing to tenants, because this will encourage stability of occupancy and give residents a stake in the preservation of the housing (and all the other advantages of homeownership). If the government is interested in leveraging the sales proceeds of the housing for other infrastructure investments, it could pledge the mortgage proceeds toward bond financings of such other improvements.

To compute price under alternative sceanrios, we use the income capitalization approach to determining price. Price is a function of two rates:

- Mortgage interest rate
- Rate of return on equity

The "market" price will vary based upon the extent to which these two rates vary.

Investor Model. For the investor model, assume the following:

Equity required = 25 % of Price
Investor Target Return on Equity = 20 %
Loan Terms = 16 1/2% for 8 years
Annual Debt Service Factor (per $1 of Debt) = .225888
Net Annual Income Available for Debt Service and Profit (NAIA) = $1

NAIA = Annual Debt Service + Annual Profit

Annual Profit = .20 * .25 * Price
Annual Profit = .05 * Price

Annual Debt Service = .225888 * .75 * Price
Annual Debt Service = .1694146 * Price

NAIA = (.1694146 * Price) + (.05 * Price)
NAIA = .219416 * Price
Price = $4.56 per $1 of NAIA

Occupant Purchase Model. For the Coop model, assume the government takes back 100 percent mortgage at 8 % for 30 years:

Equity required = 0
Annual Debt Service Factor (per $1 of Debt) = .088052
Net Annual Income Available for Debt Service and Profit (NAIA) = $1

NAIA = Annual Debt Service
NAIA = .088052 * Price
Price = $11.36 per $1 of NAIA

There is no return on equity, since we assumed no downpayment, and the occupants will recover any growth in equity through resale of their ownership interests, not project income. Therefore, all NAIA can be put toward debt service.

Conclusion. Due to the absence of a need to pay a return on equity in the owner-occupant model, the full NAIA becomes available for debt service, and can support a higher debt load and consequently a higher price. Even if the government were to take back a note from private investors at the same terms as for tenants, the tenants could still afford a higher price.

ASSUMPTIONS		PER UNIT	
PREDPOKLADY		NA JEDEN BYT	
NUMBER OF RESIDENTIAL UNITS	37		Estimated
POCET BYTU			Annual Income
PROJECTED RESIDENTIAL VACANCY RATE	1.00%		PREDPOKLADANY
PREDPOKLADANE PROCENTO PRAZDNYCH BYTU			ROCNI PRIJEM
QUANTITY OF COMMERCIAL SPACE	50		
MNOZSTVI NEBYTOVYCH PROSTOR			1 Wage Earner
PROJECTED COMMERCIAL VACANCY RATE	5.00%		1 VYDELECNE CINNY
PREDPOKLADANE PROCENTO PRAZDNYCH NEBYT. PROSTOR			
TYPE OF BUILDING	BRICK		50000
TYP BUDOVY	CIHLOVA		
CATEGORY	1		
KATEGORIE			2 Wage Earner
ACQUISITION TOTAL COST (1times annual family income for building)	2,775,000	75,000	2 VYDELECNE CINNY
CELKOVA PORIZOVACI CENA (MAJETKU)			
ACQUISITION DOWN PAYMENT (10% of acquisition cost)	277,500	7,500	75000
ZALOHA NA PORIZOVACI CENU			
ACQUISITION LOAN RATE	5.00%		
UROKOVA MIRA PUJCKY NA PORIZENI MAJETKU			
ACQUISITION LOAN TERM	30		
DOBA SPLATNOSTI PUJCKY NA PORIZENI MAJETKU (ROKY)			
ACQUISITION AMORTIZATION ANNUAL PAYMENT-YEARS 1-2 @50%	81,233		
ROCNI PLATBY NA SPLACENI PUJCKY NA PORIZENI MAJETKU - ROKY 1-2			
ACQUISITION AMORTIZATION ANNUAL PAYMENT- YEARS 3+	162,466	37,591	
ROCNI PLATBY NA SPLACENI PUJCKY NA PORIZENI MAJETKU - ROKY 3+			
CAPITAL IMPROVEMENT LOAN	2,000,000	54,054	
PUJCKA NA INVESTICE			
CAPITAL IMPROVEMENT LOAN RATE	1.00%		
UROKOVA MIRA PUJCKY NA INVESTICE			
CAPITAL IMPROVEMENT LOAN TERM	20		
DOBA SPLATNOSTI PUJCKY NA INVESTICE			
CAPITAL IMPROVEMENT AMORTIZATION ANNUAL PAYMENT	110,831		
ROCNI PLATBY NA SPLACENI PUJCKY NA INVESTICE			
BASE RESIDENTIAL RENTAL YEARLY INCREASE YEARS 1-4	60.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z BYTU ROKY 1-4			
BASE RESIDENTIAL RENTAL YEARLY INCREASE YEARS 5+	10.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z BYTU ROKY 5+			
BASE COMMERCIAL RATE YEARLY INCREASE	30.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z NEBYTU			
BASE UTILITY RATE YEARLY INCREASE	10.00%		
MIRA ROCNIHO ZVYSENI ZAKLADU POPLATKU ZA ENERGII A VODU			
BASE CITY SERVICES YEARLY INCREASE	10.00%		
ROCNI ZVYSENI ZAKLADU POPLATKU ZA KOMUNALNI SLUZBY			
PROJECTED YEARLY INCREASE IN PROPERTY VALUE	50.00%		
PREDPOKLADANE ROCNI ZVYSENI HODNOTY MAJETKU			
PROJECTED YEARLY INCREASE IN AVERAGE SALARY	20.00%		
PREDPOLADANE ROCNI ZVYSENI PRUMERNEHO PLATU			
PROJECTED YEARLY INFLATION INCREASE	25.00%		
PREDPOKLADANY ROCNI NARUST INFLACE			
PROJECTED ENERGY RETROFIT SAVINGS	60.00%		
PREDPOKLADANE USPORY ENERGIE DIKY VYUZITI LEPSI TECHNOLOGIE			
MANAGEMENT FEE	5.00%		
ODMENA ZA SPRAVU			

INCOME (Operating Receipts)				
PRIJMY (PRIJMY Z PROVOZU)				
RESIDENTIAL RENTS	48,300	96,600	154,560	247,296
NAJMY Z BYTU				
LESS VACANCY	-483	-966	-1,546	-2,473
MINUS PRAZDNE BYTY				
SERVICE FEES	25,920	46,656	51,322	56,454
ODMENA ZA SLUZBY				
UTILITY CHARGES	0	0	0	0
POPLATKY ZA ENERGII/VODU				
COMMERCIAL RENTS	250,000	325,000	422,500	549,250
NAJMY Z NEBYTOVYCH PROSTOR				
LESS VACANCY	-12,500	-16,250	-21,125	-27,463
MINUS PRAZDNE NEBYTOVE PROSTORY				
GOVERNMENTAL SUBSIDIES	45,090	0	0	0
DOTACE(STATNI, OD OBCI..)				
OTHER INCOME	2,000,000	0	0	0
OSTATNI PRIJMY				
TOTAL	2,356,327	451,040	605,711	823,064
CELKEM				
EXPENSES				
VYDAJE (NAKLADY)				
ADMINISTRATIVE	34,761	46,826	60,194	78,017
ADMINISTRATIVA				
GENERAL	5,859	8,316	10,395	12,993
REZIJNI NAKLADY				
UTILITIES	1,688	2,110	2,638	3,297
ENERGIE/VODA				
ORDINARY(ROUTINE) MAINTENANCE	33,089	46,510	57,301	70,621
BEZNA UDRZBA				
MAJOR REPAIRS/REPLACEMENT	2,052,616	0	5,000	5,000
VELKE OPRAVY/GENERALNI OPRAVY(VYMENY)				
TAXES	3,500	4,375	5,469	6,836
DANE				
MISCELLANEOUS	5,000	6,250	7,813	9,766
RUZNE				
TOTAL	2,136,513	114,387	148,808	186,530
CELKEM				
Net Available for Financing	219,814	336,653	456,903	636,534
Prostredky pro Financovani				

95

ACQUISITION LOAN PAYMENT	81,233	81,233	162,466	81,233
SPLATKA PUJCKY NA PORIZENI MAJETKU				
ACQUISITION LOAN PRINCIPAL PAID	3,759	3,947	41,444	43,516
Z PUJCKY NA PORIZENI MAJETKU SPLACENO				
ACQUISITION LOAN BALANCE REMAINING	2,475,991	2,337,454	2,122,404	1,644,417
Z PUJCKY NA PORIZENI MAJETKU ZBYVA UHRADIT				
CAPITAL IMPROVEMENT LOAN PAYMENT	110,831	110,831	110,831	110,831
SPLATKA PUJCKY NA INVESTICE				
CAPITAL IMPROVEMENT LOAN PRINCIPLE PAID	90,831	91,739	92,656	93,583
Z PUJCKY NA INVESTICE SPLACENO				
CAPITAL IMPROVEMENT LOAN BALANCE REMAINING	1,909,169	1,817,430	1,724,774	1,631,191
Z PUJCKY NA INVESTICE ZBYVA UHRADIT				
TOTAL ACQUISITION/CAPITAL LOAN PAYMENTS	192,064	192,064	273,297	192,064
CELKEM ZPUJCKY NA PORIZENI/INVESTICE				
NET PROFIT AFTER FINANCING	27,750	144,590	183,607	444,470
CISTY ZISK PO FINANCOVANI				
NET RETURN	10.00%	52.10%	66.16%	160.17%
CISTA NAVRATNOST				
ACCELERATED PRINCIPAL LOAN PAYMENTS	17,750	134,590	173,607	434,470
ZALOHA NA SPLACENI PUJCKY NA PORIZENI MAJETKU				
NET CASH FLOW TO CITY	164,724	326,653	446,903	626,534
CISTY PRILIV PENEZ MESTU				
CUMULATIVE CASH FLOW TO CITY	-1,835,276	-1,508,623	-1,061,720	-435,186
KUMULATIVNI PRILIV PENEZ MESTU				

Residential				
Byty				
Monthly Unit Rents				
Najmy z Bytu - Mesciny				
1+1 Za 7 Bytu	90	180	288	461
1+2 Za 12 Bytu	110	220	352	563
1+3 Za 8 Bytu	120	240	384	614
1+4 Za 6 Bytu	125	250	400	640
1+5 Za 4 Byty	130	260	416	666
Subtotal Monthly Rents	485	970	1,552	2,483
Mezisoucet - Najmy z Bytu Mesciny				
Monthly Service Fees				
Poplatky Za Sluzby - Mesciny				
1+1	50	90	99	109
1+2	55	99	109	120
1+3	60	108	119	131
1+4	65	117	129	142
1+5	70	126	139	152
Subtotal Monthly Service Fees	2160	3888	4 277	4,704
Mezisoucet - Poplatky Za Sluzby - Mesciny				
Monthly Utility Costs				
Nakaldy Na Energii a Vodu - Mesciny				
1+1	480	240	300	375
1+2	540	270	338	422
1+3	600	300	375	469
1+4	660	330	413	516
1+5	720	360	450	563
Subtotal Monthly Utility Costs	3000	1,500	1,875	2,344
Mezisoucet - Nakaldy Na Energii a Vodu - Mesciny				
Total Annual Cost/Unit				
Celkove Rocni Nakaldy/Byt				
1+1	7,680	6,600	9,012	12,595
1+2	8,460	7,068	9,581	13,258
1+3	9,360	7,776	10,534	14,566
1+4	10,200	8,364	11,294	15,566
1+5	11,040	8,952	12,055	16,567
Percentage of Estimated Annual Income - Family				
Procento z Predpokladaneho Rocniho Prijmu - Rodina				
1+1	10.24%	8.80%	10.01%	13.98%
1+2	11.28%	7.85%	10.65%	14.73%
1+3	12.48%	8.64%	11.70%	16.18%
1+4	13.60%	9.29%	12.55%	17.30%
1+5	14.72%	9.95%	13.39%	18.41%
Total Revenue per Unit Type				
Celkove Prijmy na Typ Bytu				
1+1 Za 7 Bytu	7,560	15,120	24,192	38,707
1+2 Za 12 Bytu	9,240	18,480	29,568	47,309
1+3 Za 8 Bytu	10,080	20,160	32,256	51,610
1+4 Za 6 Bytu	10,500	21,000	33,600	53,760
1+5 Za 4 Byty	10,920	21,840	34,944	55,910
Subtotal Rental Revenue	48,300	96,600	154,560	247,296
Celkove Prijmy z Najmu				
Commercial Revenue	250,000	325,000	422,500	549,250
NAJMY Z NEBYTOVYCH PROSTOR				

Administrative				
ADMINISRATIVA				
NON-FEE MANAGEMENT STAFF	4,477	5,372	6,447	7,736
PRACOVNICI(JEJICH MZDY NEJSOU SOUCASTI ODMENY ZA SPRAVU)				
OFFICE				
KANCELAR				
COMPUTERS	851	1,064	1,330	1,662
POCITACE				
OFFICE SUPPLIES	444	555	694	867
KANCELARSKE POTREBY				
TELEPHONE	444	555	694	867
TELEFON				
COPYING	444	555	694	867
KOPIROVANI				
MISCELLANEOUS	555	694	867	1,084
RUZNE				
Sub-Subtotal Office	2,738	3,423	4,278	5,348
MEZISOUCET ZA KANCELAR				
LEGAL	9,730	12,163	15,203	19,004
PRAVNI				
BENEFITS	0	3,317	3,980	4,776
SOCIALNI ZABEZPECENI				
MANAGEMENT FEE	17,816	22,552	30,286	41,153
ODMENA ZA SPRAVU				
MANAGEMENT LEASING BROKERAGE FEE	0	7,500	9,750	12,675
ODMENA ZA REALIZACI PRONAJMU				
OTHER	0	0	0	0
OSTATNI				
Subtotal	34,761	46,826	60,194	78,017
Mezisoucet				
General				
Rezijini Naklady				
INSURANCE	166	1,200	1,500	1,875
POJISTENI				
COLLECTION LOSSES	5,693	7,116	8,895	11,118
ZTRATY PRI VYBIRANI NAJEMNEHO				
OTHER	0	0	0	0
OSTATNI				
Subtotal	5,859	8,316	10,395	12,993
Mezisoucet				
Utilities				
Energie/Voda				
COMMON HEAT/HOT WATER	[illegible]	2,063	2,578	3,223
TEPLO/TEPLA VODA VE SPOLECNYCH PROSTORACH				
COMMON ELECTRICITY	38	48	59	74
ELEKTRINA VE SPOLECNYCH PROSTORACH				
WATER/SEWER	0	0	0	0
VODNE/STOCNE VE SPOLECNYCH PROSTORACH				
COMMON GAS	0	0	0	0
PLYN VE SPOLECNYCH PROSTORACH				
LABOR COST	0	0	0	0
NAKLADY NA PRACOVNIKY/TOPICI./				
OTHER COMMON	0	0	0	0
OSTATNI VE SPOLECNYCH PROSTORACH				
Subtotal	1,688	2,110	2,638	3,297
Mezisoucet				
Ordinary Maintenance				
Bezna Udrzba				
PLUMBING SERVICES	0	1,500	1,875	2,344

HEATING SERVICES	0	1,000	1,250	1,563
SERVIS VYTAPENI/TOPENI				
CHIMNEY SERVICES	1,453	1,816	2,270	2,838
KOMINICKE PRACE				
ELECTRICAL SERVICES	0	1,000	1,250	1,563
ELEKTRIKARSKE PRACE				
CARPENTRY SERVICES	0	500	625	781
TESARSKE PRACE				
MASONRY SERVICES	0	1,500	1,875	2,344
ZEDNICKE PRACE				
JANITORIAL SALARIES	13,949	16,739	20,087	24,104
PLATY DOMOVNIKU, UKLIZECU				
JANITORIAL SUPPLIES	1,020	1,275	1,594	1,992
UKLIDOVE PROSTREDKY				
SECURITY SERVICES	0	0	0	0
BEZPECNOSTNI SLUZBY				
ELEVATOR SERVICES	4,000	5,000	6,250	7,813
VYTAHOVE SLUZBY				
LANDSCAPING SERVICES	0	1,000	1,250	1,563
UPRAVA ZELENE				
PAINTING SERVICES	0	2,000	2,500	3,125
MALIRSKE PRACE				
TRASH REMOVAL SERVICES	5,700	7,125	8,906	11,133
ODVOZ ODPADKU				
ROADS/SIDEWALK/PARKING CLEANING SERVICES	775	969	1,211	1,514
UKLID SILNIC/CHODNIKU/PARKOVIST				
ANTENNAE SERVICES	570	713	891	1,113
SERVIS ANTENY				
INSPECTION FEES	699	874	1,092	1,365
POPLATKY ZA INSPEKCE/KONTROLY				
NON - ITEMISED ROUTINE MAINTENANCE SERVICES	0	1,500	1,875	2,344
PRACE BEZNE UDRZBY - BEZ ROZLISENI JEDNOTLIVYCH POLOZEK				
NON - ITEMISED EMERGENCY MAINTENANCE SERVICES	4,923	2,000	2,500	3,125
PRACE HAVARIJNI UDRZBY - BEZ ROZLISENI JEDNOTLIVYCH POLOZEK				
Subtotal	33,089	46,510	57,301	70,621
Mezisoucet				
Major Emergency Repairs				
Velke Havarijni Opravy				
COMMON EQUIPMENT				
SPOLECNE ZARIZENI/VYBAVENI				
OTHERS	52,616	0	5,000	5,000
OSTATNI				
Subtotal	52,616	0	5,000	5,000
Mezisoucet				
Capital Replacement				
Vymeny/Generalni Opravy				
EXPENSES	2000000	0	0	0
VYDAJE				
RESERVE FUND	0	27,062	36,343	49,384
FOND REZERV				
CUMULATIVE RESERV FUND	0	27,062	63,405	85,727
KUMULATIVNI FOND REZERV				

MODEL VLASTNICTVI- ODPRODEJ NAJEMNIKUM - NE NEBYTOVYCH

ASSUMPTIONS		PER UNIT	
PREDPOKLADY		NA JEDEN BYT	
NUMBER OF RESIDENTIAL UNITS	37		Estimated
POCET BYTU			Annual Income
PROJECTED RESIDENTIAL VACANCY RATE	1.00%		PREDPOKLADANY
PREDPOKLADANE PROCENTO PRAZDNYCH BYTU			ROCNI PRIJEM
QUANTITY OF COMMERCIAL SPACE	50		
MNOZSTVI NEBYTOVYCH PROSTOR			1 Wage Earner
PROJECTED COMMERCIAL VACANCY RATE	5.00%		1 VYDELECNE CINNI
PREDPOKLADANE PROCENTO PRAZDNYCH NEBYT. PROSTOR			
TYPE OF BUILDING	BRICK		50000
TYP BUDOVY	CIHLOVA		
CATEGORY	1		
KATEGORIE			2 Wage Earner
ACQUISITION TOTAL COST (1/3 times annual family income for building)	915,750	24,750	2 VYDELECNE CINNI
CELKOVA PORIZOVACI CENA (MAJETKU)			
ACQUISITION DOWN PAYMENT (10% of acquisition cost)	91,575	2,475	75000
ZALOHA NA PORIZOVACI CENU			
ACQUISITION LOAN RATE	5.00%		
UROKOVA MIRA PUJCKY NA PORIZENI MAJETKU			
ACQUISITION LOAN TERM	30		
DOBA SPLATNOSTI PUJCKY NA PORIZENI MAJETKU (ROKY)			
ACQUISITION AMORTIZATION ANNUAL PAYMENT-YEARS 1-2 @10%	5,361		
ROCNI PLATBY NA SPLACENI PUJCKY NA PORIZENI MAJETKU - ROKY 1-2			
ACQUISITION AMORTIZATION ANNUAL PAYMENT- YEARS 3+	53,614	12,405	
ROCNI PLATBY NA SPLACENI PUJCKY NA PORIZENI MAJETKU - ROKY 3+			
CAPITAL IMPROVEMENT LOAN	2,000,000	54,054	
PUJCKA NA INVESTICE			
CAPITAL IMPROVEMENT LOAN RATE	1.00%		
UROKOVA MIRA PUJCKY NA INVESTICE			
CAPITAL IMPROVEMENT LOAN TERM	20		
DOBA SPLATNOSTI PUJCKY NA INVESTICE			
CAPITAL IMPROVEMENT AMORTIZATION ANNUAL PAYMENT	110,831		
ROCNI PLATBY NA SPLACENI PUJCKY NA INVESTICE			
BASE RESIDENTIAL RENTAL YEARLY INCREASE YEARS 1-4	60.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z BYTU ROKY 1-4			
BASE RESIDENTIAL RENTAL YEARLY INCREASE YEARS 5+	10.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z BYTU ROKY 5+			
BASE COMMERCIAL RATE YEARLY INCREASE	30.00%		
ROCNI ZVYSENI ZAKLADU NAJMU Z NEBYTU			
BASE UTILITY RATE YEARLY INCREASE	10.00%		
MIRA ROCNIHO ZVYSENI ZAKLADU POPLATKU ZA ENERGII A VODU			
BASE CITY SERVICES YEARLY INCREASE	10.00%		
ROCNI ZVYSENI ZAKLADU POPLATKU ZA KOMUNALNI SLUZBY			
PROJECTED YEARLY INCREASE IN PROPERTY VALUE	50.00%		
PREDPOKLADANE ROCNI ZVYSENI HODNOTY MAJETKU			
PROJECTED YEARLY INCREASE IN AVERAGE SALARY	20.00%		
PREDPOLADANE ROCNI ZVYSENI PRUMERNEHO PLATU			
PROJECTED YEARLY INFLATION INCREASE	25.00%		
PREDPOKLADANY ROCNI NARUST INFLACE			
PROJECTED ENERGY RETROFIT SAVINGS	60.00%		
PREDPOKLADANE USPORY ENERGIE DIKY VYUZITI LEPSI TECHNOLOGIE			
MANAGEMENT FEE	5.00%		
ODMENA ZA SPRAVU			

INCOME (Operating Receipts)				
PRIJMY (PRIJMY Z PROVOZU)				
RESIDENTIAL RENTS	48,300	96,600	154,560	247,296
NAJMY Z BYTU				
LESS VACANCY	-483	-966	-1,546	-2,473
MINUS PRAZDNE BYTY				
SERVICE FEES	25,920	46,656	51,322	56,454
COMENA ZA SLUZBY				
UTILITY CHARGES	0	0	0	0
POPLATKY ZA ENERGII/VODU				
COMMERCIAL RENTS	0	0	0	0
NAJMY Z NEBYTOVYCH PROSTOR				
LESS VACANCY	0	0	0	0
MINUS PRAZDNE NEBYTOVE PROSTORY				
GOVERNMENTAL SUBSIDIES	180,522	83,036	99,051	0
DOTACE(STATNI, OD OBCI.)				
OTHER INCOME	2,000,000	0	0	0
OSTATNI PRIJMY				
TOTAL	2,254,259	225,326	303,387	301,277
CELKEM				
EXPENSES				
VYDAJE (NAKLADY)				
ADMINISTRATIVE	29,658	35,540	45,078	51,928
ADMINISTRATIVA				
GENERAL	3,359	5,191	6,488	8,111
REZUNI NAKLADY				
UTILITIES	1,688	2,110	2,638	3,297
ENERGIE/VODA				
ORDINARY(ROUTINE) MAINTENANCE	33,089	46,510	57,301	70,621
BEZNA UDRZBA				
MAJOR REPAIRS/REPLACEMENT	2,052,616	0	5,000	5,000
VELKE OPRAVY/GENERALNI OPRAVY(VYMENY)				
TAXES	3,500	4,375	5,469	6,836
DANE				
MISCELLANEOUS	5,000	6,250	7,813	9,766
RUZNE				
TOTAL	2,128,910	99,976	129,785	155,558
CELKEM				
Net Available for Financing	125,350	125,350	173,602	145,719
Prostredky pro Financovani				

FINANCOVANI				
ACQUISITION LOAN PAYMENT	5,361	5,361	53,614	5,361
SPLATKA PUJCKY NA PORIZENI MAJETKU				
ACQUISITION LOAN PRINCIPAL PAID	1,241	1,303	13,677	14,360
Z PUJCKY NA PORIZENI MAJETKU SPLACENO				
ACQUISITION LOAN BALANCE REMAINING	822,934	821,632	807,955	774,068
Z PUJCKY NA PORIZENI MAJETKU ZBYVA UHRADIT				
CAPITAL IMPROVEMENT LOAN PAYMENT	110,831	110,831	110,831	110,831
SPLATKA PUJCKY NA INVESTICE				
CAPITAL IMPROVEMENT LOAN PRINCIPLE PAID	90,831	91,739	92,656	93,583
Z PUJCKY NA INVESTICE SPLACENO				
CAPITAL IMPROVEMENT LOAN BALANCE REMAINING	1,909,169	1,817,430	1,724,774	1,631,191
Z PUJCKY NA INVESTICE ZBYVA UHRADIT				
TOTAL ACQUISITION/CAPITAL LOAN PAYMENTS	116,192	116,192	164,444	116,192
CELKEM ZPUJCKY NA PORIZENI/INVESTICE				
NET PROFIT AFTER FINANCING	9,158	9,157	9,157	29,527
CISTY ZISK PO FINANCOVANI				
NET RETURN	10.00%	10.00%	10.00%	32.24%
CISTA NAVRATNOST				
ACCELERATED PRINCIPAL LOAN PAYMENTS	0	0	0	19,527
ZALOHA NA SPLACENI PUJCKY NA PORIZENI MAJETKU				
NET CASH FLOW TO CITY	-64,330	33,156	65,393	135,719
CISTY PRILIV PENEZ MESTU				
CUMULATIVE CASH FLOW TO CITY	-2,064,330	-2,031,174	-1,965,781	-1,830,062
KUMULATIVNI PRILIV PENEZ MESTU				

Residential				
Byty				
Monthly Unit Rents				
Najmy z Bytu - Mesicne				
1+1 Za 7 Bytu	90	180	288	461
1+2 Za 12 Bytu	110	220	352	563
1+3 Za 8 Bytu	120	240	384	614
1+4 Za 6 Bytu	125	250	400	640
1+5 Za 4 Byty	130	260	416	666
Subtotal Monthly Rents	485	970	1,552	2,483
Mezisoucet - Najmy z Bytu Mesicne				
Monthly Service Fees				
Poplatky Za Sluzby - Mesicne				
1+1	50	90	99	109
1+2	55	99	109	120
1+3	60	108	119	131
1+4	65	117	129	142
1+5	70	126	139	152
Subtotal Monthly Service Fees	2160	3888	4,277	4,704
Mezisoucet - Poplatky Za Sluzby - Mesicne				
Monthly Utility Costs				
Nakaldy Na Energii a Vodu - Mesicne				
1+1	480	240	300	375
1+2	540	270	338	422
1+3	600	300	375	469
1+4	660	330	413	516
1+5	720	360	450	563
Subtotal Monthly Utility Costs	3000	1,500	1,875	2,344
Mezisoucet - Nakaldy Na Energii a Vodu - Mesicne				
Total Annual Cost/Unit				
Celkove Rocni Nakaldy/Byt				
1+1	7,680	6,600	9,012	12,565
1+2	8,460	7,068	9,581	13,258
1+3	9,360	7,776	10,534	14,566
1+4	10,200	8,364	11,294	15,566
1+5	11,040	8,952	12,055	16,567
Percentage of Estimated Annual Income - Family				
Procento z Predpokladaneho Rocniho Prijmu - Rodina				
1+1	10.24%	8.80%	10.01%	13.9[illegible]
1+2	11.28%	7.85%	10.65%	14.73
1+3	12.48%	8.64%	11.70%	16.18
1+4	13.60%	9.29%	12.55%	17.30
1+5	14.72%	9.95%	13.39%	18.41
Total Revenue per Unit Type				
Celkove Prijmy na Typ Bytu				
1+1 Za 7 Bytu	7,560	15,120	24,192	38,707
1+2 Za 12 Bytu	9,240	18,480	29,568	47,308
1+3 Za 8 Bytu	10,080	20,160	32,256	51,610
1+4 Za 6 Bytu	10,500	21,000	33,600	53,760
1+5 Za 4 Byty	10,920	21,840	34,944	55,910
Subtotal Rental Revenue	48,300	96,600	154,560	247,296
Celkove Prijmy z Najmu				

Administrative				
ADMINISRATIVA				
NON-FEE MANAGEMENT STAFF	4,477	5,372	6,447	7,736
PRACOVNICI(JEJICH MZDY NEJSOU SOUCASTI ODMENY ZA SPRAVU)				
OFFICE				
KANCELAR				
COMPUTERS	851	1,064	1,330	1,662
POCITACE				
OFFICE SUPPLIES	444	555	694	867
KANCELARSKE POTREBY				
TELEPHONE	444	555	694	867
TELEFON				
COPYING	444	555	694	867
KOPIROVANI				
MISCELLANEOUS	555	694	867	1,084
RUZNE				
Sub-Subtotal Office	2,738	3,423	4,278	5,348
MEZISOUCET ZA KANCELAR				
LEGAL	9,730	12,163	15,203	19,004
PRAVNI				
BENEFITS	0	3,317	3,980	4,776
SOCIALNI ZABEZPECENI				
MANAGEMENT FEE	12,713	11,266	15,169	15,064
ODMENA ZA SPRAVU				
MANAGEMENT LEASING BROKERAGE FEE	0	0	0	0
ODMENA ZA REALIZACI PRONAJMU				
OTHER	0	0	0	0
OSTATNI				
Subtotal	29,658	35,540	45,078	51,928
Mezisoucet				
General				
Rezijini Naklady				
INSURANCE	166	1,200	1,500	1,875
POJISTENI				
COLLECTION LOSSES	3,193	3,991	4,988	6,236
ZTRATY PRI VYBIRANI NAJEMNEHO				
OTHER	0	0	0	0
OSTATNI				
Subtotal	3,359	5,191	6,488	8,111
Mezisoucet				
Utilities				
Energie/Voda				
COMMON HEAT/HOT WATER	1,650	2,063	2,578	3,223
TEPLO/TEPLA VODA VE SPOLECNYCH PROSTORACH				
COMMON ELECTRICITY	38	48	59	74
ELEKTRINA VE SPOLECNYCH PROSTORACH				
WATER/SEWER	0	0	0	0
VODNE/STOCNE VE SPOLECNYCH PROSTORACH				
COMMON GAS	0	0	0	0
PLYN VE SPOLECNYCH PROSTORACH				
LABOR COST	0	0	0	0
NAKLADY NA PRACOVNIKY/TOPICI./				
OTHER COMMON	0	0	0	0
OSTATNI VE SPOLECNYCH PROSTORACH				
Subtotal	1,688	2,110	2,638	3,297
Mezisoucet				
Ordinary Maintenance				
Bezne Udrzba				
PLUMBING SERVICES	0	1,503	1,875	2,344

HEATING SERVICI				1,563
SERVIS VYTAPENI/TOPENI				
CHIMNEY SERVICES	1,453	1,816	2,270	2,839
KOMINICKE PRACE				
ELECTRICAL SERVICES	0	1,000	1,250	1,563
ELEKTRIKARSKE PRACE				
CARPENTRY SERVICES	0	500	625	781
TESARSKE PRACE				
MASONRY SERVICES	0	1,500	1,875	2,344
ZEDNICKE PRACE				
JANITORIAL SALARIES	13,949	16,739	20,087	24,104
PLATY DOMOVNIKU, UKLIZECU				
JANITORIAL SUPPLIES	1,020	1,275	1,594	1,992
UKLIDOVE PROSTREDKY				
SECURITY SERVICES	0	0	0	0
BEZPECNOSTNI SLUZBY				
ELEVATOR SERVICES	4,000	5,000	6,250	7,813
VYTAHOVE SLUZBY				
LANDSCAPING SERVICES	0	1,000	1,250	1,563
UPRAVA ZELENE				
PAINTING SERVICES	0	2,000	2,500	3,125
MALIRSKE PRACE				
TRASH REMOVAL SERVICES	5,700	7,125	8,906	11,133
ODVOZ ODPADKU				
ROADS/SIDEWALK/PARKING CLEANING SERVICES	775	969	1,211	1,514
UKLID SILNIC/CHODNIKU/PARKOVIST				
ANTENNAE SERVICES	570	713	891	1,113
SERVIS ANTENY				
INSPECTION FEES	699	874	1,092	1,365
POPLATKY ZA INSPEKCE/KONTROLY				
NON - ITEMISED ROUTINE MAINTENANCE SERVICES	0	1,500	1,875	2,344
PRACE BEZNE UDRZBY - BEZ ROZLISENI JEDNOTLIVYCH POLOZEK				
NON - ITEMISED EMERGENCY MAINTENANCE SERVICES	4,923	2,000	2,500	3,125
PRACE HAVARIJNI UDRZBY - BEZ ROZLISENI JEDNOTLIVYCH POLOZEK				
Subtotal	33,089	46,510	57,301	70,621
Mezisoucet				
Major Emergency Repairs				
Velke Havarijni Opravy				
COMMON EQUIPMENT				
SPOLECNE ZARIZENI/VYBAVENI				
OTHERS	52,616	0	5,000	5,000
OSTATNI				
Subtotal	52,616	0	5,000	5,000
Mezisoucet				
Capital Replacement				
Vymeny/Generalni Opravy				
EXPENSES	20000/0	0	0	0
VYDAJE				
RESERVE FUND	0	13,520	18,203	18,077
FOND REZERV				
CUMULATIVE RESERV FUND	0	13,520	31,723	36,280
KUMULATIVNI FOND REZERV				

105

APPENDIX C

SOME ISSUES INVOLVED IN DISPOSITION OF ASSETS IN A MARKET ECONOMY

SOME ISSUES INVOLOVED IN DISPOSITION OF ASSETS IN A MARKET ECONOMY

1. Enabling Legislation

To ensure that all the appropriate options for real estate ownership are available to the housing sector permitting privatization, it will be important to provide statutory, programmatic and administrative authority for these forms to be established and implemented. The freedom to develop housing is limited by the statutes of the State governing commercial and real estate activities.

a. Condominium Enabling Legislation

The Condominium Enabling Statute permits the direct development of flat or apartment type homeownership under the fee simple system. It enables direct development of condominiums and conversion to condominiums should people desire it. It permits and encourages mortgage financing which is secured by the property and the assets of the owner. This form of ownership of real estate is "legislatively neutral".

The condominium statute or enabling legislation also defines some of the necessary elements in creating a condominium. The reason for these additional elements, is not to preclude people from designing their own system of housing ownership and functions but to reduce the number of actions which need to be brought to a court for determination because procedures were not legislated or were not clarified. For example, to protect the rights of all owners, condominium legislation usually requires that:

- the voting power of an owner cannot be changed without the consent of all the owners. (This also protects th interest of the mortgage holder);
- the right of an owner to make changes in her/his unit is limited by its impact on the enjoyment, security and safety of the neighbors;
- the right to make improvements (as differentiated from ordinary and extraordinary repairs) resulting in an increase in fees or the imposition of a special assessment, usually should require the consent of at least (for example) 75% of the beneficial interest. [Beneficial interest is the percentage of the common and indivisible elements of the housing - i.e., all the area and facilities outside the four walls, ceiling and floors of the owner's unit - calculated on the basis of floor area or market value and provides a type of weighted voting power for owners. The more unit value in size or market value (calculated at one point in time) the greater the percentage interest of the owner and therefore the greater the beneficial interest and therefore the greater the voting power];
- Trustees must be elected annually. This ensures that the initial developer of a condominium cannot control the condominium after 50% of the units are sold;
- the common area fees are determined and assessed annually based on a budget developed by the Trustees.

b. Cooperative Ownership

The enabling legislation for cooperatives permits conversion and/or creation of for-profit housing and commercial cooperatives as well as non-profit housing and commercial cooperatives. It provides for financing to be secured by the assets of the cooperative and with rights of foreclosure and sale of such assets. Similar foreclosure rights are also needed by local governments for property taxes, utility charges etc.

2. Determining the Size and Shape of a Property to be Converted into a Condominium or Cooperative or sold to an Investor

The municipal legislation would require that all property be split into smaller units and that the legal form of these units would be condominium.

The argument here is that the size of the properties to be sold, should be responsive to individual concerns and provide for democratic decisions concerning residents' interests.

However, there are many obstacles in the path of such democratisation of the housing, not the least of which are the legal separation process, the practical problems of determining boundaries and the problem of establishing equity in the disposal and/or distribution of other assets, such as the revenue producing commercial assets. Commercial income may be the difference between net profit and net loss in housing operations.

The legislation therefore would require several sub-steps:

Step 1. Turn Profit Making Enterprises into a Condominium or a Cooperative

One solution to the problem of the non housing assets, is to create an organization such as a cooperative or a stock holding company for just the non-housing assets. Its shareholders would be all the resident families of the existing housing or possibly the municipality on behalf of all of its citizens. It would own the assets as a condominium owner in the various condominiums (which is one of the reasons why all the housing needs initially to be broken into condominiums in the process of establishing smaller housing entities).

For example, a neighborhood has 10,000 housing units in several buildings. It also has a school, several playgrounds, a community center, a small shopping center, five convenience stores and 20 hectares of land serviced by infrastructure. The stores are located in the ground floor of buildings, as is the community center. No matter how you design the split, it is not possible to reallocate the assets equitably. By conversion to condominiums, these assets are retained by the municipality or sold to a new entity and the net income after debt service is distributed in the form of dividends back to the shareholders and thus these assets continue to provide a kind of 'operating subsidy' to the municipality or to the new resident owners. The 20 hectares of land are transferred directly to a Municipal Land

Bank along with a mortgage equal to the capitalized (at net present values) of the subsidies invested in the land acqusition, its infrastructure improvements and the financing utilized for these and are made available by auction to developers. This mechanism permits the size and configuration of the subdivision to be rational from an operating efficiency, democratic governance and personal preference viewpoint.

It may be that the common assets need to be distributed into more than one entity. For example there might be an allocation as follows:

- Revenue producing commercial and industrial assets which have been developed;
- Neighborhood institutions (such as parks, schools, clinics, churches etc.). [These could also be transferred to the municipality];
- Development assets such as vacant land, construction and development equipment, deposits of people in the 'pipeline' etc.

In each of these cases, the original residents or the municipal owners at the time of the disposal of the housing assets, would receive a share in each and every 'company'. In so far as there may be reasonable entitlement of the municipality to a portion of the assets, it may be appropriate to reserve some shares to be allocated to it in the case where the revenue producing assets are invested in a resident controlled corporation or sold to a private investor.

Step 2. Determination of Size and Type of Housing Development

The disposition legislation would mandate that all developments larger than X be subdivided into units no larger than X and a A (say 66) % vote of the shareholders agrees with such a determination which would include the proposed subdivision exceeding X units. The municipality would prepare a plan, submit it to a vote of each of the proposed subdivisions and upon a B (say 51) % approval of the residents in each subdivision and upon a C (say 75) % vote of approval by all the proposed subdivisions, it would be deemed approved. In addition, a plan for the non-housing assets of the municipality would be developed and submitted to all residents for approval.

After approval, the subdivision would be enacted and each subdivision would be converted into a condominium form of ownership. Initially the municipality would own all the condominium units and their beneficial interest in the common areas.

Step 3. Clarifying the Status of Non-Purchasing Residents

The proposed legislation should probably set a date, say 30 days prior to the first resident vote on the subdivision plan, by which the residents can purchase their unit. At that point, any residents not converting to ownership status would become tenants with say a one year lease and thereafter a tenant-at-will status. Their unit/share would be owned by the joint stock company or condominium/cooperative created above in Step 2 and available at

any time for sale after one year. Perhaps they would be given a right of first refusal for any condominium or cooperative share put on the market on the terms and conditions of a bone fide offer received by the seller. Such right would have to be exercised within 10 days of notification and receipt of such an offer and the entry into a bona fide Purchase and Sales agreement within 60 days.

[With respect to the partition and related voting system outlined in Step 2 above, there might be an alternative approach. In a case where the the proposed sale would result in more than.50% of the occupant households being tenants, the city would review alternative partition plans. One might be that the proposed subdivision be made larger: one might be that it be made smaller: one might be that it be redesigned: the purpose being to create partitions where the owners outnumber the tenants. Another option might be to determine whether the owners and tenants might be willing to exchange units in order that buildings could be 'tipped' one way or the other].

110

APPENDIX D

TECHNICAL ASSISTANCE AND TRAINING

TECHNICAL ASSISTANCE AND TRAINING

To ensure that the disposition plan is understood and the process is democratically structured, it will be critical that there be comprehensive education of all families involved. This will likely take three forms:

I. Training

An intensive training of all should take place. Three types of training will be required:

(A) Municipal Staff

These need to understand their leadership role in the process and also how to dismantle their housing management structure, transfer their housing files and how to build a new system for non-housing asset management and decision making.

(B) Residents

These need to know the process, the timing, the consequence of decisions and how the market economy in housing operates theoretically and actually in the country (e.g., brokers, listings etc.).

(C) Commercial Lessees

These need to understand the plan and how it will affect them.

II. Technical Assistance

It is quite probable that the complexities of some of the housing, the unique problems of others and the wide variety of technical skills available for disposition, will require a focused level of assistance which broad training cannot provide. There will need to be Technical Assistnce program set up which would probably be a 'pool' of technical skills (domestic and foreign) which would be available to send as needed.

III. Financial Support

There may be a need to establish additional assistance for families and some businesses. This would pay for the planning of the disposition and the implementation costs, chiefly the development of mortages, condominium documents, cooperative documents and legal and recording fees. It might also include the subsidy of the write-down of resident purchases.

3. Cooperative/Condominium Management Assistance

With the shift to this new structure, there will be a demand for new methods of property management and the development of professional accreditation. While many staff of housing departments are capable of delivering and managing *cost effective and timely quality* services to housing, commercial and other facilities, there will be an increasing demand for such services from both coop/condo staff and from the likely emergence of private management corporations.

Condominium Trustees and Cooperative Board Members will likely be new and will require training in their role, including specifically:

- how to solicit property related services
- how to contract services
- how to monitor services
- and how to hire and supervise staff.

In addition as demand for private management, financial and maintenance services increase, there will be an increasing need to provide training and accreditation for property managers whether staff or contractors.

Other Matters:.

1. Termination of Rent Control and Subsidies

The limitation on the rent which can be charged by owners needs to be lifted so that the subsidies can be terminated.

If housing is to be managed in an efficient and responsible manner, it will be necessary to provide the accountability discipline of occupants paying the full cost of operations and thus having a vested interest in both timely quality and cost effectiveness.

If this housing is to be privatized then it will need to have an operational cost structure which is based on reality. Direct housing subsidies tend to disguise and distort housing economics by shielding them from the dynamics of the market place and occupant self-interest.

On the other hand there will be a need to protect tenants who do not meet affordability standards, from the impact of the changes and to cushion the impact of any changes on those who do meet or exceed affordability standards. Unlike ownership housing, tenants have adjusted their living habits over the years and made commitments based on an expectation of a certain housing cost. They may need time to make changes.

APPENDIX E

MODEL DOCUMENTS

APPENDIX F

HOMEOWNER TRAINING COURSE AGENDAS

TYPE OF OWNERSHIP	WHO OWNS THE HOUSING?		HOW ARE DECISIONS MADE?
Individual Ownership	Individual fully owns unit and property. Most common in single-family.		Individual owner makes decisions.
Condominium	Residents own individual units, and share of common areas through condominium association.		Individuals make decisions on own units, with limited restriction use and improvements of unit. Assocition makes common area decisions, with voting proprotionate to unit value.
Cooperative	Corporation owns entire buildings; corporation comprised exclusively of residents.		Residents have one vote as family unit, does not vary by numer or size of unit. Residents elect Board of Directors which makes policy decisions. Residents participate through Annual Meeting and committees.
Limited Partnership	Residents form corporation which acts as general partner; limited partners provide capital in return for tax benefits.		General partner(s) make policy decisions, according to provisions of partnership agreement. Limited partners are passive but have certain final decision powers.
Tenant Management	Residents do not own, but have a contractual agreement to conduct management tasks instead of owner.		Depends on terms of contract. Tenants may control or share many of the administrative and management decisions. Unless specifically transferred to the tenants by contract, control rests with owner.

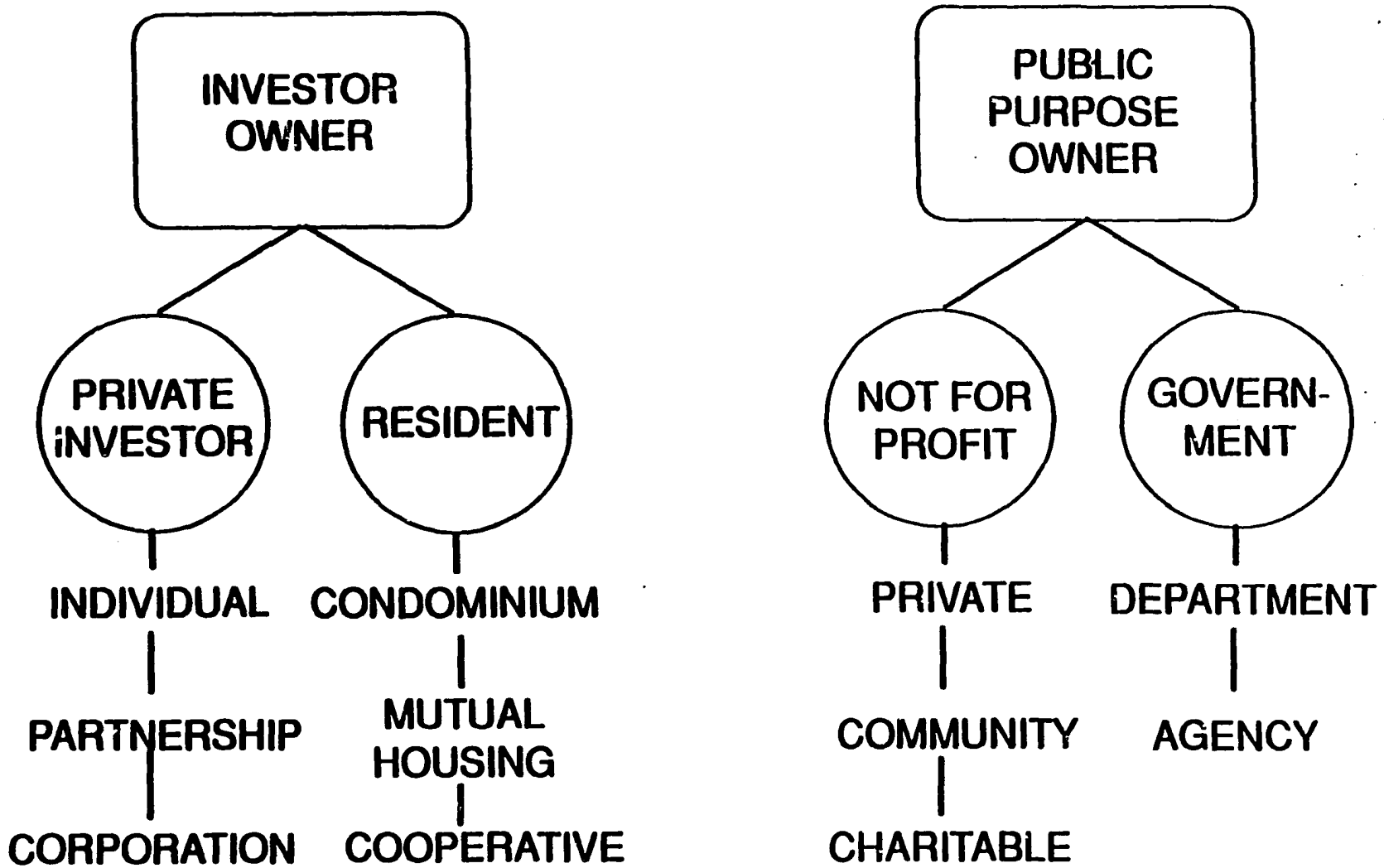
May participate in management decisions through committee or other structure authorized by contract.	lease and state law. No resident equity. Tenant association may have some legal liability for decisions.		management ithout financial requirements and risks of ownership. Security only as long as lease term.
Resident has no control over decisions, unless member of corporation or corporation structures tenant participation. Resident subject to lease.	Resident's liability limited to terms of lease and state law. No resident equity.		Housing provided at or near cost. Usually some structured tenant participation. Long-term security due to restrictive corporate purpose.
Resident has no control over decisions, except as protected by lease.	Resident's liability limited to terms of lease and state law. No resident equity.		No financial benefits or management control.
	STRENGTHS		WEAKNESSES
I.O.	Independence and potential for gain.		Can have limited capital resources. Time to devote to operations.
CON	Maximum individual control over unit. Maximum potential capital gain on resale.		Resident responsible for financing and maintaining unit. Escalating values excludes many.
CORP	Individuals have ownership and control without individual risk. Minimal upfront capital returned through HUD insurance. Potential for limited return on equity when moving. Cooperative style of living.		Decision making requires participation and cooperation. Lack of control over individual unit. Risk of default when small number of members fail to make payments. Benefits aimed at long run occupancy.
L.P.	Limited individual risk with moderate resident control. Maximizes use of tax		Short-term nature of tax benefits may force sale in future. Resident

	benefits.		influence may be temuous or variable.
T.M.	Some control with minimal financial risks.		Lack of clear control or tenure beyond lease term. No financial benefits to residents.
NPC	Reduced cost and reduced risk housing for resident. Corporate purposes may ensure long-term occupancy.		Limited liquidity of most non-profits; tight budgets.
FPC	Financial strength. Possible depth and breadth of skills and experience.		Lack of tenant tenure. Lack of control.
I.O. = Individual Ownership CON = Condominium COR = Corporation	L.P. = Limited Partnership T.M. = Tenant Management NPC = Non-Profit Corporation		FPC = For Profit Corporation

18

Non-Profit Corporation	Corporation owns. Residents may, in some cases be members of the Corporation, but it is not required.		Corporate members elect Board of Directors, which is vested with authority for most decisions.
For-Profit Corporation	Corporation owns.		Corporation elects Board of Directors.
HOW MUCH CONTROL DOES THE RESIDENT HAVE?	WHAT ARE THE FINANCIAL RISKS TO THE RESIDENT?		HOW IS THIS FORM APPROPRIATE FOR LOW/MODERATE INCOME RESIDENTS?
Full control to owner/resident.	Individual has full financial responsibility for unit and debt. Unit individually taxed.		Requires substantial equity and financial capability.
Individuals has near total control of unit, with minimal restrictions. Participate in common area policy decisions.	Resident has full financial liability for unit and debt on unit. Return on equity depends upon market conditions. Units taxed individually.		Requires personal qualification for mortgage. Units individually assessed for high taxes.
Resident has proprietary lease protecting long-term use of unit, given compliance with moderate set of restrictions set by corporation.	Residents have share price plus accumulated equity at risk; not individually liable for debt on building or other corporate debt. Building taxed as whole.		Corporation obtains mortgage, not individual. Building assessed as whole. Housing services provided at lowest cost. Low down payment (with mortgage insurance).
Residents, if one of general partners, have inputs into decisions of partnership. Lease units from partnership.	Residents as incorporated general partner have liability limited to their investment. The resident's corporation is liable for all debt of partnership.		Residents can share in ownership and significantly in management in return for transfer of tax benefits. May face resale when benefits expire, reducing long-term security.
Residents subject to lease.	Resident limited to liability per terms of		Tenants can control/influence

OWNERSHIP MODELS



APPENDIX G

MODEL REQUEST FOR PROPOSAL (RFP) FOR SALE OF ASSETS

CHAPTER 1.3

CONVERSION TO PRIVATE MANAGEMENT:

PROPERTY MANAGEMENT MODELS

SECTION I PROPERTY MANAGEMENT MODELS

In order to adequately address the future operation of the housing for which the municipality is currently responsible, decisions will need to be made regarding how the ongoing activities of the property are to be administered.

Regardless of who undertakes the responsibility to manage the property, the primary goal is **to preserve and enhance the asset value of the property and the quality of life which the residents enjoy.**

A. What is property management?

Definition

"Property Management" is an all encompassing term referring to the carrying out of administrative, financial and maintenance tasks necessary in order to operate a property so that it will function both on a daily and long term basis. The **"property manager"** is the individual or entity that performs these tasks or oversees the performance of these tasks by others. The manager may be the owner of the property (where the property is a rental building), another individual or organization appointed by the owner, a resident association, a governmental agency or a combination of these players.

Property management can best be defined as a group of activities that must be carried out in order for the properties to function on a daily and long term basis. Property management activities ensure that:

- the **people** living in the housing receive services designed to promote safe, comfortable and sanitary housing conditions;
- the elements of the **physical** plant are protected through the performance of preventive, routine and emergency maintenance along with long range plans related to repair and replacement of capital items;
- the **financial** viability of the property is addressed through accurate budgeting, vigorous collections and timely reporting and record keeping
- the **long term health** of the property and its continuing relevance to the need of its occupants and the market is assured through ongoing planning, monitoring, analysis and revisions in the management plan as necessary.

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B. Descriptions of Various Management Models

The following section discusses the structure and the operational features of four models of management that can successfully be used in a housing environment that includes both public and privately owned properties. The four models that are discussed in depth are:

1. Resident Self-Management Models
2. Community Models
3. Private Management Models
4. Public Management Models

The models discussed below concentrate on the relationships between the property owner, management entity, and residents of the property. Although the discussion does not specifically address commercial properties, special consideration must be given to buildings that include both commercial and residential spaces. The needs and priorities of residents and commercial tenants are not necessarily the same and must be integrated. The task of renting space to commercial tenants, maximizing the revenues generated from that space and satisfying the needs of commercial tenants who tend to pay a disproportionate amount of rent require that the management entity have specialized skills in the area of marketing and leasing.

1. Resident Self-Management Model

(a) Structured Resident Involvement

Structured resident involvement in property management begins with the residents organizing themselves into a group that is willing and able to work together and in conjunction with the property owner in order to maintain an acceptable standard of living conditions. This model is most likely to be used in situations where the property is owned by a public or private non-profit organization or a municipal body, although there is no reason that a private owner cannot use residents to assist in management. For the purposes of this discussion, resident involvement assumes a rental housing environment, although the long-term involvement of tenants in the management of their property does sometimes lead to resident homeownership. Resident homeownership management is discussed in C below.

Structured resident involvement is most often embodied in a representative resident council or board that is elected from the resident population at large. In turn, the council works directly with the owner of the property or its

primary agent in deciding what responsibilities will be delegated to the council either wholly or in part and to what extent the council will have actual decision-making authority or act in an advisory capacity.

The actual role which the residents will play may vary depending upon the needs of the property, the willingness of the owner and the skills and abilities of the resident group. The goals and purposes of structured resident involvement may also vary. This model may be used in order to save money that would otherwise be expended on professional staff handling the same tasks. In situations where the property owner has a broad mandate that may encompass social welfare and economic development goals, this model may be used to develop capacity and build skills among residents that will in turn advance individual economic self-sufficiency.

Specific tasks that become the responsibility of the resident council may include: developing, administering and monitoring tenant rules and regulations; serving as a security force; observing, recording and reporting physical conditions requiring maintenance and repairs; and participating in tenant selection and orientation.

In order to be effective, a resident council will need capable leadership that can both advocate on behalf of the residents and be responsive to the needs of the owner. The resident council may report directly to the owner of the property or may instead report to a property management firm engaged by the owner to act on its behalf. As was indicated above, this model is most likely to be used in situations where resident involvement serves a dual purpose of providing property services and developing resident capacity. In order to meet both these goals, the owner may face an additional cost related to training residents in carrying out the property management tasks assigned to their resident council.

In summary, structured resident involvement is typically most successful in an environment where the owner has a goal beyond protecting his/her housing investment. This is most likely to occur where the form of ownership is private non-profit or municipal and the mandate of the housing program is

broadened to encompass goals of encouraging the development of resident skills and capabilities. At the same time, successful resident involvement may provide economic benefits to the property. These benefits may include direct savings through the use of volunteer labor and increased satisfaction and cooperation on the part of the residents that will result in concern and care for the property, leading to reduced maintenance costs. Finally, it may be necessary for an owner to be willing to pay for the cost of training residents so that their involvement will be effective.

(b) Resident Management Corporations

Resident management in the United States has been used in affordable housing settings in order to improve the living conditions in developments and provide economic opportunities to residents. Resident Management Corporations (RMCs) are entities organized by residents to undertake responsibility for property management. An RMC enters into a formal, legal contract with the owner to provide housing management services. Typically, the property is owned by a non-profit organization or the municipality. An RMC is typically structured as a public, nonprofit organization.

RMCs can, and do, provide other services to residents such as day care facilities and economic development ventures which stimulate resident involvement in the community. Initially, the RMC is contracted to manage the property where its members reside. They may also expand their management activities to buildings other than their own. As a developing business, RMC's may embark on other ventures related to the well-being of their community, including day care facilities and other economic development activities (i.e., carpentry, painting, automotive repair).

The RMC model is most likely to be utilized where the provision of decent housing is part of a larger social goal which includes capacity building, economic development and a sense of empowerment for households with limited resources. It is also not unusual for a property managed by an RMC to explore homeownership options and eventually work towards the goal of ownership.

RMCs are incorporated as a business and therefore designed to provide a full scope of professional services in the housing management field. The owner will enter into a binding management contract with an RMC for management of the property. The typical structure of the RMC includes a board which oversees the operations of its management staff. The elected Board members will meet on a regular basis to review the activities of the management staff which reports directly to them. The management staff deals with the daily operations of the development and acts similarly to a third party private management company. The RMC receives a fee for services from the property owner. The services typically include maintenance, repairs, tenant selection, rent collections, financial reporting, budgeting, coordination and oversight of related housing activities. An RMC is usually structured so that the staff reports to the RMC Board and the Board reports to the owner.

In order for an RMC to develop all the necessary skills to serve as a successful private management company, it will require outside technical support. This is the reason that the services of an RMC, at least initially, are usually provided to its own residents in housing owned by non-profits or government groups. The necessary assistance can be provided in a variety of ways:

Technical Assistance Grants (TAG) can be provided by federal, state or local governments as well as foundations, universities, and non-profit organizations.

(1) *Provision of technical assistance grants:* These are provided to RMCs based on competitive proposals submitted by the RMC's. The grant is designed to ensure that the RMC has the funds available to build the capacity and skills necessary for property management. Grants can also be used to hire outside consultants who will train the RMC staff in specific areas of housing management. Grants may be used to pay for help for setting up a reliable budgeting and accounting system and developing personnel policies and other management tools.

(2) *Apprenticeships:* If the owner has housing management personnel on its staff, it may want to allow residents hired for certain housing management positions to work with a staff member of the owner's organization on a regular

basis until the resident has learned all the facets of the related position. For example, a resident who has been hired to become the manager of a RMC development will work with a trained municipal staff manager to learn all the various aspects of managing housing. This will occur over a certain period of time, perhaps within one year, and will be referred to as "on-the-job training".

(3) *Setting up a training program:* The municipality can first set up a training program for the board of the RMC in basic organizational and operational issue such as how to run a meeting. It may also include ground rules for conducting meetings, working together as a team, and how to overcome conflict. The major emphasis should be on board duties and responsibilities. Board members will learn how to set policy and provide oversight. The board will learn the difference between policy it is responsible for, and day to day operations which are the responsibility of its staff.

In summary, the Resident Management Corporation is a professional business venture, staffed largely by residents of the housing which it contracts to manage. Its business activities frequently extend beyond direct housing services into the area of economic development. To be successful, Resident Management Corporations will require the full cooperation of the owner. This "cooperation" may involved the development of a training program as well as financial bequests to the RMC. Successful RMCs provide high caliber management services to the property owner. Because of their close relationship to the property which they manage, their level of commitment and concern for the well-being of the property is an excellent benefit to the owner of the property although its value may be difficult to quantify. A possible outcome under this model is the gradual development of a homeownership opportunity for the residents.

(c) Community Association Management

The Community Association model of management assumes that the residents are in fact the homeowners. The most common forms of ownership are condominiums or cooperatives. Condominiums are defined as individually owned housing units which incorporate jointly

owned common areas. Because of the shared ownership aspects of condominiums, an Association is formed and a representative Board is elected to manage the condominium. A Cooperative refers to housing in which the residents each own a share of the cooperative corporation which in turn holds title to the property. Again, there is a representative Board elected to oversee the daily and long term activities of the property. In both forms, the Board is the group designated to manage the property.

The respective Boards may carry out their responsibilities in two basic ways, either self-managing or hiring a property management company. Boards which self-manage may either do so on a voluntary basis or may be paid for their services out of the operating funds of the property. Self-management requires a time commitment from Board members along with the existence of the requisite financial, maintenance and administrative skills. In some cases a Board may fulfill some responsibilities by self-managing and delegate other tasks to third parties (i.e. employing a bookkeeping service to prepare financial reports).

If the Board delegates the responsibility for management of the housing by contracting with an outside management company, the management firm is accountable to that Board and can only act as its agent. The Board does not relinquish any rights or responsibilities concerning the conditions of the property and may terminate the relationship in accord with the notice provisions of the management contract.

In summary, the elected Board of a condominium or cooperative is the de-facto management entity for that property. If the Board members have the necessary skills and time required, they may choose to manage the property themselves. The benefits of this approach may include cost savings since the labor will either be donated or be compensated at a rate lower than the costs of an outside manager. In addition, it is assumed that the commitment of an owner is deeper and more far reaching than a third party contractor. On the other hand, the Board members may not have the depth of knowledge or time available which is necessary to successfully manage the property. Furthermore, cost savings which a

professional management company may be able to achieve because of its buying power, may not be available to the property otherwise.

In the case of self-management the larger the organization of owners, the more staff will need to be hired and the more complex the community organization will become. In some cases this will be a cost effective and high quality organization. In many other situations it can become excessively bureaucratic and hampered by its organizational inertia in being either cost effective or responsive to the needs of the owners.

The "best" model for management of condominiums and cooperatives may not always be the same. As the composition of the Board and the needs and priorities of the property change over time, the relative merits of self-management and third party management will need to be reviewed.

2. Community Models

(a) Neighborhood-based Models

A common phenomenon in a free market economy is the creation of neighborhood based non-profit organizations designed to address the basic social welfare needs of the immediate community. Along with the need for health care, educational and social services, the development of standard housing is frequently identified as a high priority. Once this housing is developed, the next issue to be addressed is how to operate the housing. The neighborhood organization may choose to contract to a private management company, facilitate the development of an RMC or self-management capability or may decide to expand its efforts into the field of property management. The two types of neighborhood based organizations most likely to be confronting the question of how to manage housing are Community Development Corporations and Mutual Housing Associations (which in Eastern European countries are sometimes called "Proprietorship Cooperatives".) For those who decide to expand into this field, their operational management model changes over time as their portfolio grows and the time required to be dedicated to management increases.

These organizations should carefully review

their staffing, the nature of their other activities and their original mission when deciding whether to hire an outside professional management company or to manage the property in-house. They must also analyze whether they have the ability and commitment to alter their property management model as the number of housing units for which they are responsible increases.

Typically, a neighborhood organization will assign a member of its existing staff to handle the responsibilities of management along with his/her regular tasks. As the number of units under management increases, the organization will face the decision to hire a staff member to serve as property manager. If the portfolio continues to increase, the point will come where the organization must decide whether or not it creates a property management division or subsidiary to handle the housing management responsibilities or if it hires an outside company. The primary benefit of creating a related housing management company is the ability to monitor and control the management activities combined with the creation of an additional profit center. The key drawback relates to the mission of the organization and its ability to fulfill that mission while diversifying into the field of property management.

Typically the mission of Mutual Housing Associations and CDCs is to develop housing rather than just maintain it. Consequently if the focus is on new development the existing housing can easily be forgotten. On the other hand focusing attention on management can cause the organization to lose its focus on new development.

(b) Charitable Organizations

Similar to neighborhood-based non-profit organizations, (CDCs), Mutual Housing Associations and Cooperative Housing, Churches, Trade Unions, and Housing Trusts are all examples of nonprofit groups which choose to expand their mission to include housing development and the area of economic development. In so doing, they face the same dilemmas as the neighborhood organizations in determining the extent

to which housing management activities detract from their other mandated areas of involvement.

Functionally, the community model of management is not dramatically different from the services provided by a private management firm. The key differences are:

- o the group is managing for its own account
- o the existence of the management entity may have evolved without an adequately considered corporate plan or set of objectives.

This second difference may negatively effect the quality of the housing management services being provided. It may also detract from the other stated purposed of the organization.

(c) Industrial Corporations

Historically, many industrial corporations have developed housing for its workers and have had to retain responsibility for the on-going management of that housing. As a result, these corporations have found themselves in a position similar to organizations whose purpose is to develop amnd manage housing. However, they have neither the skills nor resources needed to persom these management tasks. So-called "Enterprise" housing management has often been contracted to professional management corporations.

3. Private Management Models

A private management model is one which relies exclusively on the private sector to provide partial or full management services. There are a variety of management models which meet this definition. These may include management by residents (either tenants in a rental building or owners in a condominium, cooperative or mutual housing setting), self-management on the part of a private building owner/investor, management by a private non-profit organization or management by a for profit partnership or corporation, which may be part of the ownership entity or a totally separate third party. Whether a property is investor owned, municipally owned, resident owned or owned by a not-for-profit organization, any of these private models identified above may be

utilized to provide management services which will promote safe, sanitary and comfortable housing conditions for all residents in a cost effective manner.

Private management models of property management include the use of individuals who most typically are managing for their own account and partnerships or corporations which are typically businesses set up specifically for the purpose of managing property.

(a) Management by the Owner

There are several variations of individual management models. Typically, this refers to an individual for-profit investor in rental property who plays the dual role of owner/manager. He/she collects the rent, does the bookkeeping, leases the units, and arranges for maintenance (he/she may actually perform the repairs). An extension of this model includes the scenario under which the investor hires an individual to perform management activities on his behalf. This person works directly for the owner and reports to him/her. The employee may be paid a salary, or be given a housing unit in exchange for services provided. This model is commonly used by a smaller investor who owns rental housing. It is cost effective and workable as long as the investor's portfolio does not grow too large.

(b) Partnerships and Corporations

The corporate property management model is the traditional one under which there exists a private for-profit business which contracts with property owners to manage their property on a fee for services basis. They may or may not also manage some properties for their own account. Although all private for profit management companies have the same goals, their management systems may vary. There are a number of different approaches to the management of multi-family and commercial properties. The basic systems include:

1. Project Management
2. Departmental Management

3. Centralized Management
4. Site Management
5. In-house Maintenance
6. Use of third party vendors and contractors

In **project level management**, a property manager has overall responsibility for one or more properties. Although the manager may rely on other departments for information internally, it is the property manager who is accountable for the financial, administrative and physical well-being of the project. In this model, a manager must have a basic level of knowledge in all key areas. He/she must be skilled in coordinating information, and prioritizing activities and must also have the ability to work closely and cooperatively with other departments within the corporation, since without their input, the manager will not have access to the information which is necessary for the manager to fulfill his/her responsibilities. Basically, in project level management, the "buck stops" with the manager. The primary benefit of this approach is that one individual know all the different issues related to the property and how individual concerns relate to one another and the whole. However, this approach requires that an individual be capable of processing large amounts of information in a variety of areas of knowledge.

Departmental Management describes a management approach in which each department manages a different aspect of the needs of the property. In management systems of this type, the accounting department would manage and oversee the finances of the property; the maintenance department would handle the physical plant requirements and the property management staff would be involved in administrative issues such as leasing, tenant organizations, and general correspondence. This approach emphasizes using experts in each area to manage that aspect of the property. Its major weakness is that no one has an overview of the property and its priorities.

Centralized Management occurs in a setting in which all property is managed from a central location. Manager, accountants or maintenance will visit the property but will be based in the central office. In smaller properties (fewer than 100 units) centralized management may be the only feasible approach since the management and related staff involved with the property are likely to have other property re-

sponsibilities as well. There also may be no physical location at the property from which the management staff can operate. The benefit of centralized management is the ease of supervision and oversight by corporate administration of line staff who are based in the same location as their supervisors.

Site Management occurs when the property manager and related staff operate at the site of the property which they are managing. This is more likely to occur at properties which are larger than 100 units. Depending on the demands of the property, there may be absolute site management in which all departmental responsibilities (accounting, physical and administrative) are handled at the site or more likely, certain activities will be handled at the site with some supervision or assistance from departments based at the central office. Site management almost always occurs in properties that are larger than 150 units since they usually require at least one full time management staff person assigned to them. Site management requires the existence of an adequate physical location in which to set up an office. The primary value of site management is that the management staff is able to constantly be aware of what is going on at the property on a first hand basis. He/she frequently has the opportunity to take action before a concern escalates into a problem. From a corporate perspective, site management is usually more profitable since there are few if any corporate overhead costs associated with it unlike the costs associated with managing the property from the central office. On the other hand, it is more difficult to supervise and monitor and control quality at site management offices since the day-to-day management decisions are being executed at a location different from that of the corporate administrators responsible for that supervision.

Approaches to Maintenance Staffing

A typical property of 50 or more units will have at least one "maintenance" staff person hired and supervised by the management company. This person will have some janitorial responsibilities and may or may not also have responsibilities for minor repairs. In discussing the use of **in-house maintenance**, we are talking about a far more

extensive involvement in the repair and maintenance of the physical plant. A company using in-house maintenance will most likely have at least a carpenter, plumber, and electrician on-staff. In an organization relying on a departmental management style, the maintenance department will have complete control and responsibility for the allocation of resources for physical plant work items. In a project level system of management, this may pose a problem since there may be competition for the access to these resources. As long as the quality of the maintenance staff is good, certain issues regarding work results will not be a problem. When there are problems with quality, frustration levels escalate quickly with the inability of management staff to shop elsewhere for better quality services. A corporate value in utilizing an in-house set up may be the creation of a separate profit center. A profitable maintenance operation obviously is valuable. At the same time, if the output of the operation is causing dissatisfaction on the part of the clients because of the quality of the work or the costs of the work, the arrangement will need to be reviewed.

In reviewing the use of in-house maintenance, the basic alternative to be considered is the use of **outside vendors and contractors.** The goal in contracting for physical maintenance and repairs is to have quality work performed within a reasonable time frame at a competitive price. In shopping for outside vendors, it is important to be clear about response time, 24 hour a day availability, depth of the organization, costs and guarantees. If these concerns can be satisfactorily addressed — in working with an unrelated entity, issues of internal competition along with the perception by the client of a conflict of interest can be avoided. At the same time the ability and incentive to negotiate a competitive price can be increased by working with an outsider.

The above styles of management are frequently not mutually exclusive. A company may use both centralized and site-based management. They may also have a small in-house staff, but rely on outside contractors for certain trades or certain size jobs. There is rarely a right or wrong way of doing things. In determining the "best" approach, the value to both the client and to the corporation must be considered in order to make a decision that will ultimately benefit both parties.

Private management models of management are profit-oriented. Therefore their approach to the provision of housing services is geared towards effective and efficient service delivery in order to maximize their profit. In the case of investors managing their own properties, there is no additional consideration. Where partnerships and corporations are concentrating on third party management, their model must also consider the issue of competition with other management companies. In recognition of competition, these companies should always reexamine their basic model to determine how they can provide better and more comprehensive services at the lowest possible cost to the property owner.

4. Public Management Models

Each municipality's role can differ in how they manage housing. A municipality can act as a regulator of the private and non-profit corporations who develop and operate the housing, ensuring that the owners comply with the public mission and act in accord with the laws pertaining to housing regulation. In some situations, however, the municipality's role can broadened to include supervisory functions which protect the physical and fiscal viability of the property and health and safety of the tenants.

It is important to differentiate between regulatory and supervisory activities. Regulatory activities are those which pertain to monitoring for compliance with laws and for management of project operations to ensure the preservation of the housing both physically and financially. Regulatory monitoring activities can vary depending on the level of involvement of the municipality. Supervisory activities are those by which a municipality agency intervenes itself in direct supervision and oversight of basic routine management functions, directing the owner and/or management agent in what they do. Supervisory activities generally consist of rent administration, administration of how management will take place at distressed projects, and intervention in physical maintenance and management in cases where tenant health and safety is threatened. A supervisory role requires the municipality to have available staff to undertake all of these activities and in

many cases this is not feasible.

(a) Departmental Models

This type management model is centered around the municipality having direct control over a housing management department. The department would be managed by the city manager and enable the manager to closely monitor all of its activities. A housing department within the city's political structure would make the staff more accountable for its actions.

Self management requires the creation of a new municipal department with staffing, equipment and office space. The cost in doing this may be a key determinant. Its very existence also adds to the size and complexity of the municipal bureaucracy. In the United States, municipal housing departments may not be able to make decisions and implement them as quickly, since they frequently must comply with certain laws which apply to all municipal bodies but are not applicable in the private or even quasi-public sector.

The most compelling argument in favor of a municipal housing department is that the lines of authority are clear; there is an absolute mutuality of interest and minimal difficulty in monitoring and oversight by the municipality as owner.

There are typically two types of staffing mixes that are used in this type of setup.

- *In-house Staff Model* — this would take the form of a large bureaucratic structure where a chain of command is followed in all phases of work. Housing departments typically have many layers of administration and a large staff handling the numerous activities of housing management.

- *Mixed Staff and Contract Service Model* — this model utilizes less staff but requires extensive monitoring of outside service contractors. A small in-house staff could be responsible for collecting rents, tenant selection and major modernization activities whereas an outside contractor could be responsible for short and long term building

maintenance, making sure vacant units are cleaned so they can be rented quickly, enforcing house rules, and ordering necessary materials.

(b) Agency Models

A separate municipal agency is the model used frequently in the United States in the management of government owned low income housing (Public Housing Agencies). Typically these agencies are created and chartered by the municipal government but operate with varying levels of independence ranging from having a close formalized relationship with the municipal government to operating with a high degree of autonomy. Not being a direct line department of the municipal government, these agencies have the potential for approaching management in a more innovative manner. In addition, at least in theory, they are somewhat removed from the "politics" of city government, which might negatively influence the way in which they manage the property.

Having an agency solely devoted to housing management and related issues can be useful in ensuring the housing issues are not relegated in their importance. A level of independence provides for a flexibility which can also be beneficial.

Municipal monitoring and oversight become somewhat more difficult and time consuming since the agency is not under the direct aegis of the municipality. Moreover, it is easy for the municipality to focus on other activities and forget about the housing agency allowing services to deteriorate.

The above models of management are not necessarily mutually exclusive. The municipality may use a combination of any of the three. In the case of an autonomous public agency, this agency, in turn, may contract with private management for some of its portfolio.

Regardless of how the property is managed, the municipality, as owner, needs to always keep in mind the purpose of hiring an agent to handle the functions of operating the property. The property manager is not the owner of the property. At the

same time, without sufficient authority and autonomy, the manager will not be able to operate the property. Reaching this balance can be difficult. The solicitation process, management contract and monitoring systems should all be designed to make certain that responsibilities and limits of authority are clearly and specifically identified.

EXHIBIT 4.1 - key questions to consider in examining property management models:

Finance

- Who will collect and monitor rent payments? Who will incur, approve and pay expenses?
- How will this income and these expenses be accounted for?
- Who will prepare and monitor the budget for the property?
- Who will prepare and review financial reports?

Maintenance

- Who will inspect the buildings and determine necessary re pairs?
- Who will prioritize, schedule and coordinate these repairs?
- Who will actually perform the necessary work?
- Who will develop a plan for long term capital reinvestment?
- How will contractors be chosen?
- Who will be responsible for cleaning the property?
- How will staffing requirements be determined?
- Who will supervise the staff?
- How will routine and recurring maintenance tasks be identified and addressed?

Administration

- Who will select the residents?
- Who will maintain building and resident files?
- How will information be transmitted to the owner from the residents and from the residents to the owner?
- Who will report to the owner? How frequently and in what format?
- What are the limits of authority of the property manager?
- What will the process be?

SECTION II: SOLICITING CONTRACT MANAGEMENT

In order to insure that a property is operated in the best interests of the owner and residents, it is critical that it be properly managed. The management of a property refers to the day to day physical, financial and administrative operation of the property; making certain that bills are paid, maintenance tasks and repairs are performed in an orderly and timely manner, that rent is collected from residents and that any reports required by the owner or municipality are completed accurately and on time.

As previously discussed, there are several models of management, including resident management, owner management and contract management. If the decision is made to use contract management, the method and criteria used in selecting the contractor is extremely important. This process is equally important whether the contractor is to be a private for profit corporation, a non-profit organization or a tenant group.

The following discussion addresses both tenant management and private company management. Although there are significant differences between these, soliciting each to respond to a Request For Proposals (RFP) for property management is basically the same. The purpose in soliciting tenant management serves several purposes which include both providing management services to the property and creating an opportunity for residents to develop certain professional capabilities, while the solicitation of private management is limited to hiring an outside professional entity to provide all housing services to the residents without involving them in the process.

Owners of large properties (say in excess of 500 units) may decide that management may be concentrated for some or all of the property in one or more management companies. The governing principles in having more than one management organization is:

(1) to create competition in costs
(2) to create and foster different approaches
(3) to address properties which have widely different needs (e.g. commercial versus residential, family versus elderly)

A. Concept of Request for Proposals (RFP)

"Request for Proposals" (RFP) refers to a written set of specifications which provides

details regarding the management services which the Owner of the property is seeking. The use of a written Request for Proposals creates an objective method for soliciting and analyzing competing bids. It ensures that all prospective contractors understand the scope of work to be provided. The use of a request for proposals also makes it possible for the owner to readily compare the responses, since each bidder has been given the same information and asked the same questions. The type of information requested, the areas in which expertise is required along with how the concerns and priorities of the owner are identified will determine who are the likely respondents to the RFP. Appendix B provides an actual outline for a proto typical Request for Proposal.

B. Development of the Request for Proposals

In developing the Request for Proposals, the owner should give consideration to the following questions:

1. What is the time frame for hiring a management company?

2. How does the owner want to notify prospective managers?

3. Does the owner intend to use the notification process as a means for attracting a specific group of bidders?

4. What skills does the manager want to emphasize?

5. Are there any municipal requirements and certifications that a prospective manager must meet?

6. Are certain skills, experience or education so important that a prospective manager should not respond unless he meets these specified criteria?

7. How will the selection process work? Will the only required response be written? Will there be interviews? Will the bidder have to provide a specified number and category of references? Will the owner want to visit other properties which the manager works for?

8. Must the prospective manager have any licenses or registrations in order to be

eligible to be selected?

9. How will the responses be evaluated? Will all qualifications be considered equal in importance or will some be weighted? Will points be assigned to each criteria?

10. What role will the management fee play in the selection process?

11. Is there a required format and timetable for submitting proposals?

C. Distribution Process

One of the considerations in the development of the RFP will be the distribution process:

- Notification to bidders: How will prospective bidders be notified? Is there an existing list of "prequalified" companies who will be notified by mail? Will a general notice be posted at city hall? Will a general notice be advertised in the newspaper? Will companies be told informally?

- Distribution of RFP: How will bidders receive the RFP? Can companies request them by mail? Must they pick copies up at a specified time at a specified location? Will the prospective bidder have to pay for the RFP?

- Prebid conference: As part of the distribution process or subsequent to the distribution, the Owner may hold a pre-bid conference. This is a meeting at which specific questions regarding the RFP will be addressed and additional information may be provided by the Owner. A physical tour and inspection of the property may also be provided at that time (or at a later time). The Owner of the property may require attendance at the pre-bid conference as a condition which must be met in order to submit a proposal.

D. Contents

Having carefully thought through the needs of the property and how they will best be served, the owner wants to make certain that

all the necessary information about the property is included in the RFP so that appropriate and complete responses can be given. The owner needs to make certain that information is presented in a clear coherent manner so that there is no confusion on the part of the bidders. The owner also wants to provide information in a way that requires that the bidder think about their response and simply not repeat back to the owner the information he has already provided. The goal of the RFP is to solicit as much relevant information from the bidder as possible and to have that information presented in a way that indicates a clear understanding of what the owner needs.

The following itemizes the basic information which should be included in a Request for Property Management Services.

1. The date the proposal is due; where it should be submitted and how many copies.

2. Licenses, registrations and certifications which are required to be included with the proposal.

3. Any requirements related to pre-bid conferences and site visits/inspections.

4. Description of the physical property, the financial condition, ownership structure and any special property conditions which may impact the management of the property.

5. Requisite qualifications of the management company in all required areas (finance, physical plant, administration).

6. Description of the scope of services which are to be performed.

7. Description of the selection process, how information will be evaluated, the interview process if applicable), the time frame for completing the evaluation of all proposals.

E. Selection Process

In developing a selection process, the goal is to create a fair and equitable opportunity for all eligible bidders to demonstrate their ability to manage the specified property. To achieve

this goal, a detailed selection process should be set up in advance and should clearly spell out how proposals will be judged and how decisions will be made. In considering the elements of a selection process, the following items should be included.

1. The criteria for selection: What skills must be demonstrated by the bidder.

2. "Weighting" of selection criteria: Are some skills more important than others.

3. Who will make the decision: Will there be committee? Who will be on that committee? What decision making process will be used (consensus, a formal vote)?

4. Will there be interviews of all bidders, finalists?

5. If there is an interview, how will it be conducted? Will there be oral or written questions? Will the interviewee be requested to make a presentation? How long will the interview take?

6. Will references be required as part of the selection process? Written or oral? Who will contact reference? Will that person ask a predetermined group of questions?

E. Contract Negotiation and Execution

1. Key elements in negotiation

Key elements in negotiation concern clarity in defining the roles and responsibilities of each party to the contract. It is also important to recognize that a good contract is only workable to the extent that the terms are truly acceptable to both parties. The time frame for contract execution should be defined in advance as part of the Request for Proposals. That time frame should realistically examine how long it will take for a management company to begin work. The time frame should also recognize that any proposal is time sensitive. If a

115

contract is not executed on a timely basis, it is possible that the prospective management company may not be able to fully comply with the conditions established within the proposal.

2. Contract elements

The purpose of a management contract is to clearly and comprehensively define the relationship between the building owner/s and the entity which the owner hires to carry out the on-going responsibilities related to operating the property. The management contract defines the rights and responsibilities of both the management company and the building owner. It needs to be specific and written in sufficient detail that both parties understand what is expected of them.

A typical contract should identify the responsible parties, include information regarding specific duties, limits of authority and liability, the term of the contract, compensation, reasons for termination, information which must be transmitted from the owner to the company and similarly reports (with a schedule) which must be provide by the company to the owner.

Attached as Appendix A you will find a prototype management contract which is used in the States for both residential and mixed residential/commercial properties and has been previously been adapted to be used in Czechoslovakia.

APPENDIX A

MODEL MANAGEMENT CONTRACT

Model Management Contract

The purpose of a management contract is to clearly and comprehensively define the relationship between the building owner/s and the entity which the owner hires to carry out the ongoing responsibilities related to operating the property.

The management contract defines the rights and responsibilities of both the management company and the building owner. It needs to be specific and written in sufficient detail that both parties understand what is expected of them.

A typical contract should identify the responsible parties, include information regarding specific duties, limits of authority and liability, the term of the contract, compensation, reasons for termination, information which must be transmitted from the owner to the company and similarly reports (with a schedule) which must be provide by the company to the owner.

The following is a protoptype management contract which is used in the States for both residential and mixed residential/commercial properties.

AGREEMENT made as of_____, 1992 between District Council Prague (hereinafter "the municipality"), acting through the undersigned representative _____ and (name of management company), acting through the undersigned representative, (name of representative), (address), (hereinafter the "Manager")

Whereas the Municipality owns a property which includes ____ units in _____ buildings located at _____

and

Whereas , the orderly and uniform administration, maintenance, appearance, upkeep, management and regulation of the building is necessary and essential for the preservation and promotion of the interest of the building owner and the protection of the value of the building and the convenience and well-being of the residents of the building; and

Whereas the Municipality is authorized to appoint by means of this Agreement, a property manager,

Now, therefrore, in consideration of the foregoing premises and the mutual promises and covenants herein made, the Owner and Manager agree as follows:

1. Employment.

The Municipality hereby employs the Manager as the exclusive manager of the property and the Manager does hereby accept such employment commencing (date).

2. Powers and Duties of Manager.

The manager shall be authorized and required in the name of and on behalf of the Owner, to perform all services reasonably necessary for the management of the building, including but not limited to:

(a) *Conferences.* The Manager shall meet with the Municipality at regularly scheduled meetings and at other reasonable times at their request in connection with the performance of its duties.

148

(b) *Collection of Charges.* The Manager will collect all regular rents and special charges and assessments and monies and debts of every nature and description including municipal, state or federal subsidies which become due to the Municipality in accord with applicable laws and regulations.

(c) *Managerial Employees.* The Manager shall hire in its own name all managerial personnel necessary for the efficient discharge of the duties of the Manager hereunder. Compensation shall be the responsibility of the Manager unless otherwise agreed to between the Owner and the Manager.

(d) *Operational Employees.* The Manager shall selecte, employ, supervise, direct and discharge such operational personnel as may be required to maintain and operate the proeprty and as are specifically provided for in the approved budget. Said personnel shall be deemed to be employeese of the Manager, unless otherwise agreed in writing but their compensation including all benefits direct and indirect shall be the responsibility of the Owner.

(e) *Repairs and Maintenance.* The Manager is responsible for causing the buildings to be maintained and repaired including, but not limited to grounds maintenance, painting, roofing, cleaning, carpentry, electrical and plumbing repairs, snow removal, trash removal and such other ordinary and extraordinary maintenance and repair work as may be necessary or found to be desirable by the Manager or as requested by the Owner. For any one item of repair, replacement or refurbishing, the expense incurred shall not exceed the sum of _____ unless specifically authorized by the Owner, excepting emergency repairs involving danger to persons or property immediately necessary for the preservation and safetyof the property or the safety of persons, or required to avoid the suspension of any essential service to the property, may be made by the Manager, irrespective of the above cost limitation. The Manager shall, if at all possible, confer immediately with the Owner regarding emergency expenditures.

(f) *Contracting Authority.* The Municipality acknowledges that the Manager may contract for certain housing-related services. Copies of any such contracts shall be made available to the Municipality upon request.

(g) *Leasing.* From the commencement of the contract, the Manager has the right and responsibility to lease all residential and commercial spaces. Prior to signing commercial leases for a period longer than ten years, the Manager must get approval from the City of Prague. The final decision related to this rests with the District and City Authorities. The Manager is obligated to inform, in writing all commercial and residential tenants that the Manager is responsible for all issues related to Occupancy and Leasing. That notification must include information on procedures for reporting problems and paying rent. The Manager will be required to use standard residential and commercial lease form that have been approved by the Municipality. All leasing responsibilities are subject to the following conditions:

(1) Auctions. When buildings which are sold at auction contain commercial space used by State Companies, the Manager is required to sign leases for a period of five years is so required by the

successful bidder. When signing these leases, the Manager must comply with the rules addressed in the District Council Resolution No. 157, dated June 20, 1991. A copy of this resolution is attached as Exhibit A to this contract.

(2) Subletting. The Manager is not authorized to approve subleases for either the commmercial space or residential units.

(3) Vacancies. When a residential unit becomes vacant, the Manager must inform the District Council Housing Department within a month from thie date of vacancy; or within three months from the day on which it was determined that the District Office has a right to initiate legal action related to the abolition of the tenant's right. In the case that the Manager does not provide notice in a timely manner, he will be responsible for twice the amount of any lost rent payments. When a commercial vacancy occurs, the Manager must inform the District Council Property Department within a month from the date of the termination of the lease.

The Manager will pay a maximum of twice the rent set for each month of lost rent due to late notice on his part. Concurrently, the Manager shall post a notice announcing the vacancy. This notice must include the location and address of the commercial space, its size, floor and scheduled date for open inspections. Such notice shall posted for a period of thirty days during which time bidders shall submit proposals for the use of the space to the Manager. At the end of this period, the Manager shall review all proposals and select a commercial tenant unless the space is designated for Authorities and Departments of the Municipality. The Manager shall notify the Property Board of the District Council of his decision. The Property Board has the right to make the final decision regarding the selection of a commercial tenant.

Once a residential vacancy has been reported to the District Council, the District Office Housing Department will assign that unit within sixty days. Once a recommendation for the use of commercial space has been presented to the District Council, approval will be given within thirty days. If the District Council does not act within these time frames, the Manager will be compensated by the Municipality for the additional "vacancy loss". However, there will be no payments for vacancy loss made under circumstances where the District Council Prague 2 has decided to discontinue the use of the commercial space.

(4) Termination of Commercial Leases. The Manager may, on behalf of the Municipality, notify a commercial tenant of the intent to terminate his lease. When so doing, the Manager must notify the Municipality and comply with all relevant legal regulations. In order to terminate a tenant who is providing health care, educational or social services, prior approval must be secured from the District Council Prague 2. This approval is also required prior to terminating leases signed pursuant to former by-laws related to 15 paragraph 2 of the Act 116/1990. The decision of the District Council is final.

(5) Removal of a Unit from Use. The Manager may, in accord with the requirements of existing by-laws, go to court and propose the abolition of the right to occupy a unit. The Manager must provide the District Council Housing Department with copies of proposals.

(6) Setting of Rent Levels. The Manager shall recommend to the Owner the appropriate rent levels on commercial and residential lease subject to aplicable rent control laws. The Manager is not authorized to charge rents at any level without express written authorization by the Owner.

(g) *Applicable Ordinances and Regulations.* The Manager shall cause the building to be managed in compliance with all laws, statutes, ordinances, rules and regulations and orders of all appropriate governmental authority. The Manager shall not take any action hereunder so long as the Owner is contesting or has affirmed its intention to contest any such law, statute, ordinance, rule, regulation, order or any requirement pursuant thereto.

(h) *Unit Alterations.* The Manager is authorized to approve proposals for renovations and improvements to residential and commercial spaces when the cost of this work is to be borne by tenant. A copy of the approval with documentation describing the scope of work, the estimated value of the work and any conditions shall be available for review by the Owner.

(i) *Insurance.* The Manager shall cause to be placed and kept in force all policies of insurance as stipulated by the Owner. The cost of this insurance shall be paid out of the operating budget for the property. A copy of the insurance policy shall be given to the Owner. All monies received from an insurance claim shall be used for the purpose stated in the claim. When the proceeds from an insurance claim are not sufficient to cover the costs of making repairs, the means for securing the additional money required will be determined on a case by case basis. If the Manager does not properly insure the property, the Manager will be responsible for the entire cost of any repairs or actions required as the result of an insurable occurrence.

(j) *Use of Property Funds.* The Manager shall maintain a separate account in which the one-time subsidy and collected rents and related payments shall be deposited. All housing and lease related services and all related responsibilities as determined by law must be paid for from these funds. If the contract is terminated prior to the end of a year, all funds in these accounts shall be remitted to the Owner.

(k) *Owner's Records.* The Manager shall maintain and keep at the office of the Manager, all records related to the management of the buildings. These records shall be available for inspection during business hours by the Owner.

(l) *Manager's Records; Statements.* The Manager shall maintain records sufficient to document the provision of services hereunder, including all financial books and records identifying the sources and uses of all funds collected by it on behalf of the Owner in its capacity as Manager. In addition the Manager shall prepare and render to the Owner monthly statements reflecting receipts and disbursements of account of the building operations. The Owner shall have the right to cause an annual independent inspection of the books and records held by the Manager.

(m) *Budget.* Within 60 days of the commencement of the contract and in subsequent years, at least 60 days prior to the start of the next fiscal year, the Manager shall prepare an annual operating budget which shall set forth an itemized statement of the anticipated receipts and disbursements based upon the then current schedule of monthly charges and taking into acount the general condition of the buildings, together with a statement from the Manager outlining a plan of operation and justifying any estimates made. This budget shall serve as a guide and control under which the Manager shall operate. The format to be used for the budget is attached as Exhibit B.

(n) *Purchases.* Any purchases of equipment, tools, appliances, goods, supplies and materials made by the Manager for the repair and maintenance of the building shall be considered to be the property of the Owner.

(o) *Funds.* The Manager shall deposit in the name of the Owner all funds collected for the Owner in local banks as selected by the Manager. The accounts shall be in the name of the Owner and the Manager, in a manner which indicates the custodial nature thereof. Such accounts shall be used exclusively for funds received by the Manager in the course of its duties hereunder, and shall be segregated from any other accounts maintained by the Manager for any other reason. The Manager shall account monthly to the Owner for any excess funds on deposit in such account, after paymentr of current expenses and provision for a reserve against anticipated expenses in an amount deemed reasonable by the Manager.

3. Manager's Compensation.

(a) The compensation of the Manager for provision of the management services as described herein, shall be equal to 7% of total actual rental collections payable monthly, in arrears.

(b) Upon sale or restitution of the property, the Manager will cooperate with the Municipality in preparing for the transfer of ownership. For this service, the Manager will be paid a sum of 1500 Kcs for each property so disposed of.

(c) In addition to the standard management fee, the Manager shall receive a fee for renting the commercial spaces. This fee shallbe equal to a total of 5 % of the annual rent for each year of the lease and shall be due to the Manager upon execution of the lease.

4. Manager's Responsibility.

The Manager in the exercise of its powers and performance of its duties and obligations under this contract shall be responsible solely to the Owner or the delegated representative of the Owner.

5. No Liability; Indemnity.

The Manager shall not be liable to the Owner for any loss or damage not caused by the Manager's own misconduct or negligence. The Owner agrees to indemnify the Manager against and hold the Manager harmless from (a) any liability, damages, costs and expenses sustained or incurred for injury to any person or property in, about, and in connection with the property, from any cause whatsoever, unless such injury shall be caused by the Manager's own misconduct or negligence; and (b) any liability, damages, penalties,

costs and expenses, statu. ;ry or otherwise, for all acts performed in good faith by the Manager pursuant to this Agreement or to the instructions of the Owner, provided, in each of the foregoing instances, that the Manager promptly advises the Owner of its receipt of information concerning any such injury and the amount of any liability, damages, penalties, costs and expenses.

6. Term of Agreement.

The initial term of this contract is for a period of one year. This agreement shall automatically extend itself from year to year provided that, however, that either party may cancel this agreement by ninety (90) days written notice sent to the other party.

7. Entire Agreement.

Contained herein is the entire agreement between the Owner and Manager relating to the subject matter and no prior representations, agreement or warranties, written or oral, shall be in effect unless contained herein. No modifications of this contract shall be effective unless in writing and signed by both parties.

8. Notices.

The Manager shall post a sign in the building, indicating that he is the manager of said building. This notice must include the business address of the Manager.

Manager **Owner**

_____ _____

APPENDIX B

OUTLINE OF REQUEST FOR PROPOSAL (RFP)

Outline of a Request for Proposal

The presentation and substance of a Request for Proposal (RFP) will determine the type and quality of responses which the Owner receives. The purposes of the RFP is solicit sufficient information to make an informed decision as to what management entity will provide the most suitable scope of services for the property. The following provides as outline of a prototype Request for Property Management Services:

I. **Introduction:** In the introduction, the Owner will state the purpose of the RFP, along with details including:

- due date
- pre-bid conference, if any
- procedures for inspecting the property prior to proposal submission
- the format for submission (how many copies, where proposals should be submitted)

II. **Description of the Property:** This section should include a brief but comprehensive description of the property(ies):

- location of building
- building type
- number of residential units
- number of commercial units
- physical systems (i.e. how is heating handled)
- unique conditions related to financial structure, ownership entity, physical conditions, resident or commercial population (i.e., is there a need for substantial capital investment, is it the intention of the owner to convert the property to a condominium, are the commercial spaces being vacated for a public purpose)

III. **Selection Process:** How will a decision be made in the selection of management agent.

- What are the criteria for evaluation and their relative importance?
- What legal requirements must the bidder meet? (i.e. insurance, licenses, certifications)

- Will there be an interview as part of the process?

- Are references required?

- Will certain types of bidders be given priority based on their type of organization?

IV. **Technical Proposal:** This part of the RFP is where the Owner makes clear what management capabilities the bidder must possess and in turn provides the opportunity for the bidder to clearly demonstrate in detail their skills. Requests for the following information is included in this portion of the RFP:

A. Experience and qualifications

The bidder should be asked to state how long he has been providing similar services and what it is about his experience that makes him the best candidate to manage the property. He should also be asked to indicate what makes him uniquely qualified to serve as the manager. Typically, the bidder would expect to solicit the following information in this section:

- How long has the management company been providing relevant services?

- What types of professional credentials does the company have?

- What types of legal and insurance requirements does the company meet?

- Demonstration that the company can assume the responsibilities within the required time frame.

- Indication that the company has staff available who are qualified to manage the property.

B. Management Approach

The Owner is trying to find out in general terms how the bidder approaches the management of property in general and how this approach will serve the needs of the specific property. The owner would expect the bidder to include:

- organizational information regarding how supervision is handled; how staff is allocated (see sample organizational chart); who (by position) would be responsible for management.

- general listing of the services included within the management responsibility and brief overview of how they are approached

C. Management Services

This section is the one in which the bidder is looking for specific details regarding approach, procedures, the specific services which are provided and how they are handled on a day-to-day basis. Typically, the owner would expect to have the bidder indicate the following:

1. *Financial Services*

- how are bank accounts handled
- what is the procedures for rent collection (where are rents paid, when, what is done if a tenant does not pay rent)
- what is the procedures for paying bills (who does it, how is it monitored, what records are kept)
- what financial reports are provided, how often, in what format, to whom
- how are budgets are developed
- who is responsible for capital investment planning
- are records manual or automated - describe the system in each case.

2. *Administrative Services*

- how does the management office operate - what times are the open, how do tenants register concern
- what are job descriptions and responsibilities of company staff assigned to the project
- what reports does the company provide to the owner (i.e. resident lists, copies of all correspondence, legal documents, insurance information, meeting minutes)
- how are rules, regulations, leases monitored and enforced

3. *Maintenance Services*

- How are emergencies handled (how is management

company contacted, what do they do step-by-step

- What is the company plan for routine and preventive maintenance
- What is the company's experience and involvement in energy conservation
- What is the work order system and how does it operate
- What are the procedures for soliciting bids and selecting vendors and contractors
- How are maintenance activities coordinated and monitored
- What is the schedule for property inspections and what are the procedures for inspections
- What is the process for maintaining and controlling inventory
- What is the procurement process

As part of this section the Owner may request that the bidder provide sample copies of financial administrative and maintenance reports that they typically use.

D. Staffing

The Owner wants specific information regarding how the management company proposes to staff this site (how many staff, what amount of their time, their job descriptions)

E. References

The owner wants a list of other properties and owners for whom the company has provided property services. References should include the type of property, location, how many units, name of owner or other contact person and telephone number.

F. Cost Proposal

The owner wants a bidder to indicate how much the management fee will be and what services or staff are not included as part of that fee.

APPENDIX C

COMPUTER SUPPORT SYSTEM

CHAPTER 1.4

HOUSING STOCK MANAGEMENT:

ASSET MANAGEMENT

CHAPTER 4. HOUSING STOCK MANAGEMENT:ASSET MANAGEMENT

A. Introduction

Publicly assisted housing — whether it is publicly or privately owned and operated — requires constant surveillance in order to determine that the housing is being adequately managed to:

(1) provide decent, safe, sanitary, and affordable housing to targeted populations consistent with program intent and the housing mission of the Government; and

(2) protect the public investment in the housing stock to achieve long-term physical value, financial viability, and adaptability of the housing to meet the changing needs of the population.

Housing asset management encompasses all activities which the Government undertakes to ensure that Government-financed housing meets all Government regulatory obligations, provides a decent and affordable living environment, and remains physically and economically viable.

It encompasses all regulatory and supervisory activities which any Government agency undertakes to ensure that the operation of the housing complies with all rules and regulations of the relevant Government funding program(s) and that the management of the housing is adequate to ensure the long-term physical and economic viability of the project.

The traditional notion of asset management is the monitoring of assets which are owned directly by the entity doing the monitoring. In the case of publicly assisted or conveyed housing, the housing stock may no longer be owned or be managed directly by the public agency, but there is a compelling public interest in seeing that the housing remains viable and continues to provide suitable housing to citizens. While the public agency may not have direct ownership and/or management, its interests and rights in monitoring may be secured by:

- mortgages;
- deed covenants and restrictions; and/or
- public laws and regulations.

The system proposed herein is a risk-based assessment system that emphasizes early detection of problems and ongoing sampling-based monitoring. Risk-based asset management is designed to allow a portfolio holder to set up a data-base system for conducting surveillance of the portfolio and for identifying those portions of the portfolio which may not be performing up to the standards required.

The key to a risk-based monitoring system is the selection of indicators, which must:

(1) be able to be assembled from existing data and reporting systems without substantial data collection effort and

(2) be lead indicators that predict rather than just measure non-compliance or viability problems.

Components of an Asset Management System

While each Government housing portfolio and property may be unique in terms of its specific structure, condition, disposition, and regulatory requirements, there are certain asset management activities which should be performed for most programs. These include:

- ***Asset Management Activities During Project Planning*** - including the review of materials selection, management plans, maintenance plans, reserves and operating budgets during project underwriting and approval.

- ***Occupancy Monitoring*** - including all financial, physical, and regulatory review activities necessary, such as:

  - Δ Fiscal Monitoring
  - Δ Physical Monitoring
  - Δ Regulatory Compliance Monitoring

- ***Workouts/Financial Restructuring*** - including all activities undertaken for the supervision of distressed projects and projects

under workout agreement.

There are additional housing management functions which are directly related to asset management operations, but which may be located within other areas of a housing agency/organization, provided there are sufficient connections to the asset management operations. These include:

(1) *Management Information Systems (MIS)* — the systems and procedures for reporting of all information related to the status of individual projects and programs to asset management staff as well as other Government staff responsible for overall housing policy and management.

(2) *Internal Review & Quality Control* — procedures for monitoring the performance of asset management functions and for investigating internal operations to recommend corrections and improvements in operations.

(3) *Loan Servicing* — all collection activities such as receipt of debt service and escrow payments, deposits, posting, and reserve balance monitoring and disbursements.

(4) *Management of Bonds and Indebtedness* — payment of interest on bonds or other instruments of indebtedness, creation of sinking funds for the retirement of these, ensuring compliance with indebtedness requirements, reporting to holders of these instruments as required, analyzing opportunities to refund and defease bonds to maximize the funds available and minimize interest costs.

The Targeted Approach to Asset Management

The best management of an asset typically is accomplished through direct and regular surveillance of each asset. However, in the context of a large publicly assisted housing portfolio, direct surveillance of every housing development is not possible. Consequently, a strategy is needed that enables the public to generally track all projects while devoting its limited direct surveillance resources to those properties that are most at risk of not complying with regulations and/or of becoming physically or financially non-viable.

To achieve targeted asset management, the system out-

lined herein relies heavily on two principles:

- assessing properties for risks to target distressed assets; and
- random quality control sampling of non-distressed properties.

Each of these principles is discussed below.

Portfolio Risk Monitoring. The purpose of risk management is to identify individual projects and portions of the portfolio which exhibit characteristics of physical, financial, and managerial distress or are at risk of becoming distressed. As noted previously, risk management in traditional asset management consists largely of identifying and disposing of risky assets. In public sector asset management of housing portfolios, the objective must of necessity be different. Publicly owned property may not be appropriate for disposition at all or at a particular t Thus it is important that early identification is made properties at risk and to correct physical, financial, and managerial deficiencies which have caused the distress.

Individual projects may be considered at risk because of problem characteristics of that project — such as location, construction defects, energy systems and costs, security, marketability, poor management, and deferred maintenance. Through risk analysis, the Government should be able to identify and isolate those projects experiencing, or at risk of experiencing, significant operating and management problems for further analysis and corrective actions. In addition, entire portions of the portfolio may be at risk due to program characteristics, such as required income mix, lack of reserve account standards, inadequate construction standards or prior structure of residency (cooperatives versus rental) or even prior management entity.

Risk analysis should identify whether the problems of individual projects are shared by similar projects to be considered symptomatic of the program or some other factor rather than just the individual project.

The analysis of risk related to individual projects should take into account the following information available from an audit or assessment of the property:

Financial Indicators

o profit (loss)
o reserve levels & maintenance of reserves
o collection losses (vacancies and bad debts)
o administrative, maintenance and utility expenses
o debt/equity ratios
o changes in current assets/liabilities
o changes in working capital

Management Practices

o improper financial practices and condition
o deteriorating physical condition of the property
o low occupancy levels
o costly management practices
o ineffective, costly, inefficient and poor quality maintenance practices
o lack of conformance to an approved management plan

These indicators can be quantified as ratios or other scaled measures which can be used to develop a composite risk rating. The projects with the highest risk can be assigned for additional monitoring and assistance.

The risk indicators can also be compiled to determine if certain types of projects or programs result in riskier or more distressed projects. If certain systematic risk factors are isolated, then the Government can review these to determine if such risks can be eliminated now or at least, averted in future projects.

Further discussion of risk analysis systems is presented in Section B of this chapter.

Program Quality Control Monitoring. Quality control is a distinct method of monitoring which is based on well-defined random sampling techniques. It assumes that personnel and resources are limited, and that full 100 percent monitoring (i.e., direct review of all management activities and compliance) is not always possible and is not cost effective. Through random sampling, quality control uses ~~less~~ fewer resources to determine program error rates, to create recipient and agency error-prone profiles, and to identify cost effective verification procedures.

165

The results of quality control sampling are used to determine corrective actions and target where significant problems are occurring. For example, a quality control sample might be used to review the timeliness of quarterly reports, or annual certified audits. If it is estimated from the sample that more than 40 percent of the housing projects are more than 90 days late in submitting the required reports, asset management staff could be instructed to alter their procedures for monitoring report submission.

As another example, quality control sampling might be used to examine the level of replacement reserves in housing projects. If it is estimated from a quality control sample that 30 percent of the projects are not building up replacement or operating reserves, the pre-funded reserve requirements may need to be increased.

A third example is a quality control sample of management reviews completed by line staff. If it is determined that certain staff consistently fail to conduct unit inspections or note particular financial deficiencies in the operations, then the appropriate staff actions can be taken (e.g., train or reassign).

These examples show how sampling can be used to look at systematic errors in programs, enabling the Government to take action to correct the errors through changes in monitoring or regulations before they affect the viability of the portfolio.

At a minimum, quality control systems consist of the following components:

(1) *Central data base* - A centralized data base must be maintained for purposes of sampling and for analysis of error rates. The BLIMP© data base can serve this purpose, since the automated project files can facilitate the implementation of quality control techniques.

(2) *Separation of quality control from line functions* - Program quality control should be conducted by staff different from line staff who administer the program to allow for independent verification of effectiveness.

(3) *Periodic scientific s[illegible]ling* - Regular sampling of projects on [illegible]ariety of topics of concern to the Govern[illegible]nt to ensure that program management [illegible]s sufficient to protect the

housing portfolio.

(4) *Tolerance levels of errors* - No program is error free. Error tolerance levels must be established; beyond that point, corrective action must be prescribed.

(5) *Feedback loop* - Quality control must be a closed-loop system, with information used to initiate corrective action in response to the findings.

The advantages of quality control are

- that it is a cost effective way of monitoring, or supplementing the direct monitoring of agency programs and projects, and
- that it helps to identify systematic problems in program administration before they jeopardize the viability of the housing or increase the liabilities of the Government.

Because scientific samples are used, program judgments can be made on a cost effective basis, although there are tradeoffs between the size of the sample and the confidence levels which can be achieved. Typically in maintenance an error rate of 15% is tolerable while in finance it may need to be as little as 5%.

In combination, the quality control and risk management systems can identify the vulnerable aspects of the portfolio and which management practices might contribute to that risk.

Coordination with Housing Disposition and Finance Functions

While the Government's asset management functions are the primary focus of this chapter, the organization of the asset management functions must also be coordinated with all other Government housing functions, including asset disposition and property management.

(1) Asset management functions should be closely integrated with asset disposition functions — if not within the same agency, then with systems to ensure that asset management staff review and approve projects plans during the pre- sale approval stages. The potential benefits are:

- coordination of funding,
- improved project underwriting,
- maintenance of the highest quality until sale, and
- centralized management information.

A project team approach involving marketing, finance, and asset management staff can be used to ensure such coordination.

(2) The financing function (if seller financing is proposed or if subsidies are continued for the property), including loan servicing, can be organizationally or administratively separate from management functions, if procedures exist for asset management staff to review proposed developments, and for reporting collections and delinquencies to the asset management entity.

(3) Regardless of how the programs are ultimately organized, the housing will benefit from a centralized Government-level policy, planning, and monitoring function. All asset management options will be affected to some degree by the type of centralized control and oversight entity created (i.e., a Commissioner's Office reporting to the Mayor).

B. Risk-Based Housing Portfolio Assessment

One of the primary components of any housing asset management system is the centralized monitoring of risks and allocation of resources to those portions of the portfolio that are most at risk of problems with compliance and viability. Whether the Government is contemplating the sale of the property or its retention, any decline in condition will adversely affect the value of the property both financially and as a resource for families.

This section contains a discussion of ways to classify various portions of the portfolio and a system for looking at the different levels of risk that exist for individual properties and segments of the portfolio.

Categorizing the Housing Portfolio

While a major goal of consolidation and reorganization is to develop consistent and thorough asset management procedures for all housing , not all housing requires or should necessarily receive the same level of attention in regard to supervision, regulatory oversight, and monitoring. Instead, it seems both practical and appropriate to categorize various types of housing , which will enable the Government to target and adapt asset management activities to meet the specific needs of housing with similar management or operational characteristics.

The categorization of housing portfolios is a practical response to the large number of housing units. In many ways it is no different then what is done by a housing provider with direct management responsibility. For example, the approach taken to managing an elderly housing development typically differs from that taken for a family housing development. To manage a building with only residential units is different than one which also contains commercial property. Cooperatives require a different approach than 'enterprise' housing.

Categorization for purposes of asset management may be quite different from categorization for purposes of sale and finance. Two programs that require very different treatment during the disposition stage (due to source of funding, type of construction, and target population) may in fact be suitable for similar post-occupancy monitoring.

Program research and evaluation processes are important features of any asset management function. Information regarding the needs of properties and the organization of housing providers is critical to any oversight agency or organization. How to use information and resources is often the most difficult component of housing management in a public setting. Categorization of like portions of the portfolio can assist in such ongoing program and policy evaluation.

While the goal of the Government in reorganizing housing functions is to develop consistent and thorough asset management procedures for all programs, not all programs require or should receive the same level of monitoring. Instead, it is more appropriate to consolidate the programs into a number of key categories based upon the following factors:

(1) *Source of funding* - This is critical for determining the current and contingent financial exposure of the Government. A long term Government financed portfolio whether sold or not sold, presents different financial risks to the Government than one that is not subsidized or will only be assisted for a short regulatory period after disposition. Seller financed programs may require no current Government financial outlays, but substantial revenue losses may be incurred in defaults. With programs funded through appropriations, the Government's initial outlay is large, and requires oversight to ensure that it is used properly, but the longer-term risk is somewhat lower because no additional Government outlay or contingent liability exists.

(2) *Type of housing* - With programs which promote private ownership, the assistance is provided via mortgages which are largely self-policing, and so the primary monitoring issues are focused on the terms of the sale such as continued occupancy by certain families, the possible recapture of any Government subsidy on resales and the repayment of a loan which is in whole or in part seller 'take-back' financing. Possibly there be guarantees made by the government to private financial institutions where there is no seller 'take-back' financing involved. With rental housing, there are many more ongoing monitoring issues, including rent affordability, tenant selection, maintenance, and reserves all hinging around the continuance of government subsidies and the desire to preserve and maintain the value of the property.

(3) *Type of ownership* - The Government's housing programs may allow for a mix of non-profit, private, resident, and public owners. With nonprofit owners, the regulatory focus is on adequacy of management, maintenance, and the build-up of reserves. Where private owners exist, regulation may go beyond basic management, maintenance, and fiscal oversight to include monitoring cash distributions and preventing loss of properties through mortgage defaults as well as ensuring that any continuing governmental subsidies are being used appropriately.

The presumption has been that publicly-owned projects need less Government oversight than the other categories. However,

170

this is not universally or necessarily true. Publicly owned properties are often more prone to become physically and financially distressed without adequate management and oversight, particularly when their projects are considered housing of last resort and they concentrate families with the lowest incomes and the greatest social problems. Moreover, they are usually not cost effective and efficient because there is no discipline requiring such. Monitoring can be an effective mechanism for matching the profit motive which disciplines privately owned housing.

(4) *Resident Eligibility Criteria* - Some housing might be restricted to low income, or certain mixes of incomes.

(5) *Regulatory/supervisory activities required by law* - The enabling legislation for each program may stipulate different monitoring responsibilities. Thus cooperatives, enterprise and State (now locally) owned housing have different rules governing their operations. The nature and longevity of the regulations affects the exposure of the Government to future capital and operating subsidies. However, if it is likely that specific housing needs will continue to exist after disposition of any and all housing and that replacement housing will be more expensive, then the Government may have to reconsider the use of its resources and not dispose all of its housing. It will then need to renew regulatory agreements to keep housing affordable even after the regulatory period expires.

In effect, while much housing can be disposed of without creating homelessness especially if there is a housing allowance program to match, there may still be people who cannot function as housing consumers in a totally privatized environment. The government will need to keep them in mind.

(6) *Program administrative history and agency capabilities* - Some portfolios may have evolved into their own highly regulated environments that go beyond the level of Government intervention that had been originally envisioned. A good example may be some of the larger cooperatives. This regulatory history must be taken into account as well. If a program has been managed well, this should be taken into account. Similarly, if an agency has experienced difficulties which

171

have impeded its abilities to manage a program, this likewise must be considered.

(7) *Status of the portfolio* - In cases where an existing portfolio may already be showing signs of distress, the portfolio, although it may be similar in most respects to other programs, may require special monitoring activities. For example, some of the panel buildings are apparently facing shorter useful lives than originally envisaged. They may need to be treated differently, especially if the sale of housing is less successful with them than with the smaller scale structures.

(8) *Role of other public and regulatory entities* - Some of the housing is under another public agency's supervisory responsibility. State Enterprise Housing or that owned by industry, is regulated in part by a different agency than local government. Depending on the level of oversight provided, the Local Government housing agency may rely upon the other agency as the lead monitoring agency.

Portfolio Risk Analysis

With a large Government assisted and/or owned housing portfolio and limited staff resources to monitor that portfolio, the Government must develop a method for targeting its monitoring resources to the portfolios, and the projects within each portfolio, which are most vulnerable. One strategy is to develop a risk-based assessment system for identifying properties which are experiencing, or at risk of developing, significant operating and management problems.

This risk-based assessment system provides an objective process for regular updating and comparison of properties within and between portfolios. It relies upon a series of indicators that are available from financial statements and financial reviews, coordinating them with management reviews for an overall assessment of project financial and physical condition. The results of this analysis are then used to select the projects most at risk of developing problems.

Projects can be categorized according to risk levels, with the highest risk properties receiving regular monitoring visits with certainty. Depending on staff availability, low

172

risk properties can be randomly sampled for monitoring visits.

Risk Indicators

The key to the success of this risk-based system is to select indicators which can identify negative trends before the decline becomes apparent through ongoing monitoring by the staff. Negative trends in financial indicators may become apparent before there is actual evidence of management or physical problems.

There are a number of potential indicators which could be drawn from financial reports and reviews. Some of these can be drawn from a given year's financial reports, while others focus on the changes or trends over time, meaning that they might be measured over several years. The potential indicators (categorized by source of information) include:

Income Statement:

- negative net income in a given year or declining net income over a period of years
- the ratio of rent collected to total rent roll is low or dropping (typically collection losses exceed 3%)
- administrative expenses which are higher than normal
- maintenance expenditures which are either extremely high or extremely low
- utility expenses which are unusually high
- changes in project reserve levels

Balance Sheet:

- current ratio — the ratio of current assets to current liabilities. [If assets are increasing and liabilities decreasing that is a positive trend]

Financial Review:

- adequacy of project reserves relative to the age and physical condition of the property. [There are industry ratios but the most reliable system is determining the useful life of all elements and doing a cash requirements analysis].
- debt service payment history and arrearages
- real estate or other taxes arrearages

- serious management findings in audit

Management Review:

- physical condition of the property (the most serious indicator being evidence of lack of control such as litter, code violations).
- negative changes in occupancy levels (increasing vacancy rates)
- management maintenance of adequate records (most importantly logs of rents paid, work orders issued and completed and services received)
- outstanding findings from prior reviews and the compliance portion of an annual audit
- ongoing problems with implementation of the management plan

Selection of Key Indicators

The criteria for selecting key indicators include the following:

(1) Can the indicators be constructed from readily available data from existing sources, such as financial reports and management reviews?

(2) Are the indicators lead indicators: that is, do they indicate potential problems in advance of, or in the early stages of, an operational problem?

(3) Are the indicators a manageable number and yet still represent a range of potential problems or concerns?

Analysis of Risk Indicators

Risk indicators can be analyzed in a number of ways. Four analytic approaches are summarized below.

(1) Absolute thresholds — One approach is to say that any project which measures above a certain threshold is categorized as high risk, regardless of where this property scores on other indicators or how it stands in relation to other properties in the portfolio. For example, it may be determined to be unacceptable for any project to have a vacancy rate

over 10 percent or any debt service arrearages in excess of 30 days or to have code violations in excess of 5% of the living units.

(2) Relative ranking — An alternative approach to absolute thresholds is to rank properties in relation to other properties in the portfolio. All properties within a portfolio can be ranked or compared based on certain key indicators, with the bottom tier (say, 20 percent) being targeted as high risk.

Relative rankings are useful in identifying general market trends that affect all properties and distinguishing those general trends from measurements which would otherwise indicate high risk for a single property. For example, if every property experiences a rise in rent arrearages due to a recession, a high level of arrearages in any one property may be the result of economic conditions rather than a sign of management problems, and it would have to exceed the general levels of arrearages in the portfolio to be classified as a higher risk.

(3) Trend analysis — While both absolute and relative measures of vacancies, collection losses, and other indicators can identify distressed or at-risk properties, there can be perceptible changes in properties over time which can alert the Government to negative trends before they reach absolute or relative ranking levels indicating distress. Monitoring changes in measurements over time can be a complement to the measures themselves.

Trend analysis requires longitudinal data over several years, so trend data must either be entered retrospectively from prior years or deferred for several years while sufficient data accumulates. The most valuable use of such an approach is to monitor the functioning of the physical facility such as in utility consumption and frequency and cost of repairs. Another valuable use is to monitor family income to determine if the occupancy is changing to such an extent that rental income will be insufficient to maintain the facility properly.

(4) Composite analysis — While it is possible to analyze properties and identify risks for each indicator, risk analysis is often conducted as a composite analysis of all indicators. In such an analysis, the individual indicator ratings are combined into an overall risk composite

measure. The result of this analysis is a single list of high-risk properties based on a balanced consideration of all indicators. Usually a truly distressed property will measure distressed on a number of indicators and emerge as a high-risk property from the composite analysis. Where a property measures as distressed under just one indicator, that may signal an aberration in that measure, or it may point toward a property that is at-risk but not yet high-risk.

In most asset management systems, a combination of all four methods is used to some extent.

Recommended Indicators for Consideration

Some of the indicators for properties in the Government's housing portfolio may include the following:

- Negative net income (absolute, not percentile)
- Rent collected as percentage of gross rent roll is less than 97% (or target the bottom 25%)
- Maintenance expenditures as percent of total operating budget (target the bottom 10% and the top 20%)
- Utility expenses as percentage of total operating budget (top 25 %)
- Reduction in or no contribution to project reserves during year (absolute)
- Current Assets/Current Liabilities ratio (without replacement reserves and excess income)
- Mortgage delinquency and/or real estate tax delinquency (absolute)
- Occupancy rate (lowest 25 percent)
- Outstanding management findings or audit findings
- Management plan not current (when management plan recommendation implemented)
- Turnover rate (target top 25%)
- Work Order completion pace (target top 10% and lowest 20%)
- Percentage of activities on written work orders (target lowest 25%)
- Ratio of work order call backs to total work orders completed (target highest 20%)

In the long term, other indicators may be adopted, or the above set of indicators modified to reflect trends, or changes in the property's indicators over time.

Analysis of multiple indicators usually requires a compos-

r 6

ite ranking of all indicators, which is typically accomplished through the development of weighted measures for each factor. Some may be more heavily weighted than other based upon the relative importance of the indicator.

From the composite analysis, projects can be categorized into three or more types reflecting the relative level of risk. The highest risk projects should be closely monitored (through on-site management visits and financial reviews) with certainty and regularity. Moderate risk projects (every project with more than 1 risk point) can be sampled (perhaps a 25 - 35 percent sample), and low risk projects need not receive further management review.

The Government should develop an action plan that reflects the following steps to implement a risk-based monitoring system:

Step 1 Set up a process to select indicators and develop composite score system

Step 2 Train staff to use the indicators and to assemble the information which is needed.

Step 3 Design a computerized data base to receive the measures and conduct the composite analysis. (This system will be referred to as the Housing Asset Management Information System — HAMIS.)

Step 4 Enter the data into the computerized system and conduct the initial analysis.

Step 5 Review the HAMIS run and compare with staff opinions and previous reports. Examine properties which just fell outside of the highest risk range. Is the analysis missing projects needing monitoring because of the selection of the threshold?

Step 6 Develop an Action Plan format for addressing distressed properties. If the property has a management problem which can be rectified or referred to a Project Workout Team, make the appropriate staff assignments.

Step 7 Examine results of the first year. Modify the measures as indicated. Develop the program for second year longitudinal analysis.

C. Procedures for Management and Financial Operations Reviews

This section outlines some of the monitoring and review activities which public agency staff can undertake. The level of action is triggered by the assessment of risk and other information available to the public agency.

Monitoring procedures are divided into two primary categories: management operations review and financial operations review.

Alternative Review Methods

The range of methods for conducting an housing portfolio oversight approach include the following seven methods. These methods function as a set with some measure of overlap. Each of the eight methods permits a public agency to trigger more intensive reviews or actions.

1) Deed Restrictions or Regulatory Agreements — This method relies on the existence of the financing documents and ownership requirements for the specific program. For instance, certain programs may place limits on return to investors and on transfers of property to another ownership entity. This method requires no substantial effort to enforce but provides a broad mandate for the public agency to take actions should the intent of the regulatory agreements be violated or ownership structure be modified in a manner inconsistent with the program's requirements. This may be quite common as government disposes of property.

2) Owner/Agent Certifications — This method relies on the technique of having an Owner or Manager certify that the development's operations are in accordance with its Management Plan and all applicable laws and regulations. By randomly auditing or checking for compliance, the public agency can determine whether these certifications are accurate. It obviously depends upon a well thought out set of requirements for a Management Plan and an approval of the Plan each year.

3) IPA Audit/Compliance Review — Each year under this method, an Independent Public Accountant (IPA) is required to prepare and deliver an annual Financial Report. A requirement of this report can be an evaluation of the operational controls in place based on those described in the Management Plan. In addition, the public agency staff can perform detailed follow-up compliance reviews based on the IPA report.

4) Owner\Agent Monthly Activity Report and Agency Monitoring of Performance Compliance — This method requires Management Agents and Owners to submit regular (monthly or quarterly) reports which track performance indicators (unit turnover rate, Tenant Accounts Receivable, Waiting List Composition, Work Order statistics, etc.) and actual versus budget cost analysis. This report would be accompanied by a brief narrative which would summarize major development activities such as contracting, a major marketing initiative, or public safety issues.

The Management Representative would be responsible for reviewing this report and tracking performance at the development. Certain percentage changes in performance or variances in projected budget versus actual budget data would be used to trigger requests for clarification and, if needed, a Periodic Site Visit.

5) Random Quality Control Monitoring — This method involves the random selection of specific developments and specific operational areas at these developments for narrow and detailed review. Target developments would include both high and low performing sites. The selection is not specifically driven by any other trigger. This method functions as a test of the accuracy of monthly reporting, IPA audits and related contacts. This type of monitoring activity should be done on short notice.

7) Periodic Site Visits — This method is used for developments which are on a "performance watch". This status means that the development is a poor performer through non-compliance, lack of management capacity or evidence of financial or physical distress. A distressed development is one which suffers from difficult to control operating costs caused by poor design or construction, suffers from marketing difficulties because of neigh-

borhood conditions and/or community perceptions, or is otherwise suffering from some systemic operational difficulties. A poor performing development can be under sanctions if the poor performance is tied to failure to adhere to the Management Plan or if the lack of performance by the Manager is viewed as the primary cause.

8) Special Reviews and Sanctions — This method represents the most stringent actions which can be taken with a development. It is driven by major problems with regulatory compliance or performance which can be directly attributed to the Manager or Owner. Any one of the other methods can trigger this level of action. Issues such as those listed below can all lead to a Special Review and the implementation of sanctions. Such items include:

- defalcation (theft and embezzlement of funds);
- violation of deed restrictions and regulatory agreements;
- improper contracting or use of funds;
- violations of occupancy management regulations and requirements;
- actions or lack of actions which threaten the physical facility; and
- intentional misrepresentation of information in the monthly reports and audits.

Sanctions can be as stringent as the Government determines necessary to protect the interests of the residents, the property and the financing. This can include removal of the management agent or rigorous limitations in the use of development funds without Government approval.

Management Operations Review Components

To develop and implement a management review process, the following will need to be developed:

1) Outline and set of guidelines for a Management Plan. The Plan will function as the description of all controls and record keeping which housing managers and owner will use to assure the public that regulations are being followed and that verification on a post-audit basis will be possible. The Management Plan should consist of the following elements:

- Δ Administrative Plan;
- Δ Maintenance Plan and Procedures;
- Δ Preventive Maintenance Plan;
- Δ Procurement and Contracting Plan and Procedures
- Δ Affirmative Action\EEO Plan;
- Δ Marketing Plan; and
- Δ Annual Performance Goals.

Minimum acceptable record keeping requirements and controls will need to be developed to support annual owner\manager certifications of compliance and the independent auditor's tests of a development's internal controls.

2) Automated tracking systems. The housing asset management system identified later in this guide requires the tracking of performance indicators based on entry data from the financial reports. Without these databases, trend analysis will not work as a method to trigger periodic site visits or to assist in negotiating performance objectives for sanctioned or workout properties.

3) Protocol for a Management Review. A model for an on-site or in-depth review of management practices needs to be developed. Periodic reviews would utilize selected portions of such a Compliance Review protocol as relevant.

4) Training program for Management Review staff. An in-house program of initial and follow-up training for staff is needed.

Financial Operations Review

There are a number of important objectives in assessing the financial operations and condition of housing developments some of which have been mentioned above. Overall, the major objectives for the financial review are:

1. Assessing the ongoing viability and long term affordability of the housing developments. The assessment of financial condition is a way to identify the current problems, or the likelihood of subsequent problems, in the operation of a housing development or the need for capital improvements in order to extend the useful life of the property.

Some housing developments have been in existence for several decades, and may require major reinvestment in housing structures and systems to extend their useful life. Therefore, there is a need at this point to strengthen and to direct the reviews of financial condition in order to be better prepared to take steps to preserve the Government's investment in assisted housing and its asset value if to be disposed.

2. By examining financial condition there can also be an emphasis given to reviews of the cost and need for operating services for the properties and the availability of funds to cover future capital needs. This can be further incorporated into the review of overall management and operation of the property.

3. This change in focus of housing development reviews will result in a need to better relate compliance reviews with the financial performance of housing management entities and a closer examination of the allocation of resources at the housing developments.

4. Focused reviews of financial condition will provide for the information which will be necessary to support the risk-based assessment system.

It is noted below that the public can rely heavily on the use of independent accountants in reporting on the financial condition of properties and in looking at certain compliance areas. This approach will become more and more viable as the profession expands and it enables the government to benefit in two ways:

(1) It can derive more thorough and well documented information on financial condition and performance without investing in the specialized staff skills required; and

(2) It can allow the auditor to look at certain aspects of compliance, limiting the need for public staff to take time to frequently confirm regulatory and statutory compliance. This provides an opportunity for more thorough and detailed reviews of operating condition on a less frequent basis.

Major Components of the Financial Review

The Financial Operations Review may include the following components:

- direct public monitoring of the financial condition of the housing developments;
- review of annual financial statements and the financial review conducted by independent auditors;
- examination and approval of annual budgets;
- approval of rents in certain developments and for certain classes of residents; and
- preparation of appropriate sales prices for properties to be sold from the inventory

In addition, the process of financial "workouts" for distressed properties already sold but in which the government has a financial or other interest, is directly related to the financial operations review process.

Direct monitoring of financial condition by the public agency is desirable, yet limited by the public's ability to devote staff time to that effort. The costs of operating a housing development have a profound affect on the condition of the property, the quality and type of services provided and the affordability of the rents to households in occupancy. All of this affects the viability of the housing development and the conditions which are found at the property.

A number of factors can affect operating costs and the effectiveness of essential on-site operating services. Such factors include the quality of construction, the location characteristics of the property, the degree of outside financial support for the property, quality and quantity of local services provided to the property (i.e. public safety, trash collection, maintenance of local community spaces and facilities), level of debt service payments and characteristics of the population served. The objectives in providing the housing and services should reflect the operating circumstances and characteristics of the property. The availability and allocation of resources should be factored into any assessment of the housing company and housing development when determining how to ensure that the highest quality services are being provided in a manner

which will not adversely impact the financial condition of the property.

For many properties it is likely that the resources available are adequate to maintain stability at the housing development such that it does not become financially and/or operationally distressed. The conditions and needs of many properties are well known and there is probably information available which can be gathered to provide a sound basis for making ongoing assessments of the property. This is not to suggest that the agency should not conduct a thorough and comprehensive (standardized) examination of the financial and operating condition of stable properties. Rather, it is to suggest that any organization needs to target its resources to those areas requiring more immediate attention.

In addition to the direct reviews of financial condition, regular examinations of financial statements and reports prepared by the independent auditors. These reports are to provide confirmation of the financial activities at the properties as well as the reviews of internal controls and the appropriate use of funds.

The review of financial condition requires that this information be made available in a timely way and that the information be presented in the appropriate format. Compliance with audit report submission requirements and deadlines are an important part of financial monitoring.

In addition to direct monitoring of financial condition and review of financial statements, public agencies should require annual budget submissions. The allocation of resources is one of the most critical components of any review of the management and operation of a housing development. Budgets are an important tool for analyzing changes in costs and for monitoring financial condition during the year (i.e., monitoring budget versus actual revenue and expenses).

Finally, public agencies may become involved in the review and approval of rents in certain cases where the resident population is severely limited in income or otherwise presents a compelling public need to protect the class of residents. Some of the properties which experience financial difficulties may serve a substantial number of

lower income households, have relatively high debt service payments and are located in areas where there is not a strong private rental housing demand. In addition, some properties may offer few amenities or have physical conditions or attributes which make them less desirable. Without a clear method of setting market rents it can be difficult to determine whether all steps needed are being taken to assure that full rental income to support the properties is being realized.

Sound financial analysis of market rents in the areas where housing developments are experiencing financial difficulties is needed not only for potential disposition of the property but also to measure the specific property relative to other properties in the immediate area. Steps need to be taken to assess market rents and to establish sufficient data on rent levels in each of the areas where housing developments are under supervision. Absent strategies for addressing issues pertaining to marketability and rent setting the properties can result in providing a subsidy "of sort" through reduced operating services, deferred maintenance or reductions in debt service payments. The result of these circumstances will likely be a workout which will need to address the problems just described once they become more severe in nature. The focus of a strong financial analysis and review process is needed to address these issues before they become severe.

Financially troubled housing developments which are privately owned generally suffer from a lower level of operating services than those which are not considered distressed. These housing developments tend to show problems in making debt service payments, reduced contributions to replacement reserves, lower levels of routine maintenance and reduced management services. Properties which show these signs of financial and operating difficulties can have poorer rent collection and have difficulty attracting and maintaining households capable of paying a market rent. Greater involvement in the financial analysis of these properties along with management reviews can lead to the development of appropriate intervention strategies before or while the workout process is underway.

Financial Information Required for the Management Review

Whether HAMIS is fully developed and operational or not steps need to be taken to ensure that all financial reports are being provided and used for purposes of analysis. Information needs to be maintained and analyzed which relates to the following major areas.

1. Reserve Levels
2. Administrative Costs
3. Maintenance Costs
4. Utility Costs
5. Legal Expenses
6. Non-routine Maintenance
7. Rental Income
8. Other forms of Operating Income
9. Insurance Escrow
10. Tax Escrow Account
11. Security Deposit Accounts
12. Development Bank Accounts
13. Rental and other Arrears
14. Write-off of Tenant Account Receivables
15. Surcharge Policies and Amounts

Other information can also be used but the above cover a number of the major information and compliance areas that need to be reviewed and assessed as a part of any management examination. Record systems need to continue to be maintained that assure access to the above and independent auditors financial statement information.

Another resource that can be used to further strengthen the analysis and information areas is the internal audit staff. Part of any effort to review and assess properties needs to account for the internal control requirements necessary to ensure thorough reviews and examinations of the housing developments. Internal audit staff can be requested to assist in the review of housing developments where there are issues requiring further examination.

Internal audit staff could also be directed to assess what data and reports they feel are required in order to assure that adequate information on property expenses and financial plans are being maintained. This should include an examination of what information is generally available for housing developments which are experiencing some measure of operational and/or financial difficulty. For these properties it is important that there be adequate

information to forecast operating income and expenses so as to determine the extent to which there are financial problems that have occurred or will likely occur in the future.

Standards for Independent Public Auditors

As public agencies have taken on different roles in an expanded number of programs, they will increase their reliance on management information generated through compliance and financial audits performed by Independent Public Accountants (IPAs). There are expected administrative cost efficiencies in using data generated by the third party review to assess regulatory compliance, determine program effectiveness, and safeguard the Government's overall investment in housing resources.

At the same time, there are the associated risks that compliance problems may go undetected without direct Government agency monitoring of the auditors. Such risks include lack of independence of the auditor, such as in cases where the CPA has an interest in the project. Other risks relate to an auditor's lack of understanding of program requirements or failure to follow random sampling with respect to file inspections.

To minimize the risks and ensure the success of this monitoring strategy, a third party audit system should be developed to incorporate the following elements:

(1) procedures and standards to ensure the *selection of an IPA who is both competent and independent*, who has the capability to conduct an objective review of compliance issues which may not directly affect the opinion expressed in the financial statements;

(2) a detailed, well-organized *audit guide which provides precise testing procedures* for the IPA to follow in examining compliance and a *reporting format* which incorporates documentation of compliance findings (see the recommendations in Step 3 above);

(3) development and operating *budget guidelines* which include funding for the IPA audit without diverting funds needed to operate the housing; and

(4) staff and funding at the Government level to adequately supervise the independent audit function, including an *internal audit and quality control function* to monitor IPA performance.

The above elements can vary in significance depending on the housing program involved. For example, questions pertaining to IPA objectivity are important to housing operated by a housing company in which the CPA has a direct or indirect interest. Issues related to operating budgets could be of greater significance to housing in which a nonprofit or resident entity may not be able to hire the larger and more reputable CPA firms. These program differences notwithstanding, all of the elements are necessary in a plan to use IPAs for compliance audits.

The financial information generated by the IPA can be used in the financial review of projects, and the compliance testing information can be used in the management assessment.

Of course, housing companies must include sufficient funds in their budgets to hire the IPAs and undertake an audit according to these public standards.

Procurement and Contracts Monitoring Procedures

Housing management companies are in a position to let a significant number and dollar volume of contracts to various vendors and service providers. Historically, this has been an area of potential abuse and inefficiency. While it is not possible for a public agency to review all contracts let, the public agency can put into effect certain standards and procedures which can ensure that reasonable procedures are followed to ensure cost-effective procurement. The agency can require that housing operators develop plans to follow the standards, procedures, and uniform specifications and contracts, and that the operators be subject to post-audit compliance review as part of the overall management assessment.

The key elements of a public strategy for procurement monitoring would include the following:

- procurement and contracting standards,

adopted by each housing operator through a Procurement Plan;

- threshold levels for stricter procedures and agency review of high-cost, high-exposure contracts; and

- model plans and specifications;

Each of these elements is discussed briefly below.

(1) Procurement and Contracting Plans - As a part of the "management plan" required of every owner/agent, there should be a component which specifically describes the procurement and contracting process to be followed by the management and ownership entity. This plan should describe the policies, procedures and controls which will be used. The plan needs to describe in sufficient detail the methods of procurement to be used and should indicate the maintenance services to be contracted with outside firms rather than performed with in-house staff. The plan should also describe the steps that the owner/agent will follow for the contracting of design and construction services.

(2) Threshold Levels for Public Procurement Standards and Public Review - It is common for public agencies to impose a stricter set of procurement procedures for large contracts. Sometimes, public agency review that procedures were followed is required, and the agency may review the reasonableness of the contract price. It is also standard practice for public agencies to provide some level of review of large design and construction contracts, including the review of specifications and bid documents. Improper documentation or other non-compliance in the procurement area can lead to sanctions and a reduction of the thresholds (even to zero). Thus lower purchasing limits are set for a management agent as opposed to an owner who is using government funds for subsidies or had a government loan for purchase. These limits are usually specified in monetary amounts.

(3) Use of Model Specifications and Model Service Contracts - The development and use of model specifications can save individual housing operators time and money in developing specifications, and also avoid situations where inadequate specifications lead to poor

product quality and workmanship.

Another method to standardize and streamline the procurement and contracting process is to develop model contracts for maintenance and related services. These types of services could include fire prevention system inspections and servicing, elevator maintenance, extermination, rubbish removal, janitorial services, unit and common area painting, fire extinguisher recharging and any other typical services. By standardizing the format for these contracts, the agency will be able to increase consistency in the procurement process at the housing developments without a need to review each contract. The use of model service contracts can also be of value in other areas.

The Role of Internal Audit in Asset Management

Internal audit is an independent appraisal function established within a public agency to examine and evaluate its activities. The purpose of an internal audit function is to ensure that systems and procedures to protect the public's assets are effective in all levels of the organization. Through internal audit, the senior executives can obtain reasonable assurance that:

1. internal controls are adequate in promoting efficiency and protecting the Authority's assets and equipment;

2. all transactions are properly authorized, processed and recorded;

3. financial procedures and reports comply with established policies, generally accepted accounting principles, and other applicable rules and regulations;

4. the Authority operations are in compliance with all applicable laws and government regulations.

5. the Authority's policies and procedures development and enforcement are consistent with its goals and objectives.

In working to accomplish these goals, there are five primary areas of responsibility for an internal audit unit:

1. *Financial auditing* — An internal audit unit can perform some auditing activities which otherwise might be contracted to outside consultants, and can broaden the scope of such audits to look at the use of funds, equipment, and other assets and also at policies which deal with program efficiency and personnel. Internal audit staff can also serve as the government's representative in financial reviews and management audits, because the staff are not directly responsible for financial transactions or program implementation.

2. *Program control and procedural compliance review* — One of the major objectives of internal audit is to undertake reviews to determine that stated procedures are in place and operational.

3. *Program evaluation* — By collaborating with senior personnel responsible for oversight and administration of programs, internal audit staff can assist in analyzing whether the procedures and programs are meeting management objectives.

4. *Technical assistance* — The internal audit unit can identify areas where program and procedural improvements are needed, and participate in designing and implementing recommended changes in the agency's operations, including development and documentation of new procedures, job descriptions, and staffing plans.

5. *Fraud investigation* — Where fraud or defalcation is suspected, the internal audit unit can investigate and advise senior management of the nature and extent of the problem.

Suggested criteria for setting audit priorities regarding the internal audit activities are as follows:

1. *Legal requirements* imposed by public entities, and findings of *outside audits and reviews*.

2. *Level of risk and exposure*, particularly those areas with large expenditures and revenue receipts, and program activities which require special delegation of control over agency resources, such as provision of major governmental funds for repairs and replace-

ment.

3. *Significant changes* within agency operations or programs, including changes in procedures and staffing.

4. *Identified performance or service management problems* which have been identified by managers, tenants, media, or the public.

With respect to housing asset management, the internal audit function can include the following activities:

- review of the risk-based assessment system to determine whether it correctly identifies those properties most at risk of compliance and viability problems;
- examination of the management and financial reviews procedures and adherence to those procedures by staff;
- evaluation of the housing asset management information system and whether this system supports the asset management function;
- examination of the practices of independent public accountants and auditors in reviewing and reporting financial and compliance information on housing owners and management companies; and
- investigation of allegations of fraud and mismanagement by housing owners and management companies.

D. Housing Asset Management Information System

In this report, we have recommended that the Government's approach to asset management be based on a risk-based sampling approach and on more limited oversight for "high performing" properties. This cannot be accomplished without a Management Information System (MIS) which provides for strong and consistent operational tracking and monitoring of the whole portfolio which supports both the portfolio-wide allocation decisions and the detailed monitoring of individual projects.

In order to achieve standardized regulatory oversight for

192

the housing projects which are publicly assisted, the use of a data-base and management systems which facilitates the operational analysis of financial and budget data by portfolio management representatives is essential. This section identifies some of the common types of information which would be useful in an asset management MIS.

The primary advantages of a centralized MIS database and analysis system are several:

- The availability of a broadened data-base covering all Government portfolios would increase the capacity of the Government to manage each housing portfolio without duplication of efforts and possible inconsistency. The use of independent systems with their own development history provide fragmented information for use by personnel who work directly with the housing companies, and it make housing policy development and planning more difficult because of the efforts required to consolidate operational and financial information and to develop performance standards.

- Standardization of regulatory reporting formats and terminology would help to create uniform oversight expectations and ease regulatory burdens between housing companies promoting more timely and higher quality information and reporting. The government would be able to pursue consistent compliance objectives with each housing provider across all portfolios and ownership structures.

The disadvantages include:

1. the need for the housing management companies to cooperate by using a standardized reporting format and keeping to a specific submittal schedule;

2. the cost of developing data-bases may be prohibitive;

Some of these reported disadvantages will continue to be of concern, but the improvements in the last several years in both the power of hardware and the flexibility of software applications has diminished many of the other concerns. If the Government develops a reporting software module for use by the private housing companies as

193

part of HAMIS, then the concerns related to housing company cooperation are reduced. It is possible to develop a PC-based reporting format that is consistent with the software that would be used to develop and implement HAMIS. Private housing management companies can be provided with the capacity to electronically submit the required data by modem or through the use of a computer disk accompanied by hard copy of the submittal. By providing the reporting software to the management entities, reports will be completely standardized with the burden of data entry placed on the private housing companies. Reporting sections not relevant to a specific development would remain blank.

The HAMIS system needs to be built to link with the BLIMP© database being developed as part of the HSEM [Housing Strategy Evaluation Model].

The operational objectives for the HAMIS system should include the following:

- This system must lend itself to ease in the transfer of data from the management companies to the Government to avoid errors, inconsistencies and lack of timely information.
- It should be driven by operational needs and not accounting needs, and therefore must be driven by budget obligations (award of contract or purchase order) and not quarterly or year end financial audits.
- As the data in the system increases, it should be able to become a powerful planning and evaluation tool in the development of budgets, rent determinations, capital planning, scheduling of audits and reviews, project feasibility and development of workout strategies for troubled properties.
- HAMIS will also need to be able to evolve and acquire added functions as needed.

How the fully-developed HAMIS is to be maintained and by whom remains a major question, but one which should not impede the development of the system. If HAMIS is designed so than any portfolio management representative can access data that is current up through the most recent private management company submittals (no more than one to two working days old), then concerns about access and control of processing priorities should dimin-

194

ish.

Costs related to converting existing data for use as part of HAMIS remain a consideration although improved technology over the last decade has diminished this concern. As the specifications for HAMIS are developed, careful consideration will need to be given as to what information will be imported from current MIS applications that exist in other systems, particularly the BLIMP© and the Housing Management Company's data files (although the latter are somewhat suspect in terms of data integrity).

In order for HAMIS to be an effective asset management tool, it will need to link operational concerns which are common to the management of all assisted residential properties with the proposed disposition plan, particularly as that plan may include seller 'take-back' financing. Data on proposed mortgage payment amounts or escrow account balances will require confirmation from the Government and not from the data collected from the private management companies. HAMIS should initially only consist of those asset management functions that are appropriate for all properties.

Given the capacity of current software to create passwords and other security tools, HAMIS should have little problem with a wide range of access from users at both remote and central locations. It is likely that most access to HAMIS will be "read only". Analytical tools such as budget modeling and occupancy forecasting do not raise data tampering concerns. Findings on management reports can easily be made secure as tampering can be readily identifiable. As part of the development of the specifications for HAMIS, tools for data verification and cross checking should be developed.

Development of a specification for such as system will need to be user driven at the staff level by the portfolio management representatives. The development process should be able to move rather quickly from a user needs analysis to development of a specification. How the existing systems will be converted or adapted to work with HAMIS remains a more difficult issue which will require careful consideration in terms of internal audit requirements.

195

Potential HAMIS Data Elements/Modules

Described below is a list of modules and data elements which would provide a starting place for user group discussion and develop of a more detailed specification of HAMIS. These recommended modules are general enough to contain all data that would be needed for analysis by portfolio management representatives for most portfolios. The specific sources and uses for this data for each portfolio still needs to be considered. Most of it can be taken from current submissions and file data or through expanded monthly operational reports from the housing owners/operators.

1. **Baseline Development Data Module** — This module would include all basic physical descriptive data (e.g. number of buildings, unit distribution); ownership structure; final construction cost data; checklist on type of major mechanical systems; location of plans and specifications and other relevant data. In essence, all historical or descriptive data from existing files would be transferred either from the BLIMP© and/or the Housing Management Company's data files or the HSEM.

   Development Data Elements
   - Ownership structure;
   - Site elements and quantities;
   - Building elements and quantities;
   - Service system elements and quantities;
   - Typical Living Unit elements and quantities;
   - Location of as-built drawing and all architectural/engineering data;
   - Commercial space elements and quantities;
   - Description of any special variances, right of ways and deed restrictions.

2. **Budget History Module** — This module would maintain a full budget history for the development and would support comparative analysis based on geographic location, major building and service system characteristics and size of building. This feature should be able to access all multifamily developments regardless of portfolio. It will need to be tied to the Development Data Module to enable sorting and comparison based on design, system and configuration data.

   Operating Budget Data Elements

History of all approved operating budgets and revisions
Under/over budget - current year (variance limits customized to line item)
Exploded categories for major line items (such as maintenance materials, legal costs, and other key line items);
(NOTE: all data should be reported on an annual, per unit month and square foot basis).

Contracting and Procurement

List of all non-service contracts ($ value, vendor, period of performance);
Managing Agent procurement action levels;
List of staff authorized to enter into contracts or issue purchase orders;
Status of contracts awards under review (tickler);
Status of submitted payment authorization requests (tickler).

Rent History

Summary of approved rent levels by unit;
History of requests for rent factor adjustments.

Subsidy History

Description of type of public subsidy and amount

Reserve and Escrow Account Status and History

Monthly status of Reserves and Escrow Accounts;
Summary of reserve and escrow account obligations;
Percentage over/under reserve and escrow funding targets.

Mortgage Payment History (as properties are sold with financing or other deed and use restrictions)

Summary of payment dates and amounts;
Summary of variance from approved payment schedule;
Tax payments (tickler);
Summary of any special financial instruments such as Letters of Credit
Performance bonds and their conditions;
Conditions of Workout Agreements.

Insurance Data Elements (as insurance is placed)

Types and dollar values of policies;
Premium due dates (tickler).

Energy Usage and Monitoring

Summary of all basic energy usage design features (R-factors);
Tie-in with major service system specifications descriptions;
History of energy improvements with estimated pay-back data;
Data on any resident utility allowances;
Tie-in with energy rate systems;
Project specific fuel costs and history.

Security

Summary of budget line items related to security costs;
Summary of crime reports within the development;
Summary of evictions related to criminal activity.

3. Capital Planning Module — This module can be developed several different ways. It can include a grant tracking and management sub-module although this could be a module by itself or included in the (S&A) module described below to contain historical data on all major repairs and improvements, the current corrective repair lists or capital improvement plans, and data on development maintenance. If the Government has completed a BLIMP© or conducted a HSEM it will likely have this information in those databases. In which case the HAMIS only needs to link with these.

Maintenance and Unit Turnover Data Elements (collected from summary reports)

Summary of monthly work orders by major trade category\mechanical system;
Vacant unit summary report (divided into major phases);
Breakdown of logged work-orders by priority category (emergency, urgent, routine, inspections);
Use of custodial schedules in lieu of work-orders (Y/N);
Backlog of work-orders and summary of canceled work-order.

Preventive Maintenance Cycles and Service Contract Data Elements

List of service contracts by system ($ value, vendor, period of performance)
Progress on annual unit inspections;

Types and frequency of Service System inspections in use (catch basins, roof drains, fire equipment);
Building & Grounds Inspections (Y/N, frequency)

Capital Plans and Budgets

Summary of five year projected capital needs by major system;
Major system replacement schedule based on useful life;
Summary of sources and uses of funding for current year capital improvements;
Cycle painting schedule (tickler).

Grants

Development specific grant history;
Description of current grants and grant purpose;
Summary report and tracking of grant milestones (tickler).

4. Occupancy Module — This module would include the demographic data on all residents in the portfolio. It would include waiting list descriptive data. It would have an affirmative action analysis component that would use census data and development data to identify potential problems with waiting list management, marketing and outreach. The data which can be identical for all multifamily properties can be tied to program requirements on income from the development history module for a compliance report on occupancy requirements for the development.

Resident Occupancy Profile Data Elements

Bedroom distribution;
All basic socio-economic demographic data on each household;
Initial certification and all recertification history;
Summary of any special requirements for income, household composition
Special needs housing requirements;
Report on lost income calculation related to vacancy;
History of deprogrammed units;
Report on all under/over-housed.

Lease Enforcement and Eviction Data Elements (This will likely evolve at some point in the near future

Rent arrears current and aged;

Number of notices for arrears;
Number of rent agreements current;
Number and status of "for cause" actions;
Total evictions as a percent of notices.

Marketing and Affirmative Action Outreach Data Elements

Summary of inquiries;
Summary of dates and placements of outreach advertisements;
Summary of affirmative action goals (outgrowth of court settlements or compliance reviews).

5. Performance Monitoring Tracking Module — This module, which would be based on as many operating statistics as considered appropriate by program, would tie into a management review protocol to determine monitoring priorities. This module would be used to develop performance ratings for developments and management agents, allow comparisons of performance, and assist the Government in developing better tools for development monitoring and to assess work-out strategies.

Managing Agent Data Elements (direct relation to Management Plan)

Table of organization (central office and site office);
Ownership Structure;
List of other Government-supervised developments under management;
Management fee history;
Management Incentive History;
List of staff authorized to enter into contracts and issue purchase orders;
Summary of management review findings (current year & open prior yr.);
Summary of all required submissions with date.

Management Review

Summary of unit inspections;
Summary of Resident file audit;
Recommended capital repair list;
Summary of Findings and Recommendations;
Overall Development Performance Rating.

6. Submission and Approval (S&A) Tracking Module — There are a number of required (e.g., quarterly financial reports) and discretionary submissions (e.g., waivers) that require administrative concurrence. A

tracking system will alert supervisors and staff on required steps, define backlogs, permit owners and management agents to anticipate the timing of actions and to check on status of submissions. This system would provide a strong workload management tool for supervisory personnel. In addition, items such as payments from escrow account for taxes and insurance could be monitored through this system. Internal administrative activities such as scheduling of site visits could monitored through this system.

HAMIS As An Analytical Tool

In order for HAMIS to be effective, it must provide the portfolio management representative with ease of access to information on specific developments or portfolio-wide data.

For portfolio-wide analysis, HAMIS needs to have the capacity to:

- examine risk assessment indicators and prioritize projects for attention;
- track trends in portfolio physical and financial conditions;
- provide sampling capability for selection of projects at random;
- identify problem projects for workouts; and
- compile capital needs and other portfolio-wide estimates of physical and financial needs for planning purposes.

For project-level analysis, HAMIS needs the ability to perform "what if" forms of analysis on budgets and rents adjustments to support the budget approval and rent determination processes. The information in the system should be of sufficient detail so that any portfolio management representative could review the data and learn exactly what the current status of the development was without any prior relationship with the management company. Through the use of HAMIS, there is an opportunity to get the private housing companies to provide standardized and detailed information to the housing agencies through the use of electronic data transfer which reduce the current reliance on manual reporting and hard copy submittals which slow the review and approval process.

Properties that are high performing — providing adequate services, meeting requirements and paying their mortgages — will not require extensive use of the capacity for analysis that needs to be included in HAMIS. These developments will provide budget and operating history for comparative studies on operating costs within and across portfolios. The major strength of HAMIS should be its ability to identify lagging performance and to provide the tools to assist in the development of management improvements, physical improvements and financial restructuring. Turning around a troubled development is a process with a long lead time. The decision to spend money on capital improvements can take three years or more to complete given all the specification review, bidding and performance time that can be required. HAMIS can be a tool which can identify trends in work-orders or changing waiting list demographics that have project-specific implications or impact portfolio-wide planning. Although the pace of conversion will vary from municipality to municipality, HAMIS should facilitate the Government's planning capacity through its "what if" capacities. The Government can use the data in a system like HAMIS to supplement the HSEM or if it has not pursued the HSEM, develop its own feasibility studies for retention or sale.

-102-

APPENDIX A

GLOSSARY OF TERMS

CHAPTER 2.4 APPENDIX A

GLOSSARY OF TERMS

Asset Management - In publicly assisted housing, the term refers to all activities which the owner, or the public funding or regulatory agency, takes to ensure that the housing provides a decent, safe, sanitary, and affordable living environment to the residents, and that it remains physically and economically viable.

Bond defeasance and refunding - Refers to the process and activities a bond issuer undertakes to issue new bonds (or certificates of indebtedness) and pay off older bonds, which is usually done either to obtain a lower interest cost or produce additional proceeds that can be used to fund additional projects or provide capital funding for improvements on existing projects. Defeasance is the step taken to render existing bonds null and void. Call provisions ensure the right of the bond issuer to redeem the bonds before the maturity date.

Contingent liability - Contingent liabilities are those liabilities which do not currently exist but may exist if certain circumstances come to pass. With respect to publicly assisted housing, the contingent liability is the additional financial exposure (beyond current amounts loaned or granted) which the Government may encounter if the current owners and managers of the assisted housing fail to maintain physical and financial viability, including costs to foreclose and resell, costs to make improvements or correct deficiencies from deferred maintenance, and other such costs that may arise in the future.

Housing Sustenance, Viability, & Adaptability - The concerns regarding the long-term usefulness of housing. Viability refers to the long-term financial and operational prospects for successful operation. Sustenance refers to the long-term physical prospects for the property, and the likelihood that the unit can be maintained and sustained for continued occupancy. Adaptability refers to the concept of the housing's ability to meet changing uses and needs over time.

214

Portfolio risk - Portfolio refers to a collection of investments or assets. In the case of publicly assisted housing, the portfolio includes all housing units directly funded or subsidized by the Government. Risks associated with a portfolio refers to the likelihood that a significant portion of the portfolio of investments or assets will fail to yield the results expected, including default and foreclosure, sale or conversion to other use, or otherwise fail to continue to provide the affordable housing intended by the Government.

Quality control - A method of monitoring programs to ensure that regulatory requirements are being met. Quality control is based upon examining a small random sample of projects to predict the extent to which all projects in the program are meeting the requirements.

Sinking fund - A fund to which payments are made on a periodic basis for the purpose of ultimately paying a debt or replacing an asset. Often used to accumulate funds from mortgage repayments to retire mortgage revenue bonds.

Subsidies - Government grants to reduce the cost of housing. For example, rental subsidies are provided to reduce the portion of the rent paid by the occupant. Mortgage subsidies are used to reduce the monthly mortgage cost. Capital subsidies are used to reduce the amount of the cost of development that must be financed through mortgages and other sources.

Attachments

Sample Management Plan Requirements and Management Plan
Sample Management Report Requirement and Report by the entity doing the monitoring. In the case of publicly assisted or conveyed housing, the housing stock may no longer be owned or be managed directly by the public agency, but there is a compelling public interest in seeing that the housing remains viable and continues to provide suitable housing to citizens. While the public agency may not have direct ownership and/or management, its interests and rights in monitoring may be secured by:

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APPENDIX B

SAMPLE
MANAGEMENT PLAN REQUIREMENTS
AND MANAGEMENT PLAN

APPENDIX C

SAMPLE
MANAGEMENT REPORT REQUIREMENTS
AND REPORT

THE URBAN INSTITUTE

MEMORANDUM

September 15, 1992

To: **David Olinger, Sarah Wines, USAID**

From: **Phillip Mayfield**

Through: **Tom Kingsley**

Subject: **MEMORANDUM ON *VOLUME II–HANDBOOKS FOR HOUSING MANAGEMENT COMPANIES***

Ref: **RFS 12, Housing Policy and Finance Contract, Contract No. EUR-0034-C-00-2033-00, AID Project No. 180-0034 (UI#6251), Prepared for Regional Housing and Urban Development Office, Eastern Europe (RHUDO/EE), U.S. Agency for International Development.**

Copies: **Morton Grant, Carlotta Molitor**

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This is Volume II of the two-volume set of handbooks prepared to satisfy the requirements of this RFS (the other volume is submitted by a separate memorandum as of this same date). These handbooks were prepared by OKM Associates, Inc., incorporating materials prepared by Urban Institute staff in some sections. The emphasis at this stage has been on extending the substance as far as possible and not on final editing and formatting. The handbooks are expected to be revised again (under a subsequent RFS) during the process of using them in training trainers in the CSFR. After that they will be properly edited, translated, and published for broader distribution and use.

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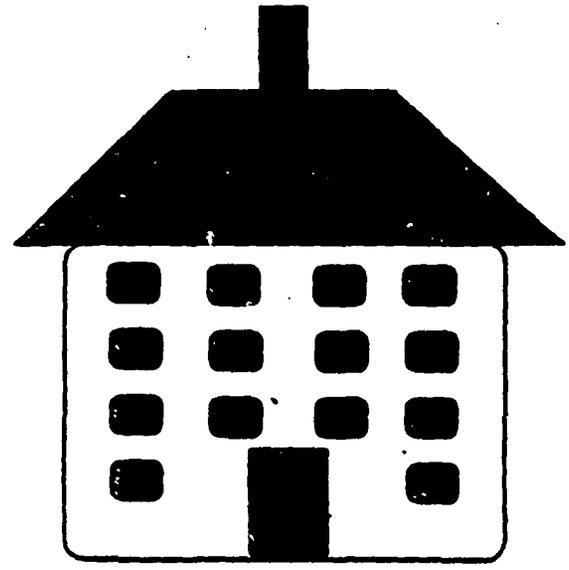

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Prepared by

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AUGUST, 1992

SECTION 2 - OCCUPANCY MANAGEMENT

In order for housing to serve the dual purpose of both providing a decent and comfortable living environment for all households as well as being a positive economic force in a free market economy, all parties involved must pay attention to the group of activities considered to be occupancy issues. Occupancy issues incorporate the areas of marketing, tenant selection (where applicable), leasing, initial move-in and orientation, ongoing enforcement of lease provisions and rules and regulations and move-out. Administration of activities falling within these areas is called **Occupancy Management.**

The following information is designed to clearly define each component of occupancy management, to identify and understand the goals and objectives of occupancy management, to assist the housing provider in determining the best mechanisms for achieving these goals and to enable management to clearly define and understand the roles of the participants in the occupancy process (e.g. property owners, regulatory agencies, tenant and homeowner associations, individual households).

Components

The key elements of occupancy management include:

- initial marketing
- tenant selection
- lease execution
- move-in/orientation
- ongoing role of residents and management in daily operations
- termination of tenancy

Each of these elements is important whether the property is newly constructed, recently renovated or addressing normal turnover and attrition. Likewise, regardless of the population being housed all these areas must be addressed. However, the emphasis may vary depending upon the economic and social conditions of the residents, and the age, condition and location of the property.

related to predetermined preferences (i.e. households in emergency situations, residents of a specific geographic area). A mandate may either be informal, regulatory or statutory.

Although the foregoing concentrates on market factors for residential housing, location factors are considerations in determining which commercial tenants are likely to want to rent/buy space in a specific property.

Once the potential market has been clearly identified, it is time to **target the market**. Successful targeting of the market has occurred when those who express interest are households who are in fact appropriate for the property and therefore likely to become residents. Depending on the type of property being marketed, there are a variety of methods to be used in this effort. Frequently, several methods will be used concurrently:

- Advertising - One method for attracting interested and appropriate households is through advertisements. There are numerous ways to advertise. These may include classified advertisements in newspapers or magazines, larger ads with pictures, development and distribution of a brochure or flyers, posting of written information, and/or other meetings can be conducted to present a news story about the property.

- Informational Meetings - Workshops can be held about the property and how to apply. Other events can include open houses providing tours of the property and brief presentations at meetings being held for other purposes.

- Referrals - There may be similar properties which receive inquiries but do not have units available. These may be referred to other properties which have vacant units. Referrals may also play a role in the case of specialized housing. A property owner providing housing for specific populations (i.e. low income, handicapped) may look to social service agencies, or welfare organizations to

CHAPTER 2.1

OCCUPANCY MANAGEMENT

VOLUME TWO:
HANDBOOKS FOR HOUSING MANAGEMENT COMPANIES

TABLE OF CONTENTS

Chapter 2.1	**Occupancy Management**	Page 2.1
	A. Marketing	Page 2.1 - 1
	B. Selection	Page 2.1 - 2
	C. Leasing & Move-In	Page 2.1 - 4
	D. Administrative Aspects of Occupancy Management	Page 2.1 - 10
	Appendix A: Letter Notifying Tenant of Receipt of Application	Page 2.1 - A
	Appendix B: Letter Notifying Tenant of Missing items in Application	Page 2.1 - B
	Appendix C: Letter Notifying Tenant of Acceptance of Application	Page 2.1 - C
	Appendix D: Letter Notifying Tenant of Rejection of Application	Page 2.1 - D
	Appendix E: Letter Notifying Tenant of Acceptance of Application to Waiting List	Page 2.1 - E
	Appendix F: Applicant Information Form	Page 2.1 - F
	Appendix G: Applicant Employment Verification Form	Page 2.1 - G
	Appendix H: Verification of Public Assistance Benefits	Page 2.1 - H
	Appendix I: Financial Verification Form	Page 2.1 - I
	Appendix J: Verification of Child Care Benefits	Page 2.1 - J
	Appendix K: Landlord Reference Form	Page 2.1 - K
	Appendix L: Property Management Report	Page 2.1 - L
	Appendix M: Late Rent Payment Notice	Page 2.1 - M
	Appendix N: Model Application	Page 2.1 - N
	Appendix O: Model Emergency Procedures Form	Page 2.1 - O
	Appendix P: Rules and Regulations	Page 2.1 - P
	Appendix Q: Model Lease	Page 2.1 - Q
	Appendix R: Model Occupancy Agreement	Page 2.1 - R
	Appendix S: Marketing Materials	Page 2.1 - S
	Appendix T: Model Form for Home Visit	Page 2.1 - T
	Appendix U: Model Movein/Move-Out Inspection Form	Page 2.1 - U
	Appendix V: Model Apartment Turnover Report	Page 2.1 - V
	Appendix W: Model Monthly Occupancy Report	Page 2.1 - W
	Appendix X: Model Vacancy Report	Page 2.1 - X
Chapter 2.2	**Financial Management**	Page 2.2
	Introduction	Page 2.2 - 1
	Accounting	Page 2.2 - 5
	Recordkeeping Procedures	Page 2.2 - 7
	Financial Reporting	Page 2.2 - 10
	Internal Controls	Page 2.2 - 17
	Budgeting	Page 2.2 - 20
	Summary	Page 2.2 - 26

Appendix A: Glossary of Accounting Terms Page 2.2 - A
Appendix B: Information Flow Page 2.2 - B
Appendix C: Sample Reports Page 2.2 - C
Appendix D: Checklist for Computerization Page 2.2 - D

Chapter 2.3 Facilities Maintenance Management Page 2.3
Planned Maintenance System Page 2.3 - 1
Inspections Programs Page 2.3 - 4
Service Programs Page 2.3 - 7
Work Documentation System Page 2.3 - 8
Going Back in history Page 2.3 - 10
Specific Maintenance Objectives Page 2.3 - 12
Categories of Work Page 2.3 - 13
Summary Page 2.3 - 19
Developing a Maintenance Organization Page 2.3 - 23
Work Management Page 2.3 - 28

Appendix A: Work Orders Page 2.3 - A
Appendix B: Work Order Analysis Forms Page 2.3 - B
Appendix C: Work Order Codes Page 2.3 - C
Appendix D: Checklist for Regular Maintenance Page 2.3 - D
Appendix E: Inspection Forms Page 2.3 - E
Appendix F: Checklist for Preventive Maintenace Page 2.3 - F
Appendix G: A Sample Preventive Maintenance Plan Page 2.3 - G
Appendix H: Instructions Page 2.3 - H
Appendix I: Job Descriptions Page 2.3 - I
Appendix J: Employee Appraisal Forms Page 2.3 - J
Appendix K: Miscellaneous Management Tools Page 2.3 - K

Below are some suggested Items to be included in the application forms:

Residential:

- name of applicant
- date of birth
- place of birth
- current address
- phone number where applicant can be reached
- present housing situation (own, rent, staying at a friend's)
- how long there
- current rent and utilities cost
- name/address/phone of current landlord
- name/address/phone of past landlord
- list all persons who live with you (full name, relationship, date of birth, employed, in school, social security number)
- total number who will live in the apartment
- are any children currently expected
- employment information (name of all working people, employer)
- name/regular wage/total income for past year
- other sources of income, amounts
- references (personal and credit)
- any pets
- person to notify in case of emergency
- include a form to be signed at time of application which will authorize management to verify information
- have person sign and date application form

Commercial

- intended use
- name of company
- years in business
- names of owners
- financial statement of company
- credit references
- landlord references

typically require additional up-front information before decisions can be made regarding who to house. Selection of tenants in both specialized and general rental housing is addressed in greater detail because the long-term health of the property is dependent on the quality and appropriateness of the tenant population and the ongoing relationship between property owner and resident.

1. Homeownership

In traditional homeownership, the key concerns in selection are typically limited to financial eligibility and capacity. When a household chooses to purchase under a fee simple arrangement, they must meet certain financial requirements which will likely include adequate income, reasonable expenses and a acceptable credit history. Even these criteria are applicable only if the purchaser intends to borrow some of the money necessary to buy a home. If the buyer is paying cash for a home, little screening is done.

The financial requirements are the same in the case of the purchase of a condominium. Additional selection criteria may include requirements which are identified within the condominium documents, such as limiting purchasers to households who will reside in the unit and restricting the number of unrelated individuals who may live in a given unit.

Beyond these elements, there may be an informal selection process which involves an interview with prospective purchasers. The purpose of the interview is to make certain that the purchaser understands both the rights and responsibilities of condominium living. The interview may identify some families who do not wish to take on the responsibilities of common ownership. They may select themselves out from being considered for condominium ownership.

Cooperatives typically create a more extensive selection process because the coop retains responsibility for much of the financing and operation of the housing. A cooperative usually has a membership committee which may develop a written application form and conduct interviews of prospective shareholders. Depending on how the cooperative is structured, the selection process may be closer to that used in rental housing than in other forms of homeownership. A cooperative may in some instances be structured as a single-purpose cooperative (i.e., an artist's cooperative), in which case anyone applying must meet the definition of that single purpose.

cases where an owner intends to develop his/her own documentation, he should consult an attorney to insure that he is in compliance with any relevant legislation.

- Policy issues - In addition to the provisions stipulated by the law, these documents must included information regarding all significant policy issues. These areas may include but not be limited to housekeeping, quiet enjoyment, guests, lockouts and any formal administrative or maintenance responsibilities which residents may have.

- Defining responsible parties - These same documents define who is responsible for what. How is heat provided, who does repairs inside of units, in the common areas, when is the resident responsible for the cost of a repairs, in the case of apartments, how often are they painted, what are required security measures, and what are the respective responsibilities of the tenant and landlord in giving notice to each other when moving out or renewing leases.

- Financial policies - In the case of leases, all details of rent payment procedures must be described. When is rent due, to whom does it get paid, what form of payment is acceptable, when is rent considered late, and what happens if rent is paid late? Condominium documents describe similar procedures for payment of monthly maintenance fees and other financial assessment. Under the cooperative form of ownership, occupancy agreements define the financial policies related to payment of carrying charges. In cooperatives and condominiums which ave been developed to insure long-term affordability, there may be a limit to the prices which an owner can charge for his/her unit or share. "Limited equity" restrictions are

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- tenant maintenance responsibilities
- owner maintenance/service responsibilities
- owner entry/inspection of unit
- rules and regulations
- condemnation
- subletting
- terms for lease termination
- terms for lease assignment

A smaple set of by-laws are included in the appendices. Based on local legislation most by-laws are largely standardized in terms of basic principles of ownership.

2. Resident Orientation

Orientation may be a key component of homeownership depending upon the extent of common facilities and management. However, orientation is always important in a tenant/landlord relationship, since all aspects of day-to-day living are part of an ongoing relationship.

Communication and mutual understanding is key in the dynamics of any relationship. Ignorance or misunderstanding can only foster problems is everyday living. the need for clear communications in rental housing is especially critical in programs where the households may have special needs or a history of difficult living circumstances. As part of the application process, all aspects of becoming a member pf the community should be clearly identified and explained. Once an applicant is about to be housed, every item related to his role as a tenant should be thoroughly explored.

- Explanation of lease provisions - As discussed previously, the lease describes in detail the fundamentals of the relationship between the tenant and landlord. No matter how clear and concise, it is often couched in technical terms which may not be readily understood. It is the responsibility of the owner to make certain that all items of the lease are understood by the tenant. This may be done by creating an annotated lease with key clauses summarized in lay terms or it may warrant a face to face discussion. The owner should be confident that the tenant does in fact understand the mutual obligations

everything within the unit. The unit inspection also provides an opportunity for the landlord to discuss basic housekeeping responsibilities. In cases where hard to house households are moving in, this inspection may help to determine any areas in which the tenant may need additional assistance.

- Review procedures for reporting problems (maintenance and interpersonal) - In any building, there should be a set of procedures for reporting maintenance concerns. These procedures should be outlined in writing and provided to each resident. Residents, be they tenants, cooperative members or condominium owners should understand that these procedures are necessary in order for repairs to be handled efficiently and to make sure that there is a comprehensive record of maintenance problems. There should also be a procedure for reporting concerns about other residents whether they be complaints about behavior or worries about an individual's well-being.

- Printed material - The use of printed material such as a resident's handbook and regularly published newsletters can be helpful in orienting a new household in rental properties and homeownership settings. A handbook might include all critical information regarding procedures, important phone numbers, resources and a general philosophical statement which can help set the tone for an incoming resident. Ongoing newsletters keep both new and existing residents informed about upcoming events, and any changes in procedures.

The following orientation items are most relevant in rental settings, especially where a population with special needs either because of limited income, social problems or disabilities is being housed:

anticipated that prior to selection as a tenant, an applicant's service needs have been identified and the owner has determined that these needs can be met to a degree that will enable the tenant to be a productive and responsible member of the community. It may also be that it is desirable for the prospective tenant to agree to using certain services as a condition of his/her tenancy. Any such recommendation concerning social services should be thoroughly discussed in advance of a tenant moving in. Although it may not be legal to require a tenant to take advantage of certain services, it may be that certain behavioral standards may be made a condition of continued tenancy. These requirements may be incorporated into the lease.

In any multi-family housing development, grouping residents together within a defined geographical area creates a neighborhood. In order for the property to be successful, creating a positive and cohesive community out of the neighborhood is important. A well designed comprehensive orientation program in makes certain that household are clear about their individual and community responsibilities and rights and that they view themselves as a member of the community.

3. ROLE OF RESIDENTS IN OCCUPANCY MANAGEMENT

In any situation in which one individual/group is providing services to others, an ongoing relationship is created. In the case of rental housing, an owner is providing housing and related services to tenants for a period of time while still retaining all ownership rights. In the case of cooperatives or condominiums, a representative form of governance is developed. This government is responsible for the maintenance and upkeep of all commonly owned property, along with the regulating of individually owned units to the extent that these units and their condition affect the common area (in the case of the condominium) or to the extent that a cooperative determines is in the best interest of the cooperative corporation. Clearly, the nature of this relationship

owned either by a non-profit entity or a private landlord. In addition to housing, shared services which are provided may include meals and health care. The role of residents is usually an advisory one.

- Rental - In the conventional model of rental housing in which an owner provides housing to a tenant in accord with certain lease provisions and local legislative requirements. In this model, tenants usually work together to insure that their rights are protected.

Regardless of the model of housing, consideration must be given to the role of residents. In homeownership developments, this role is most often defined in the legal documents for the property. All purchasers, by virtue of their purchase are agreeing to the methods for governance of the property and the role of both individual homeowners and the residents elected to serve as representatives of the homeowners. Basically, all responsibilities for operating the common areas and protecting each household's individual investment fall to the elected homeowner representatives. They may each take responsibility for a different area or they may hire professional contractors, accounting personnel and administrators to act on their behalf. Although the same tasks of financial and maintenance management must be accomplished in a rental development, a property owner may choose the mechanisms for handling these responsibilities. The role of residents will depend somewhat on the priorities and interests of the owner. If the housing has been developed under a program with a specific mandate (i.e. increasing independence for handicapped households), this mandate will in part determine the extent to which residents take responsibility for operating the housing.

The possible roles which tenants may play include:

- Public safety - Tenants are the eyes and ears of the building. They should be encouraged to notice problems of safety - both in terms of physical building deficiencies and in terms of behavior or actions of residents which might jeopardize the health and well-being of the residents as a whole.

nity and work as a group in meeting the goals of the community. As part of this community building, tenants may take on a variety of roles including involvement in tenant selection, and promulgation and enforcement of rules and regulations.

- Financial savings - In some situations, the project revenues may be quite limited. Utilizing tenants to perform basic maintenance/janitorial tasks may be the most cost effective method of insuring that cleaning tasks get done on a regular basis.

- Program mandate - When housing is developed under a specific program, the mandate may include specific requirements related to meaningful tenant involvement or job training. In most housing programs developed in conjunction with social services, a primary goal is to optimize the tenant's ability to function productively and independently. Meaningful involvement as an active tenant will tend to increase an individual's sense of self-worth, competence and confidence; performing basic maintenance tasks will provide job skills which a tenant may then utilize in securing outside employment.

- Jury of one's peers - Development of a tenant's association is likely to create a cohesive group of individuals with similar or parallel experiences. This group can often be effective in addressing infractions of rules and regulations. Frequently, a decision reached by a "jury of one's peers" may be more effec-

manager must be a dialogue if anyone is going to benefit. It is important that the owner/manager respond to questions in a timely, honest and comprehensive manner so that everyone can benefit from owner/manager/tenant relationships.

The role of residents in occupancy management in a rental environment is a delicate issue. There is a balance that needs to be maintained in order to insure that the property is well managed while at the same time a significant value must be assigned to tenant input and the process that leads to that input. It may sometimes seem that in the course of joint decision-making certain efficiencies are "sacrificed", but it is critical that the owner/manager appreciate that these sacrifices are part of achieving an overall goal and commitment to provide a housing environment that is also a working community.

Residents in cooperatives and condominiums are in fact "the owner". However, in general the ultimate authority for operating the property rests with owner representatives elected from the general resident population (homeowner's association). These elected owners comprise the decision-making Board. they are responsible both for carrying out existing policies and developing new ones as needed. Although individual households have specified ownership rights along with the power of their vote, the day to day role of residents vis-a-vis the role of the Board often approximate the relationship between a property owners and his/her tenants.

D. ADMINISTRATIVE ASPECTS OF OCCUPANCY MANAGEMENT

The ongoing provision of housing units requires tracking of administrative information, physical maintenance activities and the status (occupied/vacancy) of apartments. It also requires production of financial reports to determine whether or not the operation of the property is profitable. If the housing is being funded under a government program, it is likely that additional reporting will be required. The type of reporting required will vary depending upon the specific program. However there will likely be certain generic reports related to occupancy levels, rent collections and income verification that are required in any program in which there is an ongoing

- Rent increases - Depending upon the housing program, a series of steps must be followed in order to secure a rent increase. If these steps are not accurately filed, a rent increase may be delayed or denied resulting in lost revenue to the development. In the case of rent controlled/rent stabilized units, non-adherence to regulations may even result in a rent reduction or rollback.

- Maintenance reports - These may include move-in, move-out and annual unit inspection forms as well as common area inspection forms. Written workorders should also be kept on all work items, whether identified by the owner or the tenant and regardless of the nature of the problem. Only with adequate written information can there be accurate identification of maintenance (and possible tenant) problems and proper planning for maintenance and physical plan needs both short and long term. Inadequate maintenance records will lead to inefficient maintenance (which will bring about tenant dissatisfaction and increased costs) and the potential for serious physical weaknesses which can only be corrected at great expense.

- Management reports - Mandates may require certain agency specific reports. The information included along with any relevant materials can be used to create a summary management report which highlights the key areas of property operation. this type of summary report can be used for internal purposes and reported to any Board. It can highlight key items and serve as a planning tool in identifying aspects of management which may need additional staff attention, funds or outside assistance.

APPENDIX A

LETTER NOTIFYING TENANT OF RECEIPT OF APPLICATION

ABC APARTMENTS
100 Main Street
Boston, MA.

22 May 1992

Dear :

Thank you for your application to ABC Apartments, 100 Main Street, Boston, MA. This letter is to inform you that we have received your completed application.

We will be in contact with you shortly to let you know what the next step is. In the meantime, your application is active and there is no further action required on your part. We thank you for your interest.

Sincerely,

APPENDIX B

LETTER NOTIFYING TENANT OF MISSING ITEMS IN APPLICATION

ABC APARTMENTS
100 Main Street
Boston, MA.

22 May 1992

Dear :

Thank you for your interest in ABC Apartments, 100 Main Street, Boston, MA. This letter is to inform you that we have received your application. However, in order for your application to be considered complete, the following missing information must be completed:

_____ landlord reference

_____ verification of income

_____ home interview

_____ employment verification

Please contact this office by 10 June 1992 to discuss these missing items. If we do not hear from you by this date, we will assume that you are not interested in continuing in the application process.

Sincerely,

APPENDIX C

LETTER NOTIFYING TENANT OF ACCEPTANCE OF APPLICATION

ABC APARTMENTS
100 Main Street
Boston, MA.

22 June 1992

Dear :

We are pleased to notify you that you have been selected as a resident at ABC Apartments, 100 Main Street, Boston, MA. You have been assigned to Apartment #4. We currently expect that your apartment will be available on or about 1 July 1992.

Please call our office to arrange for a meeting to discuss the final steps which must be completed before you move in. We look forward to you becoming a part of our community.

Sincerely,

APPENDIX D

LETTER NOTIFYING TENANT OF REJECTION OF APPLICATION

ABC APARTMENTS
100 Main Street
Boston, MA.

22 June 1992

Dear :

Thank you for your recent application for housing at ABC Apartments, 100 Main Street, Boston, MA. We are sorry to inform you that your application has been rejected.

_____ history of non-payment of rent

_____ negative landlord references

_____ inaccurate statements on your application

_____ prior evictions for cause

_____ other:

If you do not agree with our findings, please contact this office within 10 days to discuss the reasons for rejecting your application.

Sincerely,

APPENDIX E

LETTER NOTIFYING TENANT OF ACCEPTANCE TO WAITING LIST

ABC APARTMENTS
100 Main Street
Boston, MA.

22 July 1992

Dear Applicant:

Thank you for your recent new or updated application for housing at ABC Apartments, 100 Main Street, Boston, MA. Unfortunately, there are no vacant apartments at this time: therefore, we have placed your name on our waiting list.

As you know, we are required to notify you of your place on our waiting list. Accordingly, please be advised that you are Number Six (6) on the waiting list of a total of thirty five (35) applications for a three (3) bedroom apartment.

Due to the relatively low number of apartments that become vacant each year, please expect up to a seven (7) year wait for us to contact you about the availability of an apartment. In the meantime, we will periodically contact you to see if you remain interested in renting with us. At that time, we will ask about changes in your income, family composition, and housing need priority. If your next telephone number or address changes between now and the next time that you hear from us, please notify us in writing and include in the letter your number on the waiting list and the size and type of apartment that you are waiting for.

Thank you again for your interest and patience, and please be assured that we will contact you just as soon as your application is being considered for housing with us.

Sincerely,

APPENDIX F

APPLICANT INFORMATION FORM

ABC APARTMENTS
100 Main Street
Boston, MA.

INFORMATION FORM

Name: _____
Date: _____
Marital Status: _____
Home Telephone: _____

Residence Address: _____

Mailing address: _____

Race (optional): _____

Information about those who occupy this apartment including yourself:

Name	Age	Sex	Social Security #	Place of Birth	Relationship to head of household

Employment _____

Name of Employer: _____

Business Address: _____

Position: _____

Length of employment: _____

Annual Wages: _____

285

If other Household Members employed, fill out the following:

Employment _____

Name of Employer: _____

Business Address: _____

Position: _____
Length of employment: _____
Annual Wages: _____

Other Income - Amount per month

	Yourself	Person #1	Person #2	Person #3
Public Assistance #1				
Public Assistance #2				

Do you pay for childcare in order to work? _____

Amount? _____

Bank Amounts

	Name/Address of Bank	Account #	$ Amount
Checking			
Savings			

Do you own an automobile? _____
Registration # _____

In case of emergency whom should we contact?

Name: _____
Relationship _____
Tel. Number: _____

Address: _____

City: _____

State: _____

APPENDIX G

APPLICANT EMPLOYMENT VERIFICATION FORM

ABC APARTMENTS
100 Main Street
Boston, MA.

EMPLOYMENT VERIFICATION

I give permission to ABC Apartments, to request the following information concerning my employment.

Name: _____

Address: _____
S.S.: _____

Signature: _____
Date: _____

The above named person has applied or currently is a resident of ABC Apartments. We must have written verification of your employees current and anticipated income prior to occupancy and periodically thereafter. Please fill in the following information and return this form to us within seven (7) days.

Thank you for your cooperation.

ABC APARTMENTS

Your Company Name: _____
Your company address: _____
Is person now employed by you? _____
Date of employment: _____
Position: _____
Probability of continued employment? _____
Date of termination: _____
Current base pay per year: _____
Anticipated pay over next year: _____
Expected overtime for next year: _____
Total base pay over last year: _____
Total overtime paid over last year: _____
Amount deducted for health insurance: _____

_____
Signature and Title Date:

APPENDIX H

VERIFICATION OF PUBLIC ASSISTANCE BENEFITS

ABC APARTMENTS
100 Main Street
Boston, MA.

VERIFICATION OF PUBLIC ASSISTANCE BENEFITS

Name of Agency: _____
Address: _____
Date: _____
From (Management Company): _____
Subject: _____

The above-named individual has applied for or is presently a resident of ABC Apartments. Regulations require that we verify current and anticipated income prior to occupancy and periodically thereafter. We, therefore, request that you provide the information required in the spaces below and return this form to us as promptly as possible.

Number in Family: _____
Public Assistance #1: _____
Public Assistance #2: _____
Amount for shelter and utilities: _____
Other assistance: _____
Total Monthly Grant: _____
Maximum Allowance for rent and utilities _____
Amount of public assistance given over the last year _____

_____
Signature and Title Date

I authorize the release of the above information.

_____
Signature of applicant Date

APPENDIX I

FINANCIAL VERIFICATION FORM

ABC APARTMENTS
100 Main Street
Boston, MA.

To whom it may concern:

As per housing regulations, the management of ABC Apartments is requesting verification of the assets of all members of a family applying or residing in these apartments. This required verification must be received in writing, and it must include all savings, checking, money-market or time certificate balances as well as interest rates at the current amount. This information will be held in strict confidence and will be used only in determining the eligibility status and rent of the family.

Below is a signed authorization for your release of this information to us. Please complete the form where applicable and return it to us as soon as possible in the enclosed envelope.

SAVINGS

Account #	Balance:	Interest Rate:
Account #	Balance:	Interest Rate:

CHECKING

Account #	Balance:	Interest Rate:

CERTIFICATES

$ Amount	Balance:	Interest Rate:
$ Amount	Balance:	Interest Rate:
$ Amount	Balance:	Interest Rate:

I hereby authorize the release of the requested information

Name: _____

Address: _____

_____

Signature Date

APPENDIX J

VERIFICATION OF CHILD CARE BENEFITS

ABC APARTMENTS
100 Main Street
Boston, MA.

DECLARATION OF AMOUNT PAID FOR CARE OF CHILDREN OF DEPENDENT PERSON(S)

Name of Agency/Person: _____
Address: _____
Date: _____
Subject: _____

The above-named individual has applied for or is presently a resident of ABC Apartments. Regulations require that we verify current and anticipated income prior to occupancy and periodically thereafter. We, therefore, request that your provide the information required in the spaces below and return this form to us as promptly as possible.

I, _____who resides at_____
do hereby certify that I receive the sum of $_____per week for the care of _____.

_____
Signature Date

I am applying for or currently living in a federally assisted apartment and authorize the release of the information requested above.

_____
Signature Date

APPENDIX K

LANDLORD REFERENCE FORM

ABC APARTMENTS
100 Main Street
Boston, MA.

22 June 1992

Dear :

(Name of Applicant) _____ has applied to become a resident in ABC Apartments and has provided your name as a landlord reference. Please fill out the form below and return it to the address listed above. Thank you for your time.

Applicant Signature Date

Sponsor Signature Date

Please fill out the following:

Did the resident pay rent on time?	Yes	_____	No	_____
Did the resident get along with neighbors?	Yes	_____	No	_____
Was housekeeping acceptable?	Yes	_____	No	_____
Did resident cause damages?	Yes	_____	No	_____
Would you rent an apartment to this resident again?	Yes	_____	No	_____

Comments:

Landlord Name

Landlord Signature Date

APPENDIX L

PROPERTY MANAGEMENT REPORT

ABC APARTMENTS
100 Main Street
Boston, MA.

Name of Property | Date Prepared:

Prepared By:

PROPERTY MANAGEMENT REPORT
FOR THE MONTH OF_____

I. PHYSICAL

1. Programmed Unit Inspection
   Monthly Goal: _____
   Number Scheduled: _____
   Number Completed: _____
   Issues: _____

2. Routine Work Orders: _____
   Number Written: _____
   Number Completed: _____
   Number Deferred _____
   Issues: _____

3. Programmed Work Orders: _____
   Number Written: _____
   Number Completed: _____
   Number Deferred _____

Issues: _____

_____

_____

4. Building Systems programmed maintenance
   Is P.M. up-to-date? _____
   Inspected for month? _____
   Repairs/Service completed? _____

_____

_____

5. Capital Improvement Programs: On Scheduled Yes/No Issues
   Budgeted _____

_____

Unbudgeted _____

_____

_____

6. Were you able to complete site walks as scheduled? Yes/No _____

Note issues not resolved during the month _____

_____

II. FINANCIAL

1. Collections:
   - Tenant gross pot. _____
   - Rent Subsidy _____
   - Tenant Receivable _____
   - Subsidy Receivable _____
   - # resident in arrears _____
   - Monthly concession _____
   - Year to date concession _____
   - Monthly bad debts _____
   - Year to date bad debts _____
   - # residents _____
   - Date voucher submitted _____
   - Subsidy issues: _____

2. Vacancies/Anticipated Vacancies

Unit Number	Date to be vacated	Projected turnaround date	Projected occupancy date	Issues

3. Marketing:
   - # appl. on market waiting list _____
   - # appl. on moderate waiting list _____
   - # appl. on low waiting list _____
   - Number currently being processed _____
   - E/O Goal _____
   - E/O Actual Occupancy _____

4. Purchasing

Manager's Authorized Spending Limit	_____
# Purchase Orders Written	_____
# invoices listed on monthly payables log	_____
# invoices approved and submitted for payment	_____
# invoices disputed	_____
Please explain	_____

Weekly submission of all invoices received with packing slips and completed purchase orders?	Yes/No
Issues	_____

5. Monthly Report: Explanation of Sub-Total Variances

Marketing:	_____
Administrative:	_____
Maintenance:	_____
Security:	_____
Utilities	_____
Taxes/Insurance	_____
Entity	_____
Other Income	_____
Other Disbursements	_____

6. Service Contract Summary

	Vendor/Renewal	Date/Terms of Term. Notice
Office Equipment		
Elevator		
Trash		
Exterminator		
Snow Removal		
Fire Alarm Service		
Security		
Laundry		
Insurance		

Rent Increase _____
Management Agreement _____
Real Estate Tax _____
Other _____
Other _____
Other _____
Other _____

III. ADMINISTRATIVE

1. Recertifications/Lease renewals _____
   Number due this month: _____
   Projected completion date: _____
   Problems with completion: _____

2. Date last Excess Income Report submitted _____
   Amount due _____
   Amount carried over _____

3. Date last E/O report submitted _____
   Date next E/O report due _____

IV. SOCIAL

1. # new issues _____
   # in progress _____
   # closed _____

2. # complaints called in by residents _____
   Nature of calls and follow-up _____

3. # letters sent in by residents _____
   Nature of calls and follow-up _____

OUTSTANDING ISSUES WITH WHICH YOU NEED ASSISTANCE:

APPENDIX M

LATE RENT PAYMENT NOTICE

ABC APARTMENTS
100 Main Street
Boston, MA.

22 June 1992

Dear :

According to our records we have not yet received your rent payment for the month of June. Rent is due on the first of each month for that month. It must be received by the fifth (5th) of the month in order for you to be in compliance with the requirements of your lease.

Please send in your payment at once to avoid further action. If you have any questions or if your records do not agree, please contact our office at once.

Sincerely,

APPENDIX N

MODEL APPLICATION

RESIDENT APPLICATION FORM

ROBERT L. FORTES HOUSE

APPLICATION DATE:_____

APPROVED DATE:_____

DISAPPROVED DATE:_____

REASON:_____

PERSONAL INFORMATION

HEAD OF HOUSEHOLD_____

DATE OF BIRTH_____ SOC. SEC. #_____

SPOUSE'S NAME_____ SPOUSE'S DATE OF BIRTH_____

PRESENT ADDRESS_____

LENGTH AT THIS RESIDENCE _____ TELEPHONE NUMBER_____

PREVIOUS RESIDENCE IF LESS THAN TWO YEARS AT PRESENT ADDRESS:

_____

NAME & ADDRESS OF PRESENT LANDLORD_____

_____TEL. #:_____

NAME & ADDRESS OF PREVIOUS LANDLORD_____

_____TEL #:_____

___BLACK ___WHITE ___HISPANIC ___OTHER (PLEASE SPECIFY)

THIS INFORMATION IS FOR AFFIRMATIVE ACTION PURPOSES ONLY

HOW DID YOU LEARN ABOUT ROBERT L. FORTES HOUSE?

___NEWSPAPER ___FRIENDS/FAMILY ___OTHER

___SIGNS ___COMMUNITY CENTER _____

LIFESTYLE AND HEALTH INFORMATION

ARE YOU CURRENTLY LIVING ALONE OR WITH SOMEONE ELSE?

___ALONE ___FRIENDS ___FAMILY ___OTHER

DO YOU UTILIZE HOMECARE SERVICES?

___YES, I DO ___NO, I DON'T ___I WOULD LIKE TO

IF YOU USE HOMECARE SERVICES, FOR WHAT PURPOSES DO YOU USE THEM?

_____

DO YOU DO YOUR OWN GROCERY SHOPPING? ___YES ___NO

IF YES, HOW OFTEN DO YOU SHOP?

___3 OR MORE TIMES PER WEEK ___ONCE A WEEK

___2 TIMES PER WEEK ___LESS OFTEN

IF NO, HOW DO YOU GET FOOD AND OTHER NECESSITIES?_____

DO YOU PREPARE YOUR OWN MEALS?

___USUALLY ___SOMETIMES ___SELDOM ___NEVER

IF YOU DON'T PREPARE THEM, WHO DOES?_____

DO YOU REGULARLY EAT MEALS AT A HOT LUNCH PROGRAM?

___YES WHERE?_____

___NO WHY NOT? ___FOOD QUALITY ___SPECIAL DIET NEEDS

___ACCESSIBILITY ___ATMOSPHERE

___OTHER_____

HOW OFTEN IN THE PAST MONTHS HAVE YOU HAD A MEAL AT A HOT LUNCH PROGRAM_____

HOW OFTEN DO YOU SEE OR COMMUNICATE WITH A FRIEND OR NEIGHBOR WHO DOESN'T LIVE WITH YOU?

____SEVERAL TIMES DAILY ____3-5 TIMES A WEEK

____ONCE A DAY ____LESS OFTEN

DO YOU BELONG TO ANY CLUBS, GROUPS OR ORGANIZATION?

___NO ___YES, (PLEASE LIST)_____

_____

DO YOU HAVE ANY HOBBIES OR INTERESTS?_____

_____

DO YOU HAVE ANY MAJOR HEALTH PROBLEMS?_____

_____

ARE YOU TAKING ANY MEDICATIONS NOW?

MEDICATION	FREQUENCY	CONDITION

WHEN WAS THE LAST TIME YOU WERE SEEN BY A DOCTOR, CLINIC, ETC.?

_____

MONTH YEAR

DO YOU SEE A DOCTOR FOR REGULAR CHECK-UPS?

___NO ___YES WHERE?_____

HOW OFTEN?_____

HAVE YOU EVER HAD PSYCHIATRIC COUNSELING?

___NO ___YES WHEN & WHERE?_____

ARE YOU PRESENTLY RECEIVING SUCH TREATMENT? ___NO ___YES

DO YOU DRINK ALCOHOLIC BEVERAGES?

___NO ___FREQUENTLY ___OCCASIONALLY ___SELDOM

HAVE YOU EVER BEEN TREATED FOR AN ALCOHOLIC PROBLEM?

___NO ___YES IF YES, WHEN & WHERE_____

_____

ARE YOU ON A SPECIAL DIET?

___NO ___YES WHO PRESCRIBED IT?_____

DO YOU FOLLOW IT?_____

WHAT IS THE REASON FOR THE DIET?_____

EMERGENCY INFORMATION - THIS IS KEPT FOR OFFICE USE ONLY

WHO WOULD YOU WANT NOTIFIED IN AN EMERGENCY?_____

ADDRESS_____PHONE_____

DOCTOR'S NAME_____PHONE_____

WHAT CLINIC/HOSPITAL DO YOU USE?_____

ADDRESS_____PHONE_____

SOURCE OF INCOME

1.

2.

3.

4.

TOTAL GROSS INCOME_____NET INCOME_____MONTHLY RENT_____

_____

TO BE FILLED OUT BY PERSON ASSISTING WITH COMPLETION OF QUESTIONNAIRE

NAME_____

ARE THERE ANY SPECIAL CONSIDERATIONS THAT MAKE THIS APPLICATION AN URGENT ONE? WITH APPLICANT'S CONSENT, PLEASE LIST_____

_____

DID THE APPLICANT APPEAR TO BE ABLE TO HEAR YOU IN A NORMAL VOICE?

___YES ___NO ___WITH SOME DIFFICULTY ___WITH MUCH DIFFICULTY

DID THE APPLICANT USE ANY PHYSICAL AIDS? (HEARING AID, CANE, WHEELCHAIR, ETC.)_____

_____

I UNDERSTAND THAT THIS APPLICATION [illegible] RACT AND IS NOT BINDING. I CERTIFY THAT THE INFORMATION WHICH I HAVE GIVEN IN THIS APPLICATION IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF. I HAVE NO OBJECTION TO INQUIRIES FOR THE PURPOSES OF VERIFYING ALL SUCH INFORMATION. THESE STATEMENTS ARE MADE UNDER THE PENALTIES OF PERJURY.

DATE_____ SIGNED_____

SPECTRUM

SAMPLE APPLICATION - MULTI-FAMILY HOUSING

#_____
(Office Use Only)

PLEASE PRINT

This is an application for housing in the _____ located in _____. Please complete this application and return to Spectrum, Inc. (agent for management) at the address listed at the bottom of this page. Applications are placed in order of date and time received. An applicant may be interviewed only after Spectrum, Inc. receives the tenant application.

A. GENERAL INFORMATION

Applicant Name(s) _____

Address: _____
Street Apt # City Zip

Tel. #_____ No. of Bedrooms In Current Unit_____
Do You Own _____ or Rent _____. If Rental, Amount of Current Monthly Rental Payment $_____.

Check Utilities Paid by You:
Heat _____
Electricity_____
Gas _____
Other _____

Approximate Monthly Cost of Utilities Paid by You (excluding phone & cable tv) $_____

Bedroom Size Requested: One Bedroom _____
Two Bedrooms_____
Three Bedrooms_____
Handicap BR _____

B. FAMILY HOUSEHOLD COMPOSITION: FmHA PROPERTIES ONLY

"The following information is requested by the apartment owner in order to assure the Federal Government, acting through the Farmers Home Administration, that Federal Laws prohibiting discrimination against tenant applicants on the basis of race, national origin and sex are complied with. You are not required to furnish this information, but are encouraged to do so. This information will not be used in evaluating your application or to discriminate against you in any way. However, if you choose not to furnish it, the owner is required to note the race/national origin and sex of the individual applicants on the basis of visual observation or surname."

Race_____ Ethnic Group_____ Sex_____

RETURN TO: <8/88>

List ALL persons who live in the apartment. List Head of Household First:

NAME	RELATIONSHIP	BIRTHDATE	PLACE OF BIRTH	SOCIAL SECURITY NUMBER
1.	HEAD			
2.				
3.				
4.				
5.				
6.				
7.				
8.				

C. INCOME: LIST ALL SOURCES OF INCOME AS REQUESTED BELOW:

FAMILY MEMBER NAME	SOURCE OF INCOME
_____	a. Social Security..Monthly Amount $_____
_____	Social Security..Monthly Amount $_____
_____	Social Security..Monthly Amount $_____
_____	b. Pension.....Monthly Amount $_____
_____	Pension.....Monthly Amount $_____
	Source of Pension(s) _____
_____	c. Veterans Benefits.Monthly Amount $_____Claim #_____
_____	Veterans Benefits.Monthly Amount $_____Claim #_____
_____	d. SSI Benefits.....Monthly Amount $_____
_____	SSI Benefits.....Monthly Amount $_____
_____	e. Unemployment Comp.Monthly Amount $_____
_____	Unemployment Comp.Monthly Amount $_____
_____	f. AFDC.....Monthly Amount $_____
_____	g. Wages.....Gross...Monthly Amount $_____
	Employer_____
	Position Held_____How Long Employed_____
	Wages.....Gross...Monthly Amount $_____
	Employer_____
	Position Held_____How Long Employed_____

_____ h. Full Time Student Income (Only Full Time Students 18 & Over)
Monthly Amount $_____
Full Time Student Income (Only Full Time Students 18 & Over)
Monthly Amount $_____

_____ i. Earned Income
Tax Credit.....ANNUAL Amount $_____

_____ j. Alimony.....Monthly Amount $_____Source_____

_____ k. Child Support....Monthly Amount $_____Source_____

_____ Child Support....Monthly Amount $_____Source_____

_____ l. Interest Income..Monthly Amount $_____Source_____

_____ Interest Income..Monthly Amount $_____Source_____

_____ m. Other Income.....Monthly Amount $_____Source_____

Other Income.....Monthly Amount $_____Source_____

TOTAL GROSS ANNUAL INCOME (Base this on the monthly amounts listed above and multiply x 12)
$_____

Do you anticipate any changes in this income in the next 12 months?
YES_____ NO_____ IF YES, Explain:_____

_____

_____

D. ASSETS

Checking Account(s) #_____Bank_____Balance $_____
#_____Bank_____Balance $_____
#_____Bank_____Balance $_____

Savings Account(s) #_____Bank_____Balance $_____
#_____Bank_____Balance $_____

Trust Accounts #_____Bank_____Balance $_____

Certificates #_____Bank_____Balance $_____
#_____Bank_____Balance $_____

Credit Union #_____Name_____Balance $_____
#_____Name_____Balance $_____

Savings Bonds #_____Maturity Date_____Value $_____
#_____Maturity Date_____Value $_____

Life Insurance Policy #_____Face Value _____

Real Property: Do you own any property? Yes_____ No_____
If YES, Type of Property_____
Location_____
Appraised Market Value $_____
Mortgage or Outstanding Loans Balance Due $_____
Amount of Annual Insurance Premium $_____
Amount of Most Recent Tax Bill $_____

Have You Sold/Disposed of Any Property in the Last 2 Years? Yes___No____
If YES, Type of Property_____
Market Value When Sold/Disposed $_____
Amount Sold/Disposed For $_____
Date of Transaction _____

Have You Disposed of Any Other Assets in the Last 2 Years (Example: Given Away Money to Relatives, Set Up Irrevocable Trust Accounts)? Yes____No____

If YES, Describe Asset_____

Date of Disposition_____

Amount Disposed $_____

Do You Have Any Other Assets Not Listed Above (Excluding Personal Property)? Yes____ No____

If YES, List _____

_____

E. MEDICAL/CHILDCARE/HANDICAP ASSISTANCE EXPENSES

Medical Costs: Complete this part ONLY if Head or Spouse is 62 or Older, Disabled or Handicapped.

Medicare Premiums.....Monthly Amount $_____

Monthly Amount $_____

Medical Insurance Coverage-Name of Insurance Company_____

Address_____

Monthly Amount $_____

Anticipated Medical/Drug/Prescription Costs NOT Covered by Insurance NOR Reimbursed: Monthly Amount $_____

Medical Bills or Outstanding Costs You Are Making Monthly Payments For:

Balance Due $_____Monthly Payments $_____Payable To:_____

Are You Seeing a Physician Regularly?_____ Name_____

Address_____ Projected Costs NOT Covered by Insurance NOR Reimbursed for the Next 12 Months $_____

Any Other Medical Expenses: List Type & Amounts:_____$_____

_____$_____

Childcare Costs: Complete ONLY for Children 12 & Younger:

Name(s) of Children Cared For _____ Age_____

_____ Age_____

_____ Age_____

_____ Age_____

Name & Address of Person OR Agency Caring for Children_____

_____

_____

Weekly Cost for Childcare Due to Employment $_____

Weekly Cost for Childcare Due to Education $_____

Handicap Assistance Expenses: Complete ONLY if Handicap Expenses Allow the Handicap or Another Household Member to WORK?

List Type of Expenses, Weekly Amount, Paid to Whom:

_____

_____

_____

. PROGRAM INFORMATION

Are You Displaced? Yes____ No____
If YES, Displacement Agency_____
Is Your Current Unit Condemned? Yes____ No____
If YES, By Whom?_____

Are You Handicapped/Disabled? Yes____ No____
If YES, Describe Nature & Extent of Handicap or Disability_____
_____
_____
Are You a Veteran? Yes____ No____ If YES, Dates of Service_____

Are You Currently Living in Subsidized Housing? Yes_____ No_____
Have You Ever Resided in a Project Financed and/or Subsidized by the Govt?
Yes____ No____ If YES, Name & Address _____
_____
Have You Ever Been Evicted from Public Housing or Any Other Federal
Housing Program? Yes____ No____
If YES, Where_____ When_____
Describe Reasons_____
Have You Ever Been Evicted From Other Housing? Yes____ No____
How Did You Hear About This Housing?_____
_____
Will You Take an Apartment When One is Available? Yes_____ No_____
Briefly Describe Your Reasons for Applying_____
_____

G. REFERENCE INFORMATION

Current Landlord: Name_____
Address_____
Home Phone_____Business Phone_____
Previous Rental Information:
Prior Landlord_____
Address_____
Prior Landlord_____
Address_____

Credit References:

1. Name_____Address_____Phone_____

2. Name_____Address_____Phone_____

3. Name_____Address_____Phone_____

Personal References:

1. Name_____ Address_____ Phone_____

2. Name_____ Address_____ Phone_____

3. Name_____ Address_____ Phone_____

In Case of Emergency Notify:_____

Address_____

Phone_____

H. OTHER REQUIRED INFORMATION

VEHICLES: List any cars, trucks or other vehicles owned. (Parking will be provided for one vehicle. Arrangements with management will be necessary for more than one vehicle.)

Type of Vehicle_____ Year/Make_____ Color_____
License Plate #_____

Type of Vehicle_____ Year/Make_____ Color_____
License Plate #_____

PETS: Do you own any pets? Yes_____ No_____

If YES, Describe_____

CERTIFICATION

I/we certify that all information in this application is true to the best of my/our knowledge and that I/we understand that false statements or information are punishable by law and will lead to cancellation of this application or termination of tenancy after occupancy.

SIGNATURES:

_____	_____
Applicant	Co-Applicant
_____ Dated	_____ Dated

AUTHORIZATION

I/we do hereby authorize SPECTRUM INC. and its staff or authorized representatives to contact any agencies, offices, groups or organizations to obtain and verify any information or materials which are deemed necessary to complete my/our application for housing in this property managed by SPECTRUM INC.

SIGNATURES:

_____	_____
Applicant	Co-Applicant
_____ Dated	_____ Dated

APPENDIX O

MODEL EMERGENCY PROCEDURES FORM

OKM Associates Inc
164 Canal Street Boston MA 02114 (617) 742-8614

UNIT NO._____

OWNER NAME:_____

HOME PHONE NO:(___)_____ WORK PHONE NO: (___)_____

PERMANENT RESIDENTS:

_____

_____

_____

EMERGENCY CONTACTS:

NAME:_____

ADDRESS:_____

_____

PHONE NO:_____

AUTO INFORMATION:

COLOR:_____MAKE:_____MODEL:_____

YEAR:_____PLATE NO:_____STATE:_____

PLEASE FILL IN ALL INFORMATION APPLICABLE AND RETURN TO:

OKM ASSOCIATES, INC.
164 CANAL STREET
BOSTON, MA 02114
ATTN: SUSAN FRAGA

THANK YOU FOR YOUR COOPERATION.

Greeley Transitional House, Inc.
1202 6th Street ▪ Greeley, CO 80631

Emergency Procedures

Inside of Facility

If disturbance poses a danger to staff, residents or facility

1. Call 911
2. Call supervisory staff (if unavailable, call member of the Board of Directors)
3. Write thorough summary of
   - situation
   - response
   - results
   - further action needed
4. Supervisory staff writes official report to be kept in Incident File

If disturbance does not pose immediate threat to staff, residents or facility

1. Address immediate concerns
2. Report by phone to supervisory staff (if unavailable, call member of Board of Directors)
3. Pursue actions agreed upon with supervisory staff or Board member
4. Report results by phone to supervisory staff or Board member
5. Write thorough summary of
   - situation
   - response
   - results
6. Supervisory staff writes official report to be kept in Incident File

Outside of Facility

If disturbance poses a threat to anyone

1. Call 911
2. Secure safety of residents, staff and facility as possible
3. If incident affects Greeley Transitional House residents, staff or facility
   - Call supervisory staff to report
   - Write thorough summary of incident
4. If incident does not affect Greeley Transitional House residents, staff or facility
   - Write thorough summary

   b. Report to supervisory staff at next working day

If disturbance does not pose a threat

1. Address immediate concerns
2. Report by phone to supervisory staff, if incident affects Greeley Transitional House residents, staff or facility (if unavailable, call member of Board of Directors)
3. Write thorough summary of incident

272

Fire Response

Training for all staff to be held in April or May for a period of 1 hour

Electrical Fire

1. De-energize
   - Main cutoff outside back door near kitchen window
   - Individual cutoff downstairs at Southwest corner of hall
2. Hit fire with extinguisher from 8 feet away

Pictorial escape routes in rooms (see Procedure for Evacuation)

Procedure if smoke alarm sounds

1. Roll out of bed
2. If no smoke in room, feel door knob with back of hand
3. If door knob is hot
   - Stay in room
   - Put rug or other cloth under door
   - Duct tape top of door

Procedure if door knob is hot

1. If downstairs
   - Make sure furniture is securely under window
   - Climb out carefully
2. If upstairs of unable to climb out of window downstairs
   - Stay in room until help arrives
   - Open window a few inches (2 or 3 inches only)
   - Put sheet or cloth out of window to alert others that you are there
   - Never throw anything out of window to break it — it may hurt others outside or you may hurt yourself trying to get out
   - **Do Not Jump**
   - Sit on floor near window
   - **Do Not Lay Down** — toxic fumes are at that level
   - Keep nose at knee level
   - Wait for help
   - Never run through fire

Procedure for evacuation — check door knob and if not hot

1. Leave immediately (you have 3 to 4 minutes to get out before smoke fills the area)
2. Alert those in charge
3. Alert rest of house by knocking on doors as you leave (set up fire signal?)
4. Pictorial escape routes are in each room (floor plan is not to scale)
   - Primary escape route is out the front door
   - Secondary escape route is out the back door
   - Last resort — downstairs, climb through window (put furniture under window); upstairs, climb down emergency ladder off balcony (key for door and ladder)
5. **Stay out**
6. Go to primary meeting place at the lamp post at SE corner or 12th Avenue and 6th Street
   - Stay there until everyone is out
   - Send one member of first family out to call 911
7. Secondary meeting place is the Salvation Army Building, 1119 12th Avenue, across the street from our facility (first call Lt. Don Gilgar at 353-1441 or 353-0521 or Juan Salinas at 353-1543)

Psychiatric Emergency

1. Transfer the individual into a room not occupied by other residents
2. If qualified to do so, evaluate for abnormal or suspected behavior immediately. If not qualified, call Director, Program Coordinator of Family Therapist for evaluation.
3. Keep the individual calm and involved by talking
   - Do not leave the individual alone
   - Do not use physical force, unless it is absolutely necessary
   - Make sure no "sharps" (i.e., glasses, etc.) are within easy reach
4. If appropriate staff members are not available call 911 and inform them of the situation.. (continue attempts to contact staff)
5. Arrange for psychiatrist to evaluate resident either at
   - Hospital emergency room or
   - Greeley Transitional House if it is not possible to get resident to Emergency Room
6. Individuals who have expressed definite suicide ideation, who have made gestures or attempts, and it is felt by staff that there is suicide potential, should be admitted to the North Colorado Medical Center for observation and evaluation.

Note: If the individual is extremely suicidal, the Greeley Police Department may be used for assistance and as another resource for dealing with aggressive type behavior.

Medical Emergency

1. Administer immediate emergency medical procedures as appropriate for that type of medical emergency. If there are any questions, immediately contact the Emergency Room at North Colorado Medical Center at 350-6244 for assistance.
2. Staff member should not call 911 unless resident or family is unable to do so.
3. Procure transportation to the Emergency Room at North Colorado Medical Center either through private vehicle or ambulance.

Death

1. Notify a physician (call Emergency Room doctor on duty at North Colorado Medical Center). The deceased will be pronounced dead by a physician as soon as possible after death. Body will not be released from Greeley Transitional House until officially pronounced dead.
2. The deceased will be removed from rooms occupied by other residents as soon as possible.
3. The deceased will be covered and transported both within and from Greeley Transitional House in a dignified manner.
4. Family or next of kin will be notified as soon as possible.

APPENDIX P

RULES AND REGULATIONS

TAINO TOWER CONDOMINIUM TRUST

RULES AND REGULATIONS

The following Rules and Regulations are designed for the benefit of the community. Adherence to the Rules and Regulations is necessary in order to preserve the integrity of the community and to enhance the quality of condominium living.

A. DEFINITIONS

The following definitions shall apply unless they conflict with Massachusetts law or administrative regulations:

1. "Unit Owners" shall, for the purposes of these Rules and Regulations, mean and include all residential unit owners, their assigns or lessees, and all persons residing in a unit as their domicile or legal residence; and all commercial unit owners, their assigns or lessees, and all persons employed in commercial units. Unit owners will be held responsible for the acts of guests, clients and customers visiting their unit.

2. "Unit Owners Handbook" denotes the collection of written policies and procedures, including but not limited to the Rules and Regulations, issued to the Unit Owners.

B. RULES AND REGULATIONS

1. Permanent Use of Common Areas

The interior and exterior common areas are for the use and enjoyment of all Unit Owners. However, no objects or fixtures shall be permanently placed or affixed on or about any part of the common areas without prior Trustee approval.

2. Effect On Insurance

No Unit Owner shall use his or her unit or parking space in such a fashion as a result in the cancellation of insurance or an increase in the cost of insurance for the Condominium. This rule includes, but is not limited to, the

276

5. Laundry

No Unit Owner shall hang laundry, rugs, drapes and the like from any unit or any appurtenance of a unit.

6. Pets

(a) A Unit Owner may keep an animal only as a pet and only with the prior written approval of the Trustees. This approval must be requested and received prior to occupancy of the Unit or acquisition of the pet. The Trustees will approve: only one pet per Unit; only dogs, cats, and birds, and not any other type of animal; and, in the case of dogs, only dogs not exceeding 40 pounds in weight when full grown.

(b) The Trustees may insist at any time and regardless of any approval previously granted by the Trustees, upon a Unit Owner not keeping a pet which the Trustees, in their sole discretion, determine interferes with the rights of other Unit Owners, including the right to quiet enjoyment of their Units.

(c) All dogs must be licensed by the City of Boston.

(d) No pet is allowed on lawns or shrubbery beds.

(e) All pets are to be walked on hand-held leashes. Pets may not be confined to common areas by chains, anchors, ropes of the like.

(f) Pets are not allowed to defecate on Condominium lawns, shrubs, shrub beds, or pavement. All waste products are to be immediately picked up and disposed of properly.

(g) Any Unit Owner who witnesses a violation of the aforementioned rules must send a written notification (complaint) to the Trustees detailing the offense. The complaint must be signed by the Unit Owner filing the complaint.

(h) Upon receipt of a signed complaint, the Trustees will immediately send a written notice of the violation to the pet owner. Pet owners are entitled to review all written notices regarding their pet. The name of the complainant will not be disclosed.

(i) Unit owners shall prevent their pets from becoming nuisances to adjoining residents, including causing excessive noise.

277

(j) Any Unit Owner who violates the aforementioned rules is subject to specific action based upon the following criteria:

(k) Specific Action

1st, 2nd Offense	- written warning
3rd Offense	- $25.00 Fine
4th Offense	- $50.00 Fine
5th Offense	- $100.00 Fine and subject to pet removal.

All fines are subject to adjustment from time to time by vote of the Trustees and are payable to: Taino Tower Condominium Trust

All offenses are cumulative over a calendar year only.

(l) Unit owners are responsible for any damage to other Units or to the common areas of the Condominium caused by their pets. Charges to restore or replace the damaged property, at then current contract rates, will be the responsibility of the Unit Owner.

(m) Unit Owners who lease/rent their units are liable for any violations of the pet rules and regulations by their tenants.

(n) Unit Owners who own pets are not liable for damage caused by animals owned by non-condominium residents, except their guest.

7. <u>Radios, Phonographs, Musical Instruments</u>

The volume of television sets, radios, phonographs, stereos, musical instruments, and the like shall, at all times, be kept at a sound level which will not annoy the occupants of neighboring units.

-28

8. Abuse of Physical Plant

The Trustees may charge to any Unit owner any damage to the mechanical, electrical, or other building service system of the Condominium caused by such Unit Owner's misuse of the systems. This rule applies to any misuse caused by any Unit Owner's family, agent, servant, employee, visitors and licensees and pets thereof.

9. No Offensive Activity

No noxious or offensive activity shall be carried on in any unit, or in the common areas and facilities, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to other Unit Owners or occupants. No Unit Owner shall make or permit any disturbing noise by himself or herself or his or her family, servants, employees, agents, visitors and licensees and pets thereof, nor permit anything by such persons or pets what will interfere with the rights, comforts, or convenience of other Unit Owners.

10. Parking Spaces

The following restrictions and regulations shall apply to the use and occupancy of parking spaces of the Condominium:

(a) The parking spaces may be used only for parking of automobiles, vans, motorcycles and bicycles. All such vehicles must be fully registered in accordance with applicable statutes and regulations. No trucks, pickup trucks, boats, trailers (whether capable of independent operation or attached to automobiles or other vehicles), unregistered vehicles, and the like may be parked unless written consent of the Trustees of the Condominium is first obtained. Only (1) vehicle is allowed in each parking space and "piggyback" parking is strictly prohibited.

(b) All vehicles shall be parked within their respective parking spaces head end in, except for temporary circumstances.

(c) No vehicle is permitted to park in designated fire lanes or restricted parking lanes.

279

(d) In instances where vehicles using the parking areas and facilities of the Condominium do not comply with the foregoing provisions, or in the case of unregistered vehicles, the Trustees are authorized to allow the towing of the non-complying vehicles at the expense of the owners of such vehicles.

11. Garbage Disposal

(a) Residential Units - All garbage from residential units shall be first enclosed in secure plastic bags provided by the Unit Owner and then placed in the containers provided for this purpose in the trash room.

(b) Commercial Units - Unit Owners of commercial units are responsible for making their own arrangements for garbage disposal. Garbage from commercial units shall not be stored or placed for any period of time in any interior or exterior common area. Garbage from commercial units shall not be stored or placed on the sidewalk or curb adjacent to the Condominium for a period of time greater than four hours.

(c) Violations of the foregoing rules will be subject to fines at the discretion of the Trustees.

12. Recreational Vehicles

Riding or parking of any pedal-powered or motorized vehicle, including automobiles, on the lawns and sidewalks of the Condominium is strictly prohibited.

13. Rental of Residential Units

(a) Rental of residential units is subject to the provisions of Section 12 of the Master Deed.

(b) The owner of a rental unit shall register with the Trustees the name and phone number of the tenant within seven (7) days of commencement of the lease.

(c) The Trustees reserve the right to screen prospective tenants and to require the use of a standard lease.

(d) The owners of rented units are responsible for the acts or omissions of their tenants, and shall be liable for violations of any rule or regulation by said tenants.

(e) The owners of rented units shall protect the rights of Unit Owners who reside in units adjoining the rented units by enforcement of these rules and regulations.

(f) The Trustees reserve the right to require separate damage deposits for rentals, to be held in escrow.

Rules 13(b), (c), and (f) above shall not apply to any Units owned or controlled by the local housing authority, Executive Office of Communities and Development ("EOCD") or successor agencies.

14. Collection of Overdue Common Area Fees

The Trustees may impose a late charge of Ten Dollars ($10.00) if any annual assessment, monthly installment, fine or late charge, interest, or legal fees (the "assessment") is not received by the fifteenth (15th) day of the month when due. If such assessment is not received within thirty (30) days when due, the Trustees may impose a late charge of not more that Twenty-Five Dollars ($25.00) per month until payment in full is received. The Trustees may, in their sole discretion, amend the amounts and schedules of these late charges.

If a Unit Owner is in default of the payment of an assessment for a period of more than sixty (60) days, the Trustees may accelerate any remaining installments of the assessment for the fiscal year. Prior to accelerating the remaining installments, the Trustees shall give notice to the Unit Owner, and if the delinquent installment of assessment has not theretofore been paid, then the unpaid balance of the assessment shall become due and payable upon the date stated in the notice, which date shall not be less than five (5) days after the delivery of the notice to the Unit Owner or not less than ten (10) days after the mailing of such notice to be the Unit Owner by registered or certified mail, whichever shall first occur.

15. Violations

Violation of any Rule and Regulation, or the breach of any provision of the Declaration of Trust, By-Laws, Master Deed, or of the offending Unit Owner's Unit Deed, shall give the Trustees the right, in addition to any other rights, the enjoin, abate or remedy by appropriate legal proceedings, either at law

31

or in equity (or both) the continuation of any such breach. In addition to the foregoing, and not in substitution thereof, the Trustees shall have the power to levy fines against Unit Owners for such violations. No fine may be levied for more than Ten Dollars ($10.00) for any one violation (except as to pets) but each day of a violation shall be considered a new violation. Collection of fines may be enforced against the Unit Owner involved as if the fine were common area charges owed by the Unit Owner. In the case of persistent violations by a Unit Owner, the Trustees shall have the power to require such Unit Owner to post reasonable bond to secure adherence to said Rule and Regulation, Declaration of Trust, By-Laws, Master Deed or the said Unit Deed.

16. Attorney's Fees and Costs

Any unit Owner who violates the Rules and Regulations (as the same may be amended and adopted form time to time), or the provisions of the Declaration of Trust, By-Laws, Master Deed or the Unit Deed, (as the same may be amended from time to time) or is responsible for any such violation, shall pay all costs and expenses incurred by the Trust, including without limitation, reasonable attorney's fees, in connection with the enforcement of the Rules and Regulations, Declaration of Trust, By-Laws and Master Deed of the said Unit Deed.

17. Unit Owner's Right to Hearing

Any Unit Owner aggrieved by any fine or penalty imposed by the Trustees shall have the right to a hearing before the Board of Trustees, provided however, that said Unit Owner requests a hearing in writing within ten (10) days of the Trustee act or action which forms the basis of the Unit Owner's grievance. Said hearing shall be held within fourteen (14) days of receipt of the written request for hearing and shall be conducted in closed session. The decision of the Trustees on a Unit Owner's grievance shall be final.

18. Amendments of Rules and Regulations

Any consent or approval given by the Trustees under these Rules and Regulations may be added to, amended, or repealed at any time by the Trustees. Theses Rules and Regulations may be amended from time to time as provided in the Declaration of Trust. These Rules and Regulations may not be amended without the express written consent of EOCD.

282

APPENDIX Q

MODEL LEASE

(Simplified Fixed Term)

Date _____ _____, 19_____

This is a Lease of Apartment No. _____, located in a Building numbered _____ in _____, Massachusetts. The Landlord is _____ _____, whose address is _____, and whose telephone number is _____. The Tenant is _____ _____ and _____. The term of this Lease is _____ years, beginning on _____ _____, 19_____, and endin on _____ _____, 19_____, although it is possible that the term may end sooner as explained later in the Lease. Landlord and Tenant agree that each of them has various rights and duties, and that this Lease is subject to certain conditions, as follows:

TENANT: [illegible] **RENT:** [illegible] ore the [illegible] very month, in [illegible] nant must [illegible] onthly [illegible] _____.

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Tenant's initials:

_____

_____

(c) The amount of rent which the Landlord is permitted to receive from the Tenant may be limited by rent control laws or similar restrictions. If so, the Tenant will never have to pay more than the maximum rent which the Landlord is permitted to receive. However, whenever the rent payable by the Tenant is less than the maximum rent which the Landlord is permitted to receive, the Landlord may at any time notify the Tenant that the Landlord wishes to increase the Tenant's rent to any amount which does not exceed the maximum. If the Tenant receives such a notice, the Tenant may notify the Landlord within the next thirty days that the Tenant wishes to terminate this Lease. If the Tenant gives such a termination notice, the rent increase will not go into effect, and this Lease will terminate on the last day of the calendar month following the month in which the Tenant's notice is given. On the other hand, if at the end of the thirty (30) day period, the Tenant has not given such a termination notice, the rent increase will go into effect as of the first day of the following month.

(d) Regardless of paragraphs (a), (b), and (c) above, the Tenant will never be required to pay rent on an average monthly basis in excess of $_____.

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TENANT: This section governs utility payments. Be sure to discuss with the Landlord those payments which will be required of you for this Apartment.

2. **HEAT AND UTILITIES:** Landlord will furnish all required heat, hot water, fuel oil and utilities to the Apartment, with the following exceptions. First, the Tenant must make all service arrangements and pay all bills for telephones as well as ☐ gas and ☐ electricity, if checked. Gas or electricity should be checked only if the Tenant's usage is measured by a separate meter which has already been installed. Second, the Tenant may also be required to pay a share of fuel oil costs, but only if Paragraph 29 or a se[illegible] written agreement specifies what the Tenant's share is. The Tenant must make sure that no fuel oil or utility service furnished by the Landlord is wasted.

3. **ALTERATIONS AND INSTALLATIONS:** The Tenant is permitted to arrange furniture in the Apartment as the Tenant wishes. However, at no time can the Tenant paint, decorate, make holes in, or attach things to any of the floors, walls, ceilings, doors, or equipment in the Apartment or elsewhere in the Building. No washing machine, air-conditioning unit, space heater, clothes drier, antenna, or similar type of equipment can be installed or operated without the Landlord's permission. Waterbeds are likewise prohibited.

4. **CLEANLINESS:** The Tenant must keep the Apartment in a clean and sanitary condition, free of garbage, rubbish, and other filth. The Tenant is responsible for properly placing all garbage and rubbish in containers provided by the Landlord.

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[illegible] birds [illegible] ma[illegible] Ap[illegible] owe[illegible] in [illegible] roper[illegible] and [illegible] n. [illegible] may [illegible] er [illegible] nim[illegible] e al[illegible] gs [illegible] e [illegible] notice from the Landlord, arrange to have the animal removed.

9. **CONSIDERATION FOR OTHERS:** Everyone living in the Building must be a good and considerate neighbor who understands and respects the fact that other persons should not be bothered by noise or other disturbances. A loud party is one example of something which the Tenant must avoid. Another example is playing a television, radio, or record player with the volume turned up too high. Musical instruments should only be played at times when others in the Building won't be annoyed. Of course, the Apartment can be used only as a residence, and no business activity of any nature may take place. It is also important to maintain the good appearance of the Building, and the Tenant must never place any object on an outside windowsill or hang or shake anything outside the Apartment.

10. **REPAIR AND MAINTENANCE:** Both the Landlord and the Tenant have responsibility for the repair and maintenance of the Apartment. If the Landlord permits the Tenant to install the Tenant's own equipment, such as refrigerators, washing machines and driers, dishwashers, stoves, garbage grinders, and electrical fixtures, the Tenant must properly install and maintain the equipment and make all necessary repairs. The Tenant is also required to keep all toilets, wash basins, sinks, showers, bath-tubs, stoves, refrigerators and dishwashers in a clean and sanitary condition. The Tenant must exercise reasonable care to make sure that these facilities are properly used and operated. In general, the Tenant will always be responsible for any defects resulting from abnormal conduct by the Tenant.

Whenever the Tenant uses the Apartment or any other part of the Building, the Tenant must exercise reasonable care avoid damage to floors, walls, doors, windows, ceilings, roof, staircases, porches, chimneys, or other structural arts of the Building. As long as the Tenant complies with all of these duties, the Landlord will make all required repairs at the Landlord's expense to make sure that the Apartment is livable and fit for human habitation. If the Tenant wishes to request maintenance, the Tenant should contact the Landlord unless a managing agent is named at the end of this agreement.

11. **ENTRY BY LANDLORD:** Whenever permitted by law, the Landlord will be entitled to enter the Apartment even though the term of the Lease has not yet ended. Entry is permitted if the Landlord wants to inspect the Apartment or make repairs, or if the Landlord wants to show the Apartment to other persons who may be interested in buying the property, making a mortgage loan to the Landlord, or renting the Apartment after the Tenant has moved out. The Landlord can also enter the Apartment if it appears to have been abandoned by the Tenant or if the Landlord obtains an appropriate court order. Future laws may authorize entry for the other reasons as well. If the Landlord ever notices that the Tenant is not properly maintaining the Apartment or is otherwise failing to comply with the Tenant's obligations under this Lease, the Landlord has the right to correct the problem and charge the Tenant for any reasonable costs which the Landlord incurs in doing so. The Tenant must then promptly reimburse the Landlord for these costs.

12. **LOCKS AND KEYS:** The Landlord must maintain any required locks on the main entry door of the Building as well as every entry door and exterior window of the Apartment. The Tenant may not change or replace any lock or add [illegible] the Landlord gi[illegible] Wh[illegible] changed or [illegible] lock is add[illegible] promptly be[illegible] Landlo[illegible]

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15. **CASUALTY AND EMINENT DOMAIN:** If a substantial part of the Apartment or the Building is damaged by fire or other casualty, or taken by eminent domain, the Landlord may terminate this Lease within thirty (30) days after the event by giving notification to the Tenant fifteen (15) days in advance. If the casualty or taking makes the Apartment substantially unsuitable for human habitation, rent will be equitably adjusted, and if the Apartment is not restored to a condition substantially suitable for human habitation within thirty (30) days following the casualty or taking, the Tenant may terminate this Lease within thirty (30) days thereafter by notification to the Landlord fifteen (15) days in advance. In the case of a taking, the Tenant may make a claim against the responsible governmental body in order to collect damages for any personal property taken from the Tenant and also to obtain funds for moving to a new residence. All other eminent domain damages and awards will belong to the Landlord. In the case of a fire or other casualty, the Tenant must look to its own insurance company if the Tenant's personal property is damaged.

16. **RULES AND REGULATIONS:** In order to help carry out the provisions of this Lease, the Landlord may from time to time issue rules and regulations for the benefit, safety, comfort and convenience of all occupants of the Building or for the Landlord's convenience in operating the Building. Such rules and regulations may deal with matters such as safety, cleanliness, care, and orderly conduct, both in the Apartment and the rest of the Building. The Tenant must comply with these rules and regulations just as if they were a part of this Lease.

17. **TENANT'S RESPONSIBILITY:** The Tenant is responsible for the conduct of any and all family members friends, relatives, delivery personnel, guests and other persons who are invited or allowed by the Tenant to be on the Landlord's property. The Tenant must make sure that these persons conduct themselves properly and do not violate any provisions of this Lease. Whenever the Landlord has to pay any expense, or suffers any other loss, because of anything done by the Tenant or any other person mentioned in this paragraph, the Tenant must promptly provide full reimbursement.

18. **EARLY TERMINATION:** If the Tenant does not comply with any obligation imposed on the Tenant under this Lease, or if the Tenant admits being or is declared to be bankrupt or insolvent, or if the Tenant appears to have abandoned the Apartment, the Landlord may terminate the Lease by notification to the Tenant. The termination will become effective seven (7) days after the notice is given, except where the Tenant has failed to pay rent, in which case the termination will become effective fourteen (14) days after the notice is given.

19. **MOVING OUT:** Whenever this Lease terminates, the Tenant must immediately make sure that all occupants move out of the Apartment and take all of their personal property with them. The Tenant must deliver all keys to the Landlord and must leave behind all property belonging to the Landlord. The Apartment and all facilities in the Apartment must be clean and sanitary and must be in a condition which conforms to the Tenant's repair and maintenance responsibilities under this Lease.

20. **EVICTION:** If the Tenant fails to comply with Paragraph 19, the Landlord will be entitled to start a suit in court to have the Tenant evicted. If this happens, and the Landlord is successful, a sheriff or constable will be able to fo[illegible] al[illegible] d persona[illegible] the [illegible] Landlord will [illegible] bility for th[illegible] s [illegible] r cons[illegible]

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[illegible] Lease [illegible] owa[illegible] giv[illegible] arty [illegible] be n[illegible] w[illegible] is[illegible] ord [illegible] esu[illegible] n given if sent by certified or registered mail addressed to the Apartment, or the notice may be given by leaving it at the Apartment with the Tenant or any responsible person living with the Tenant in the Apartment. If the notice is from the Tenant to the Landlord, the notice will be assumed to have been given if sent by certi[illegible] or registered mail to the address of the Landlord as stated at the beginning of this Agreement, or to any other address if notice of the new address has been given to the Tenant. The parties may also use any other method of giving notice which is permitted by law. Whenever notice is sent by mail, the party giving the notice must pay all necessary postage and must mail the notice early enough to make sure that it will be received when due.

23. **PERMISSION AND INVALIDITY:** The mere fact that one party has allowed the other to violate this Lease on a particular occasion does not mean that any future violation will also be allowed. The Landlord will never be assumed to have given permission to the Tenant under the terms of this Lease, or to have relieved the Tenant from any of the Tenant's obligations, unless the Landlord has made [illegible] intention clear in advance and in writing. If any provision of this Lease is declared to be invalid on a particular occasion, the Lease will still remain in effect to the fullest extent permitted by law.

24. **PERSONAL LIABILITY:** If the Landlord is a partnership or the trustees of a trust, no individual trustee, beneficiary, shareholder or partner will be personally responsible to pay money damages for failure to comply with any of obligations of the Landlord, but the Tenant will have rights against any of the assets owned in the name of the trust or partnership.

25. **REPRISALS:** The Landlord is forbidden from threatening to take or taking reprisals against the Tenant in certain cases where the Tenant is properly attempting to assert the Tenant's legal rights.

26. **COPY OF LEASE:** If the Landlord has orally agreed to sign this Lease, the Landlord must do so and deliver a signed copy to the Tenant within thirty (30) days after the Landlord receives a copy signed by the Tenant.

27. **ATTACHED FORMS:** If any forms (such as a Rent Receipt, Rent and Security Deposit Receipt or Apartment Condition Statement) are attached to this Lease, they are to be considered a part of the Lease for all purposes.

28. **LEGAL EFFECT:** Although this agreement has attempted to express the rights and duties of the parties in simple language understandable to a layman, the Tenant understands that this Lease will be treated as a formal legal instrument under seal and will be binding on all persons having any future dealings with the Landlord's property. If more than one copy is signed, all copies will be equally effective. If more than one person is named as the Tenant, the Landlord may hold any such person legally responsible for all of the obligations of the Tenant under this Lease.

29. **ADDITIONAL PROVISIONS:**

HA

LANDLORD: _____

TENANT: _____

_____

TENANT: SUBJECT TO APPLICABLE LAW, THE LANDLORD WILL PROVIDE INSURANCE FOR UP TO $750 IN BENEFITS TO COVER THE ACTUAL COSTS OF RELOCATION OF THE TENANT IF DISPLACED BY FIRE OR DAMAGE RESULTING FROM FIRE.

TENANT: MAKE SURE TO RECEIVE A SIGNED COPY OF THIS LEASE.

• FOR MAINTENANCE THE TENANT SHOULD CONTACT

_____

(Name)

(Stre

(City

(Tel

ty wh inte med by

Mar

GUARANTY

Because the Landlord is agreeing to sign this Lease, the person signing below (the "Guarantor") will responsible for all of the obligations of the Tenant under the Lease. Whenever the Landlord would be entitle action against the Tenant, the Landlord may take the same action against the Guarantor, even though the G did not have notice that the Tenant was in default. The Guarantor waives all rights under law (technically t "suretyship defenses") which might otherwise permit the Guarantor to avoid or reduce his or her liabili Landlord. This Guaranty will have the same legal effect as the Lease (see Paragraph 28).

GUARANTOR: _____

APPENDIX R

MODEL OCCUPANCY AGREEMENT

APT. NO. 3B

FOGERTY BUILDING COOPERATIVE CORPORATION

SUBSCRIPTION AGREEMENT

1. Basic Information

Subscriber(s) MARCELINA CASTRO

188 HARVARD ST. CAMBRIDGE, MA 02139 (UNIT

Residence Address 188 Harvard Street

Cambridge, MA 02139

Home Telephone N/A Business Telephone N/A

Relationship and Ages of All Individuals to Occupy Apartment:

MARCELINA CASTRO APPLICANT/RESIDENT

NEREIDA ~~[illegible]~~ BELLERIL (DAUGHTER) 1/22/74

SANTOS CARRASQUILLO (GRANDSON) 9/25/89

SUBSCRIPTION PRICE: $967.00

NUMBER OF SHARES: ONE (1)

2. Subscription

I (We), the Subscriber(s), in consideration of the mutual promises of other subscribers and other good and valuable consideration, hereby subscribe for the number of shares listed above in FOGERTY BUILDING COOPERATIVE CORPORATION, a limited partnership organized under the laws of Massachusetts (the "Partnership").

291

I (We) hereby agree to pay the applicable subscription pr set forth above as follows:

$ $66 paid with this subscription; and

$ 0 previously paid to the Corporation with the Reservation Agreement or otherwise. (NOTE TO SUBSCRIBER: DO NOT SIGN THIS AGREEMENT UNTIL YOU ARE IN AGREEMENT WITH THE CORPORATION AS TO THE AMOUNT PREVIOUSLY PAID.)

$ 801 to be paid at the rate of $133.60 per month for 6 months (maximum 60 months), beginning on MAY 1ST 1992 and payable on the ~~first~~ day of each month thereafter;

M.C. $ 100 To Be Paid by Money Order on Monday 4/13/92

$ $967 TOTAL.

3. Ratification of Other Provisions

I/We hereby ratify the provisions contained in the Information Bulletin, Occupancy Agreement, Articles of Organization and Bylaws, receipt of which are hereby acknowledged.

4. Occupancy Agreement

The Subscriber, if approved for membership, will be entit to occupancy of the above apartment under the terms of the Occupancy Agreement. The initial carrying charge per month will be $ 134.00 but this is only the initial charge, and is subject to changes in the futureas provided for in the Occupancy Agreement: In addition, you will pay for your own heat and electricity.

With this Subscription Agreement, I/We have signed and delivered two undated copies of the Occupancy Agreement. The Corporation is authorized to date the Occupancy Agreement, deliver it to the Fogerty Building Limited Partnership (the "Partnership") and make it effective when the Corporation, together with the Partnership, is prepared to accept Subscriptions and Occupancy Agreements representing not less than 75% of the units in the building. The Subscribers will also sign within two business days of the request by the Corporation and the Partnership, new undated Occupancy Agreements if the Corporation changes its standard form of Occupancy Agreements before the date that the earlier signed Occupancy Agreements become effective. The Corporation and the Partnership will deliver a fully signed and dated copy of the Occupancy Agreement, and will notify the Subscriber of its effective date, as soon as is practical after the Occupancy Agreement becomes effective.

- 2

5. Cancellation Provisions

(a) By Corporation: The Corporation reserves the right, at any time before it has notified the Subscriber of acceptability for membership, for reasons deemed sufficient by the Corporation, to return the amount without interest paid by the Subscriber under this Agreement and terminate this Subscription Agreement without further liability on the part of the Corporation.

If the Subscriber defaults in any of the obligations called for in this Agreement, and such default continues for fifteen (15) days after notice sent by delivery or registered mail by the Corporation to the Subcriber at the address given above, then, at the option of the Corporation, the Subscriber shall lose any and all rights under this Agreement, and any amount paid toward the subscription price may be retained by the Corporation as liquidated damages.

(b) By Subscriber: If the Subscriber within five (5) days after the execution of this Subscription Agreement by the Subscriber notifies the Corporation in writing that he or she wishes to withdraw from the Agreement, the amounts without interest paid by him or her under this Agreement will be returned to him or her and thereupon all rights and liabilities of the Subscriber hereunder shall cease. The right of the Subscriber to withdraw shall terminate unless otherwise exercised within this 5-day period. However, if the Subscription has not been accepted by the Corporation and the Occupancy Agreement has not become effective within six months from the date of execution of this Agreement, the Subscriber will again have the right to withdraw and obtain a refund without interest if he or she notifies the Corporation in writing that he or she wishes to withdraw.

6. Oral Representations Not To Be Relied Upon

This Agreement supersedes any prior understandings and agreements and constitutes the entire agreement between the Subscriber and the Corporation; and no oral representations or statements shall be considered a part hereof.

Witness our hands and seals.

Witness

Marcelina Castro
Subscriber

Subscriber

293

FOGERTY BUILDING COOPERATIVE
CORPORATION

By: _____
duly authorized

Date: _____

Kleinj
Miscel
HOMEOWNERS: Subscri Agreemnt

Apt. No. 3-B

FOGERTY BUILDING LIMITED PARTNERSHIP

Occupancy Agreement

1. PARTIES AND DWELLING UNIT

The parties to this Occupancy Agreement (this "Agreement") are Fogerty Building Limited Partnership, referred to as the Partnership, and MARCELINA CASTRO, referred to as the Resident. The Partnership leases to Resident the Apartment at 188 Harvard Street (the "Unit" or "Apartment"), one of the 17 Apartments that together make up the Fogerty Building at 184-188 Harvard Street in the City of Cambridge (sometimes called the "Development").

The Partnership is formed for the purpose of acquiring and operating Fogerty Building as a mixed-income housing cooperatively run by its residents. The Cooperative is run by a Board of Directors who are all residents of the Development and who are elected by the residents. The General Partners of the Partnership are HRI Development Corporation, a subsidiary of the project sponsor Homeowner's Rehab, Inc., and Fogerty Building Cooperation Corporation (the "Cooperative"), a cooperative composed of the residents of the 17 units in the Fogerty Building. Initially, HRI Development Corporation will be the Managing General Partner of the Partnership.

Eight units in the Development are entitled to receive subsidies under the HUD Section 8 Program, administered pursuant to a Housing Assistance Payments Contract ("HAP Contract") to be entered into between the Partnership and the Cambridge Housing Authority. Residents who receive subsidies under the HAP Contract are sometimes referred to in this agreement as "Section 8 Residents." Additional terms and conditions for Section 8 Residents are set forth in Attachment No. 3, the "Section 8 Addendum."

The Resident is an owner and holder of a certificate of stock in the Cooperative with the true intention to reside in the Fogerty Building.

2. TERM

The initial term of this Agreement will begin on the effective date of this Agreement and end on December 31 of the year following the date of this Agreement. After the initial term

ends, this Agreement will automatically continue for successiv terms of one year each unless terminated by either party on four months notice as permitted by this Agreement.

3. MONTHLY CARRYING CHARGES

The Resident agrees to pay monthly to the Partnership the carrying charges (that is, the basic rent) which initially are $ 134.00 per month. [SECTION 8 RESIDENTS SHOULD SEE ATTACHMENT NO. 3 FOR THE PORTION OF THIS PAYMENT YOU WILL INITIALLY BE RESPONSIBLE FOR.] The Resident agrees to pay this amount by the first day of each month, in advance, by sending a check or money order to the Partnership c/o OKM Associates, Inc., 164 Canal Street, Boston, Massachusetts 02114 . The check or money order should be made out to "Fogerty Building Limited Partnership." The Partnership may change the place for payment by notice to Resident.

Each Resident pays a proportionate share of the annual operating budget for the Fogerty Building expenses as determined by the Partnership. The proportion of expenses paid by each Resident is determined by an agreement between the Partnership and the Cooperative, which is intended to assure continued affordability of the mixed-income units of the Fogerty Building. Initial allocation of Monthly Carrying Charges is designed to achieve rents affordable for a mixed-income community, but this may be changed if the Partnership determines that a differen allocation basis would be more appropriate. Some examples of the Development's expenses are: mortgage principal and interest; taxes and insurance; repairs and maintenance; water and sewer charges; management, administrative and all other operating expenses; general operating and replacement reserves; and an annual return to the limited partners of the Partnership. The amount each resident pays per month is called the Monthly Carrying Charge.

IT IS SPECIFICALLY UNDERSTOOD THAT THE PARTNERSHIP HAS THE POWER TO DETERMINE THE AMOUNT OF THE MONTHLY CARRYING CHARGE, WHICH MAY BE INCREASED WHENEVER IT IS NECESSARY TO DO SO TO COVER THE EXPENSES OF THE DEVELOPMENT. HOWEVER, THE PARTNERSHIP AGREES TO GIVE THE RESIDENT AT LEAST ONE (1) MONTH WRITTEN NOTICE BEFORE IMPLEMENTING ANY INCREASE IN THE MONTHLY CARRYING CHARGE. [THE PARTNERSHIP MAY ONLY INCREASE THE MONTHLY CARRYING CHARGE FOR THE SECTION 8 UNITS WITH THE PERMISSION OF THE CAMBRIDGE HOUSING AUTHORITY.]

4. CHARGES FOR LATE PAYMENTS AND RETURNED CHECKS

If the Resident does not pay the full amount of the Monthly Carrying Charges shown in Section 3 by the tenth of the month, the Partnership will collect a late fee of $25, or such other amounts may be decided from time to time by the Partnership fo

each month beyond the tenth that the Monthly Carrying Charges are not paid in full. The Partnership may collect a return check fee of $25 on the second or any additional time a check from the Resident is not honored for payment (bounces). The charges discussed in this paragraph are in addition to the regular Monthly Carrying Charges.

The Resident specifically understands the Partnership may also terminate this Agreement and evict Resident for non-payment or repeated late payment of Monthly Carrying Charges in addition to collecting the late charges discussed above.

5. MANAGEMENT, ADMINISTRATION AND TAXES

The Partnership agrees to provide necessary management, administration and operation of the Fogerty Building; and to pay for taxes and assessments on the building.

6. REPAIRS AND MAINTENANCE

a. By Resident. The Resident agrees to repair and maintain the Apartment and building at Resident's own expense as specified below:

(1) Keep the Apartment clean and in sanitary condition.

(2) Remove garbage and trash from the building in a clean and safe manner and to place it in the place provided for rubbish removal.

(3) Participate with the Cooperative, as determined by the Partnership and Cooperative Board of Directors, in determining how common area maintenance will be handled, and, to the extent a plan for participation of Residents is adopted, to participate under the plan in carrying out such matters as: maintenance of the yard and plants outside the building; removal of snow on the sidewalk in front of and next to the building, on the walkways behind the building, and on the parking lot; and cleaning of entries, halls, stairways, and laundry areas.

(4) Promptly, and in a workmanlike manner, make any repairs or maintenance necessitated by Resident's own negligence, misuse or carelessness or by the actions of family or guests. This includes repairing damage resulting from Resident's own repairs or improvements.

(5) Be responsible for any redecoration of the Unit.

(6) Make any repairs, maintenance or replacements required on the following:

a) window glass, screens, storm windows, shades and blinds; and

b) any appliances, improvements or equipment installed by the Resident.

b. By Partnership. The Partnership agrees to provide and pay for all necessary repairs, maintenance and replacements of the Development and the Unit, except as specified in clause (a) of this Section.

c. Right Of Partnership To Make Repairs At Resident's Expense. In case the Resident fails to make the repairs, maintenance or replacement as specified in clause (a) of this Section in a manner satisfactory to the Partnership and pay for same, the Partnership may make them and charge the Resident for their cost. The Resident agrees to pay such costs within 30 days after receipt of the Partnership's written demand for them.

7. UTILITIES

The Resident agrees to pay directly to the utility companies for the use of all utilities except water/sewer charges and hot water. The Partnership is responsible for water and sewer, domestic hot water, and common area electricity.

8. INSURANCE AND LIABILITY

The Partnership agrees to provide liability and property damage insurance for the Fogerty Building in forms and amounts deemed satisfactory to the Partnership in its sole discretion. THE PARTNERSHIP SPECIFICALLY DOES NOT PROVIDE INSURANCE ON THE RESIDENT'S BELONGINGS, WHICH THE RESIDENT MAY OBTAIN AND PAY FOR DIRECTLY. The Partnership is not responsible for any loss or damage to the Resident's belongings except when the loss or damage is due to the negligence of the Partnership. In no event will the Partnership be responsible for any items left in common areas outside apartments.

9. KITCHEN APPLIANCES

The Partnership agrees to provide a kitchen stove and refrigerator. The Resident is responsible for all repairs and replacements of those appliances caused by negligence or misuse of the Resident. When the Resident vacates the Apartment, the Resident must leave a stove and refrigerator of equal or higher quality and condition as the one in the Apartment at the beginning of the term of this Agreement, normal wear and tear excepted.

10. CONDITION OF DWELLING UNIT

By signing this Agreement the Resident acknowledges that the Apartment is safe and in habitable condition and that all equipment in the Apartment is in working order, except as described by the Resident on the Apartment Condition Report which is Attachment No. 1 to this Agreement.

The Resident further agrees, at the end of occupancy, to vacate and return the Apartment to the Partnership in as good condition as when received, reasonable wear and tear excepted.

11. KEYS AND LOCKS

The Resident is responsible for all keys and locks for the Unit. The Partnership will not accept any liability for keys left with its officers, employees or agents. The Resident may not add, remove, or change locks. Any damages which result from management's inability to enter because of a change in locks will be the Resident's responsibility and will be grounds for termination of this Agreement and for eviction.

12. RESTRICTIONS ON ALTERATIONS

The Resident agrees not to do any of the following:

a. remove any part of the appliances, fixtures or equipment in the Apartment;

b. attach or place any fixtures, porches, exterior alterations, signs or fences on the building or yards;

c. install clothes washers, dryers, or supplementary heaters in the Apartment; if the Resident's use of any appliance requires that the electrical service be upgraded, the Resident will pay the cost of the additional service;

d. place any aerials, antennas or other electrical connections on the building; or

e. install air conditioning except with prior written consent of the Partnership, and in a good and workmanlike manner;

f. make any other interior or exterior structural alterations in the Apartment.

The Resident understands that the Partnership will not be responsible for the repair or maintenance of any alterations, additions, fixtures and improvements.

299

If the Resident uses extreme colors or materials to decorate the interior of the Apartment, the Resident will be responsible for restoring the Apartment to conventional materials and colors as directed by the Partnership.

The Resident agrees to, at the end of his or her occupancy, return the Apartment to the Partnership along with all alterations, additions, fixtures, and improvements or restore the Apartment to as good condition as it was when he or she moved in, normal wear and tear excepted.

13. GENERAL RESTRICTIONS

The Resident must live in the Apartment and the Apartment must be used only as a private dwelling for the Resident and his or her household members who are listed in this Agreement. If the Resident wants to have other individual(s) reside in the Apartment and/or become a co-owner of his or her stock in the Cooperative, Resident must obtain the prior written approval of the Partnership and the Cooperative. Such approval is not to be unreasonably withheld.

The Resident agrees not to:

a. sublet or assign the Apartment, or any part of the Apartment without the prior written consent of the Partnership;

b. have paying guests or boarders in the Apartment;

c. use the Apartment for unlawful purposes;

d. engage in or permit unlawful activities in the Apartment, in the common areas or on the grounds;

e. have pets or animals of any kind (except seeing-eye dogs for blind residents), or

f. make or permit noises or acts that will disturb the rights, privacy or comfort of neighbors. The Resident agrees to keep the volume of any radio, phonograph, television or musical instrument at a level which will not disturb the neighbors.

g. VIOLATE ANY OF THE FURTHER RULES AND REGULATIONS SET FORTH IN ATTACHMENT NO. 2 TO THIS OCCUPANCY AGREEMENT.

If the Partnership, the Apartment or the Development suffers any liability or any damages as a result of any action by the Resident, his/her family or visitors, the Resident agrees to reimburse the Partnership and hold the Partnership harmless for the actual loss or damage.

14. ACCESS BY PARTNERSHIP TO THE APARTMENT

The Partnership has the right to enter the Resident's Apartment for the purposes stated below. The Partnership agrees to enter the Apartment only during reasonable hours and to provide reasonable advance notice of its intent to enter, except when emergency situations make such notices impossible or except under paragraph (c) below.

a. The Resident agrees to permit the Partnership, its agents, employees, contractors, utility companies or other persons, when authorized by the Partnership, to enter the Apartment for the purpose of making required annual inspections, making reasonable repairs, investigating possible problems or emergency conditions (for example, a leak, a utility outage, unauthorized alterations, etc.) and performing necessary extermination service. In the case of performing necessary extermination service, the Resident agrees to cooperate by properly preparing the unit in accordance with reasonable instructions from the Partnership.

b. After the Resident has given a notice of intent to move, the Resident agrees to permit the Partnership to show the Apartment to prospective residents during reasonable hours.

c. If the Resident moves before this Agreement ends, the Partnership may enter the Apartment to decorate, remodel, alter or otherwise prepare the Unit for reoccupancy.

15. REGULATIONS

The Resident understands and will preserve and promote the principles of cooperative control which are the purposes of the Cooperative and the Partnership. The Resident agrees to abide by the Articles of Organization and By-Laws of the Cooperative and any subsequent amendments.

Resident also agrees to abide by the Rules and Regulations which are attached to this Agreement as Attachment No. 2. The Partnership and Resident agree that any amendment to the rules and regulations will be reasonably related to the safety, care and cleanliness of the Fogerty Building, the safety, comfort and

convenience of the Residents, and the efficient management and administration of the housing.

The Partnership also agrees not to enforce any amendment until after written notice to the Resident.

16. TERMINATION BY RESIDENT

This Agreement may be terminated by the Resident at any time by a written notice to the Partnership at least two (2) months before the intended termination date. If the Resident does not give the full two (2) months notice, he or she shall be liable to the Partnership for the monthly carrying charges up to the end of the two (2) months for which the notice was required or to the date the Apartment is re-occupied, whichever comes first.

On or before the termination date, the Resident must also:

a. endorse his/her stock certificate for transfer in blank and return it to the Cooperative; and

b. pay all the amounts due the Partnership under this Agreement up to the termination date; and

c. vacate and return the Apartment to the Partnership in as good condition as when received, normal wear and tear excepted.

Until all the steps stated above are completed, the Resident will still be liable to the Partnership for the costs of the Apartment, including the Monthly Carrying Costs and utilities. The Resident also acknowledges responsibility for complying with the provisions in the By-Laws regarding the transfer of stock in the Cooperative.

17. TERMINATION BY PARTNERSHIP

This Agreement may be terminated by the Partnership only if:

a. The Resident has ceased to be the owner and legal holder of a membership in the Cooperative. This happens when:

- the Resident has transferred ownership of his/her stock in the Cooperative; or

- the Resident is declared bankrupt or insolvent according to law; or

- the Resident's property is being assigned for the benefit of creditors; or

- the dwelling unit appears to be abandoned; or

- the Resident dies.

b. the Resident fails to pay Monthly Carrying Charges (or, in the case of Section 8 Residents, the Resident's portion thereof) or any other amounts due hereunder, or otherwise fails to comply with one or more provisions of this Agreement;

c. the Resident fails after written request to provide information requested on Resident's income, family size, or other matters material to Partnership's receipt of certain subsidies or continued qualification for tax-exempt financing;

d. the Resident has materially misrepresented information on any application, recertification, or questionnaire, including, but not limited to, household size or income; or

e. in the case of Section 8 Residents, if the Resident's household size or income exceeds limitations which may be established from time to time by HUD or the Cambridge Housing Authority, or if the Resident is otherwise in violation of regulations of HUD or the Cambridge Housing Authority; or if the Resident violates any of the terms and conditions of Attachment No. 3.

Termination notices to the Resident from the Partnership must be sent by registered mail, return receipt requested to the Resident's address in the Fogerty Building.

All termination notices from the Partnership must:

- specify the date this Agreement is terminated;

- state the grounds for termination with enough detail for the Resident to prepare a defense;

- advise the Resident that he/she has ten (10) days within which to discuss the termination with the Partnership's representative. The 10-day period will begin on the date the notice is delivered or the day after the date the notice is mailed, whichever is earlier. If the Resident requests such a meeting, the Partnership will have its representative discuss the termination with the Resident.

If the Resident does not request a meeting with Partnership's representative or if such a meeting does not produce a resolution of the matter which caused the Partnership to issue the termination notice that is satisfactory to the Partnership in its sole discretion, then the Partnership may in its sole discretion pursue any and all legal remedies which are available to a landlord in the event that a tenant violates or threatens to violate a provision of this Occupancy Agreement. This legal action may include but need not be limited to seeking to evict a Resident from an Apartment.

The Member hereby expressly waives any and all right of redemption in case he shall be dispossessed by judgment or warrant of any Court of judge; the words "enter", and "reentry", as used in this agreement are not restricted to their technical legal meaning, and in the event of a breach or threatened breach by the Resident of any of the covenants or provisions hereof, the Partnership shall have the right of injunction and the right to invoke any remedy allowed at law or in equity.

The Resident expressly agrees that there exists under this Occupancy Agreement a landlord-tenant relationship and that in the event of a breach or threatened breach by the Member of any covenant or provision of this Agreement, there shall be available to the Partnership such legal remedy or remedies as are available to a landlord for the breach or threatened breach under the law by a tenant of any provision of a lease or rental agreement.

The failure on the part of the Partnership to avail itself of any of the remedies given under this agreement shall not waive nor destroy the right of the Partnership to avail itself of such remedies for similar or other breaches on the part of the Resident.

18. <u>HAZARDS</u>

The Resident shall not undertake, or permit his or her family or visitors to undertake, any hazardous acts or do anything that will increase the insurance premium of the Fogerty Building. If the Apartment is damaged by fire, wind, or rain to the extent that it cannot be lived in, and the damage is not caused or made worse by the Resident, the Resident will be responsible for the Apartment only up to the date of the destruction. The Resident will have no additional responsibility for the Apartment until it has been repaired to a livable condition.

If the Partnership decides not to restore the Apartment, the Partnership will determine the amount to be paid to the Resident to redeem his/her membership according to the By-Laws of the Fogerty Building, but in no case more than the transfer value of the stock owned by the Resident.

The Resident agrees that the Partnership is not liable to the Resident for any damage to the Resident's belongings except when the damage is caused by the Partnership's negligence.

19. DISCRIMINATION PROHIBITED

Both the Resident and the Partnership agree not to discriminate based upon race, color, religion, creed, national origin, sex, age, handicap, membership in a class, such as unmarried mothers or recipients of public assistance because there are children in the family, or in any other manner prohibited by law.

20. SUBORDINATION CLAUSE

Because the Partnership will obtain funds from time to time by loan secured by one or more mortgages on its property this Agreement is subject to and subordinate to any and every mortgage and related agreement now or hereafter granted by the Partnership and its successors and assigns. The mortgage agreement(s) will precede this Agreement in case there is any conflict.

The Resident hereby authorizes the Partnership to be the Resident's irrevocable attorney-in-fact to sign any document to subordinate this Agreement to any future mortgage.

21. CONTENTS OF THIS AGREEMENT

This Agreement and its Attachments make up the entire agreement between the Partnership and the Resident regarding the occupancy of the Apartment. No representations other than those contained in this Agreement will be binding on the Partnership. If any court declares a particular provision of this Agreement to be invalid or illegal, all other terms of this Agreement will remain in effect and both the Resident and the Partnership will continue to be bound by them.

22. ATTACHMENTS TO THIS AGREEMENT

The Resident certifies that he or she has received a copy of this Agreement and the following Attachments to this Agreement and understands that these Attachments are part of this Agreement.

a. Attachment No. 1 - Apartment Condition Report

b. Attachment No. 2 - Rules and Regulations

c. Attachment No. 3 - Section 8 Addendum (Section 8 Residents only)

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23. MEMBER'S TELEPHONE NUMBER

The Resident shall provide the Partnership with the telephone number at which the Resident can be reached at home and work. Any change in these telephone numbers must be properly reported when changed.

Home Telephone N/A 445-3146(H) friend JANET CARRASQUILLO

Work Telephone N/A

24. PARTNERSHIP'S ADDRESS AND TELEPHONE

The present address of the Partnership is:

Fogerty Building Limited Partnership
678 Massachusetts Avenue, Room 303
Cambridge, Massachusetts 02139
868-4858

The present address and telephone number of the Management Agent for the Partnership, who is responsible for the administration, care, maintenance and repair of the housing cooperative, and who is authorized to receive notices of violations of law and to accept services of process on behalf of the Partnership, is:

OKM Associates, Inc.
164 Canal Street
Boston, Massachusetts 02114
742-8616

25. RESIDENT'S HOUSEHOLD

The Resident and Partnership agree that the following individuals are members of the Resident's household and are entitled to live in the Resident's Apartment. (List names and relationship to Resident of each individual and age of any children under 18.)

MARCELINA CASTRO (The Resident) SANTOS CARRASQUILLO (9/25/8 GRANDS

NERLIDA BECERRIL (1/22/74) ~~NARCIDA BECERRIL~~ (DAUGHTER)

26

Witness our hands and seals at Boston, Massachusetts, as of 4/10/92, ~~12:00~~

Resident: Marcelina Castro
(signature)

Resident: _____
(signature)

FOGERTY BUILDING LIMITED PARTNERSHIP

By: ERI DEVELOPMENT CORPORATION,
Managing General Partner

By: [illegible] as authorized agent for HRI, Inc. Corp

-07

FOGERTY BUILDING LIMITED PARTNERSHIP

Attachment No. 1 to Occupancy Agreement

Apartment Condition Report by Resident

The Resident hereby informs Fogerty Building Limited Partnership that in his or her opinion the Apartment is in good working order and safe condition, except as noted below. After receipt of this report, Fogerty Building Limited Partnership will also inspect the Apartment regarding any exceptions and notify the Resident of repairs to be made. This must be signed and dated below. (If no exceptions, state "NONE" below.)

IRON BURN MARK ON RUG of ONE BEDROOM.
(2nd BEDRM ON RIGHT (MIDDLE) FROM FRONT ENTRY.)

4/10/92

Date — Signature of Resident

Date — Signature of Resident

FOGERTY BUILDING LIMITED PARTNERSHIP

Attachment No. 2 to Occupancy Agreement

Rules and Regulations

As in effect August 1, 1986

1. PURPOSE

(1) These rules are related to the safety, care and cleanliness of Fogerty Building, the safety, comfort and convenience of the Residents, and the efficient management and administration of the Cooperative.

(2) These rules only represent a minimum of the acceptable standards in our community and by no means replace the rules of common courtesy.

(3) Our right to affordable and enjoyable housing depends on our conscientious observation and uniform enforcement of these rules.

(4) These rules are in addition to the requirements in the Occupancy Agreement, and you are also bound to observe all provisions of the Occupancy Agreement.

2. COLLECTION AND FEES

(1) Monthly Carrying Charges must be paid to the management agent, on or before the first day of the month.

(2) Repair charges must be paid to the management office within 30 days after you are billed.

(3) Positively no cash will be accepted.

(4) All payments received will be applied to your account in the following order:

a) your payment will first be applied against all outstanding Late Fees;

b) the balance, if any, will then be applied against all outstanding Repair Charges;

c) the balance, if any, will then be applied against outstanding Monthly Carrying Charges for prior months; and

d) the balance, if any, will then be applied against the current Monthly Carrying Charges.

3. REPAIR CHARGES

(1) You are liable for the cost of repairing locks, keys, screens, window glass and storm windows regardless of what necessitates the work.

(2) Other than described in (1), you are liable for the cost, repair, labor and material, if it is determined that the work is necessitated by carelessness, misuse or neglect on the part of you, your family, or your visitors, whether the work is needed in your own building or another building in the Development.

(3) The following are only some examples of the kinds of damage which can generally be determined as caused by your carelessness, misuse or neglect:

a) punctured walls, ceilings, etc.;

b) broken sinks, wash basins, toilet tanks, light fixtures, etc.;

c) jammed plumbing lines and plugged toilets caused by putting inappropriate objects in them such as pampers;

d) broken porch railings and punctured exterior siding.

(4) Repair charges are not limited to conditions described in (3). See the Occupancy Agreement. In any case, you have the right to discuss with management the reasonableness of the charges.

(5) If, however, the Resident can produce proof satisfactory to the Partnership that damage to doors or windows is the result of burglary, Resident will not be liable. Proof must include a copy of the police report.

4. EXTERMINATING SERVICES

(1) Exterminating services include spraying for roaches and baiting for mice.

(2) You may request exterminating services to be performed in your Apartment at no cost to you.

(3) You have the obligation to allow management to perform exterminating services in your Apartment whenever it is necessary to do so in order to maintain your Apartment or your building in a sanitary condition.

(4) If you refuse the services, and there continue to be mice or roaches in your building, you will have to pay for any repeat visit by the exterminator to your building whether or not extermination services are provided in your Apartment.

(5) Before exterminating services are performed, you must remove all items from the kitchen cabinets and properly cover all food and utensils.

5. RUBBISH REMOVAL

(1) Rubbish is collected from designated containers by a contractor.

(2) ALL RUBBISH MUST BE PLACED IN DESIGNATED CONTAINERS, AND, IF IT CONTAINS FOOD OR OTHER GARBAGE, MUST BE SECURELY WRAPPED IN PLASTIC.

(3) Repeated violations of (2) above are adequate reasons for terminating the Occupancy Agreement.

6. AERIALS AND ANTENNAS

(1) You are not allowed to erect on or attach to your Apartment or building any aerials or antennas.

(2) Management reserves the right to remove any antenna.

7. LOCK-OUTS

(1) Management has no responsibility for keeping keys to Apartments, nor may keys be deposited with the management.

8. USE OF PORCHES AND YARDS

(1) You have the exclusive use of the rear porch to your Apartment if there is one. You will be responsible for keeping the porch free from snow, ice, leaves, or other debris. No cooking is permitted on the porches because it is illegal under City fire codes.

9. PETS AND ANIMALS

(1) With the exception of seeing eye dogs, you are not permitted to keep any pets or animals in your Apartment.

10. NO LITTERING OR LOITERING

(1) No littering or loitering on the sidewalks or other common areas. No loud talking voices in the public areas of the building.

11. PARKING

(1) The parking is solely for residents. If you wish to rent a space (initially $35/month) please contact management. If there is excessive demand for spaces, they will be allocated first to those with demonstrable special needs, and then by lottery.

(2) You are not permitted to repair vehicles in the parking lot.

(3) Parking spaces are for the sole use of residents who have rented them, and may not be used by other residents or guests.

(4) No parking except in designated spaces.

12. MISCELLANEOUS

(1) Residents are personally responsible for the actions of their guests. Guests may not engage in any activity that is unlawful or disturbs the rights or comfort of neighbors.

(2) No storage of gasoline, kerosene, oil, or other flammable or hazardous material on the premises.

(3) No personal belongings (for example, strollers or bicycles) are to be kept in the hallways, entryways, or other common areas.

3/2

FOGERTY BUILDING LIMITED PARTNERSHIP

Attachment No. 3 to Occupancy Agreement

Section 8 Addendum

The Partnership intends to enter into a Housing Assistance Payments Contract (the "HAP Contract") with the Cambridge Housing Authority (the "CHA") which provides that the CHA will pay a portion of the rent on behalf of qualified Residents. Under that Contract, the CHA has approved the Monthly Carrying Charge specified in Section 3 for the unit and has determined that the Resident is eligible for Section 8 payments in the amount of $ 134.00 per month. In addition to the conditions recited in the body of the Occupancy Agreement above, the Resident agrees that the following special conditions shall be applicable so long as Resident receives the benefit of Section 8 payments:

(a) Of the Monthly Carrying Charge, Resident agrees to pay, as Resident's share, the sum of $_____, being the difference between the Monthly Carrying Charge and the amount of monthly Section 8 payment to be made by the CHA pursuant to the HAP Contract.

(b) Resident agrees in the event the amount of monthly Section 8 payment is adjusted by the CHA to reflect income change of the Resident, to pay in in lieu of the amount specified in the preceding clause, the difference between the Monthly Carrying Charge and the adjusted amount of Section 8 payment. The Partnership agrees to give written notice to Resident, by an addendum to be made a part of this Agreement, immediately upon such adjustment made by the CHA, stating the new amount the Resident will be required to pay as Resident's share of the Monthly Carrying Charge.

(c) Resident agrees that the family income, family composition and other eligibility requirements shall be deemed substantial and material obliga-

313

tions of Resident's occupancy with respect to the amount of Section 8 benefits for which Resident is eligible and in determining Resident's share of the Monthly Carrying Charge.

(d) Resident agrees to comply promptly with all requests by the Partnership or the CHA for information and certifications concerning the total current family income of the Resident, the composition of the Resident's family and other requirements for occupancy.

(e) Resident agrees to report immediately to the Partnership if Resident's monthly income increases to or is more than $ 536.00 (this amount is equal to four times the basic Monthly Carrying Charge for the unit).

(f) Resident, except in the case of Residents who are 62 years of age or older, agrees that a recertification of income shall be made to the CHA each year from the date of the original certification by the CHA.

(g) Resident understands that the Section 8 payment and Resident's share of the Monthly Carrying Charge is subject to adjustment to reflect income changes and agrees to be bound by such adjustment.

(h) Partnership and Resident understand that, where by reason of an increase in income, Resident is no longer entitled to Section 8 benefits, Resident may continue to occupy the unit by paying the Monthly Carrying Charges established by the Partnership with the approval of the CHA.

(i) Resident agrees to reimburse the CHA for any excess Section 8 payments made by the CHA during any period when an appropriate adjustment or termination of payments was not made:

(1) because of Resident's failure to report an increase in income to the Partnership, as required by clause (e), above;

(2) because of Resident's misrepresentation of statements made in Resident's application for Section 8 payments, recertification of income or any other information furnished to Partnership or CHA; or

314

(3) because of Resident's failure to supply information requested by the Partnership or the CEA.

RESIDENT HEREBY AGREES WITH THE TERMS OF THIS SECTION 8 ADDENDUM TO THE OCCUPANCY AGREEMENT.

*Marcelina Castro
(signature)

_____
(signature)

Dated: *4/10/92

AREA: KleinJ
DIR: Miscel
DOC: HOMEOWNERS: Occupancy Agreemnt

(188 - 3B)

Marcelina Castro

4/10/92

Subscription agreement

4/10/92	$66
4/13/92	$100
5/1/92	$133.50
6/1/92	$133.50
7/1/92	$133.50
8/1/92	$133.50
9/1/92	$133.50
10/1/92	$133.50
	$967

APPENDIX S

MARKETING MATERIALS

...EGUNTICOOK HOUSE

odern. affordable apartment living for senior citizens. 34 one
id two bedroom units under one roof . . .

...lopment Features:

Energy Efficiency
Resident & Guest Parking
Elevator Access
Indoor Mailroom
Laundry Facilities
Site Manager's Office
Community Lounges
Outdoor Sitting Areas
Fire/Emergency System
Wheelchair Accessible Units
Available

Unit Features:

- Electric Heat
- Cable TV Hook-up
- Stove & Refrigerator
- Wall to Wall Carpeting
- Thermal Pane Windows
- Smoke/Fire Detectors
- Curtain Rods Installed
- Bedroom Shades

30 units are one bedroom — 4 units are two bedroom.
ll units contain a kitchen, dining/living room, bathroom and
-ral storage closets in addition to the bedroom.

ents begin at:

$290/mth for one bedroom units

$345/mth for two bedroom units

ents include:

trash removal
maintenance
snow removal
grounds upkeep

R MORE INFORMATION, AN APPLICATION, OR AN APPOINTMENT:

Call Linda Richards, Site Manager
236-6168, Monday-Friday, 9-12

.. WRITE:

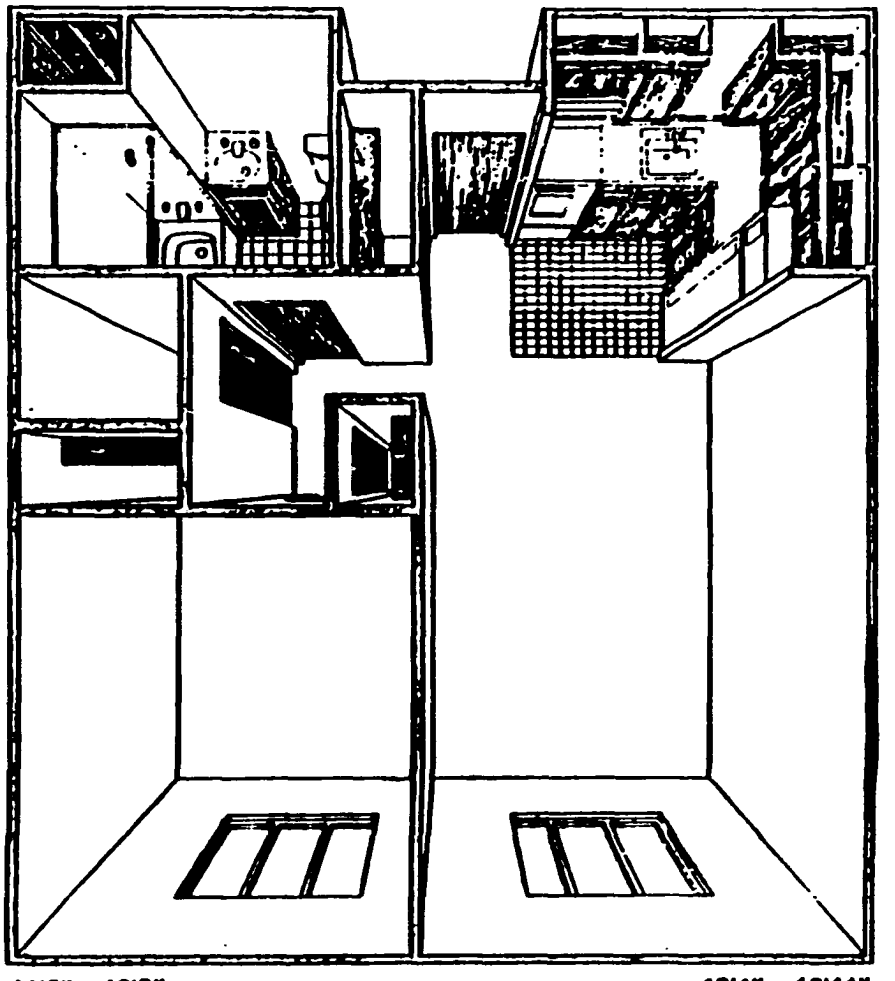
SPECTRUM, INC.
50 Exchange St., Suite 300, Portland, Maine 04101

call (207) 773-2009

Financed by the

Farmers Home Administration 515 Program FmHA

Ar... A One ...



GIVE YOURSELF OR YOUR PARENTS THE PERFECT CHRISTMAS GIFT!

SPECTRUM, Inc. Offers Beautiful One Bedroom Apartments at MEGUNTICOOK HOUSE CAMDEN, MAINE

Several One Bedroom Units available. Free Maintenance, ample resident and guest parking, community areas. Site Management, indoor mail delivery, laundrooms, elevator access and central storage facility to supplement unit closet areas. We allow pets.

If you or your parents are 62 or older, handicapped or disabled, treat yourself to modern, energy efficient, new apartment living for the perfect Christmas present!

Rents start at $290/month. For more information call: 236-6168 mornings; or contact SPECTRUM, Inc., 50 Exchange Street, Portland, ME 04101 (773-2009).

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INDIAN RIDGE

WEST FRONT STREET (Rt.2), SKOWHEGAN, MAINE

33 modern 1 and 2 bedroom apartments for individuals and families

Subsidized and non-subsidized rentals available*

*Indian Ridge is financed through a Farmers Home Administration program. Certain income restrictions apply.

* Quiet residential neighborhood
* 25 minutes to Waterville
* 60 minutes to Bangor
* Washer/dryer hook-ups
* On-site management office
* Cable TV hook-ups
* Private parking included
* Fully-applianced kitchens
* Wall-to-wall carpeting
* Generous closet space
* Tenant-controlled heat
* Energy-efficient design
* 24 hour on-call maintenance
* Trash and snow removal

Lease, security deposit, references required
Sorry, but we can't allow pets

HOUSING OPPOR

For information and an application contact:

474-3383

Spectrum, Inc. / 85 E Street / South Portland, Maine 04106

Spectrum, Inc. ***is a top quality management company that cares for your needs***

APPENDIX T

MODEL FORM FOR PERSONAL INTERVIEW/HOME VISIT

APPENDIX U

MODEL MOVE-IN/MOVE-OUT INSPECTION FORM

RESIDENT TERMINATION/MOVE-OUT REPORT

Submit a report for each move-out. Attach a copy of the unit inspection and any work orders if damage is to be billed to the tenant.

Development Code _____ Tenant _____ Unit # _____

MOVE-OUT DATA:

1. Date Unit Vacated _____ Move-in Date_____

2. Date Unit Inspected _____ Did Tenant Participate? _____

3. Did Tenant Submit 30 day Written Notice to Vacate? _____
   Date of Notice _____

4. Legal Termination Date (Move-outs without notice or permission in the 1st lease term= lease expiration date; move-outs after 1st term with notice= 30 days from notice on 1st; without notice= 30 days from date vacated)
   _____

5. Reason(s) for Move _____
   _____

6. Forwarding Address:_____
   _____

Comments:

SECURITY DEPOSIT REFUND INFORMATION:

ACCOUNT STATUS:

1. Security Deposit Required $_____ Pet Deposit Required $_____
   Total Deposit Required = $_____.
2. Security Deposit/Pet Deposit Total Paid By Tenant $_____
   Date Paid in Full _____
3. Interest on Deposit $_____ (5% from date paid in full)
   ($0 if not paid in full)
4. Tenant Account Total (2+3) $_____

CHARGES TO ACCOUNT:

5. Unpaid Rent- # Days____ $_____
6. Cleaning/Damage Costs $_____
   If Total Charge not known at this time, detail work to be done along with any estimates known and whether or not entire deposit would be forfeit:
   _____
   _____
7. Total Charges (5+6) $_____
8. REFUND (4-7 IF POSITIVE) $_____ OR
   BILLING (4-7 IF NEGATIVE) $_____

Manager _____
Date _____

SPECTRUM, INC.
MANAGEMENT • CONSULTING • TRAINING
930 BRIGHTON AVENUE, PORTLAND, MAINE 04102
(207) 828-4003 FAX (207) 828-0027

APPENDIX V

MODEL APARTMENT TURNOVER REPORT

APARTMENT TURNOVER REPORT DATE:

Address	Apt	Date Vacated	New Resident	Date Assigned	Date Ready	Date Notified	Move-In Date	Comments
VACANT UNITS IN PREPARATION								
ANTICIPATED VACANCIES								
NEW UNITS IN PROCESS								

APPENDIX W

MODEL MONTHLY OCCUPANCY REPORT

ABC APARTMENTS
MONTHLY OCCPUANCY REPORT

MONTH ENDING _____

BRS	1 # units as built	2 # units as Adj.	3 Mothballed units	4 Units available for occupancy	5 Units occupied beginning of month	6 Move outs/ Internal Transfers out	7 Move ins/ internal transfers in	8 Units occupied end of month	9 Vacancies	10 Total	SECTION 11 DETAIL OF ADJUSTMENTS Break-through (Delete)	Break-through (Delete)	Agencies (Delete)	Adj	Total
1															
2															
3															
4															
5															
6															
Total															

NOTE: 1. Do not submit this report unless totals in column 4 and 10 are the same
2. Commplete Occupancy log on reverse side.

Prepared by: _____

Submitted by: _____

Approved By _____

APPENDIX X

MODEL VACANCY REPORT

ABC APARTMENTS VACANCY REPORT

UNIT ADDRESS	OLD RESIDENT	PROS. RES.	BDRM SIZE	MOVE-OUT	MOVE-IN	VACANCY PERIOD	CLAIMED ON VOUCHER (MONTH)

CHAPTER 2.2

FINANCIAL MANAGEMENT

There are a variety of approaches which can be used in taking care of buildings and the people who occupy them. However, at all times, the basic goal and objective remains the same; **to preserve and enhance the asset value of the property and the quality of life which the residents enjoy.** As is discussed in Chapter 1.3 - Conversion to Private Management: Property Management Models, regardless of whether the management entity is a private entrepreneur, a community based non-profit or residents who have come together for the purpose of self-management, there are three basic areas of activity which together form the discpline of property management. These areas are physical (facilities) management, occupancy management and financial management. No property activity occurs in a vacuum. The operation of the physical plant (facilities management) is related to the needs of the population being served (occupancy management) as well as to the determination of the level of expenses which can be supported (financial management). Chapter 2.1 - Occupancy Management in this series of manuals provides an in-depth examination of issues related to occupancy including marketing, lease up, tenant selection, lease enforcment, resident empowerment and administrative reporting. Facilities Management, which is thoroughly addressed in Chapter 2.3 refers to the operation, maintenance, repair and capital replacement of all physical components of a property. In this chapter on Financial Management, we examine the tasks and responsibilities associated with the financial operation of a property and the role which financial management plays in furthering the current and future well-being of the property and its occupants.

INTRODUCTION

There are three categories of players in the arena of financial management of real property. These include:

1. owner of the property
2. the agent for the owner and
3. the residents of the property.

Depending on the ownership structure, the "owner" may be a private for profit investor, a private or public non-profit owner (which includes charitable organizations, government bodies, and resident associations). The "agent" is an employee of the owner, hired to oversee either one or all aspects of the operation of the property. The specific responsibilities and limitations of authority are detailed in a contract between the agent and owner. A small property owner may serves as his/her own agent or hire an individual employee to serve that function. An owner may also hire a third party contractor to act as agent for the

An efficient management system is one which enables information to be inputted and retrieved so that reports are timely, accurate and can track information on a project level. In order to do this, any system, manual or automated must be organized both to track income and expenses at the project level, by category and to also incorporate a consistent methodology for allocating those expenses which either cannot be charged directly to a project, namely items that are not-project specific or are related to central office operation.

Once financial management is available in this format, the manager should be able to use it in planning with regard to the management of cash, determining necessary funding levels and determining how to best meet the current maintenance and long term capital needs of a property. In cases where a manager is responsible for a number or properties either owned by one or more entities, project based financial information can also be used to compare operating costs in both similar and diverse developments. This can result in determining the most cost effective methods of managing certain properties with specified characteristics.

The discussions which follow assume that all accounting is handled on a project level basis.

What are the Components of Financial Management

A financial management system for property management can be defined as a set of procedures which enable an owner, regulator, sponsor, or manager of buildings:

- to account for monies received and paid out
- to analyze the costs of operations and
- to protect itself from misuse of funds and resources.

All of these functions are necessary if a property is to operate in a manner that is financially sound and capable of providing adequate housing or commercial space to its occupants. Without sufficient monies or at least a balance between income and expenses, it will not be possible to provide basic services to the occupants of the buildings. If financial records are not kept accurately a property owner may not even know in advance that there is a "financial" problem which is jeopardizing his investment. In a market economy, there is not necessarily any assurance of a subsidy to fill the gap between revenues and costs. The manager, in conjunction with the property owner is responsible for making certain that the property can be managed in a cost effective manner; that is that the income from rents, carrying charges or common area fees is sufficient to meet a level of expenses which allows for

3. whether estimates of both direct and indirect costs are accurate or need to be revised;

4. if individuals responsible for handling funds are doing so in accord with the legal requirements of the property, funding sources and regulatory agencies, and

5. if monies are being used for their designated purposes.

One of the common pitfalls of a beginning manager is to take shortcuts in managing monies. This is most typical in a small management company which begins business with a limited number of units or properties under management. The assumption is that the financial records can always be dealt with later, while the unhappy tenant or the leaking roof demands immediate attention.

Assigning financial management a low priority is a serious mistake. The time required to "reconstruct" financial records which were not accounted for properly in the beginning is significant. It is sometimes impossible to do so. No matter how simple, every manager needs to have a recordkeeping system in place from the beginning of its operations. As its building portfolio grows and its financial management needs become more complicated, the recordkeeping system can always be revised, enhanced or replaced with something more sophisticated.

ACCOUNTING

The ongoing maintenance of financial records is typically referred to as the "accounting function". Over the years, standardized rules have developed and become the accepted methods for performing the accounting function. This standardization makes it easy to compare financial information within one company or across many companies. The accepted methods and rules applied to accounting range from general guidelines to rigid requirements. In the United States, a nationally accepted set of guidelines and rules (General Accepted Accounting Principles - GAAP) has been developed by a broad-based group of certified licensed accounting professionals. In addition, certain governmental and related regulatory agencies may have additional rules and procedures which much be followed by any company to which they provide funding. Although adherence to GAAP is not legally mandated on a widespread basis, most recordkeeping systems are designed to facilitate compliance with GAAP guidelines.

written financial record of the transaction.

4. Summarize Transactions: On a regular basis (monthly, quarterly, annually) reports for a given period are produced. Typically, these reports will summarize revenues, expenditures, available funds and budget analysis (estimates versus actual income and expenses).

5. Adjust and Correct Transactions: All accounts are reconciled. Where errors are found or items are misclassified, necessary adjustments are made, prior to reporting.

RECORDKEEPING PROCEDURES

Most recurring recordkeeping activities relate either to the receipt or disbursement of monies. Some information such as cash receipts is recorded daily, while other records may be maintained on a weekly or monthly basis. The basic accounting cycle is considered to be a thirty day period. At the end of each cycle, there is a predetermined cut off date for recording of all transactions so that all information will reflect activity through the same date. Although there is a monthly cycle,certain reports may be generated more or less frequently. Cash received is typically recorded on a daily basis so that tenant accounts can be reviewed frequently and primarily so that monies received can be deposited into the bank on a frequent basis (for security purposes and for optimal cash flow). Reconciliation of cash as recorded by the agent to the records of the bank is typically handled monthly since that is the time period for which the bank provides information. Recording of expenses is typically done at least on a monthly basis. Depending upon the size and level of financial activity, profit and loss reports will typically be prepared monthly or quarterly. The previous discussion on Accounting Transactions addresses what the steps are in processing these funds. The following describes the procedures for accomplishing these tasks.

A. Cash Receipts

Cash receipts includes all revenues received for the operation of the property. This may include rents and/or condominium common area fees, fees for storage, vending machines, use of common facilities (i.e. clubhouse), governmental subsidy payments, and interest payments. Typically receipts are received directly by the company responsible for managing the property. In some cases, monies may be paid at other locations or sent directly to the bank, in which case reports summarizing these receipts

2. review invoice to insure that there is no duplication or "double-billing";

3. make certain that there are adequate funds available to make payment;

4. review the due dates of all invoices;

5. make all payments by check - never pay for any service by cash, and

6. make sure that any required approvals have been made (required authorization should be indicated by a signature of the individual responsible for approving payment on the actual invoice)

All cash receipt and disbursement transactions are classified by account and recorded by account in the receipt or disbursement journals.

In addition to these records, there are also other transactions not documented either as a receipt of disbursement. Yet these transactions must also be accounted for. Examples may include depreciation (a reduction in the value of certain equipment over time, i.e. a computer system purchased for $20,000 in 1991 will be worth less in 1993. Since the original value of that equipment is included in the financial value of the property, the reduction in value must also be recognized), rent concessions (a property may hire a resident to provide certain services, usually maintenance, to the property in exchange for either a rent-free or rent reduced unit in which case the reduced value of that unit must be accounted for), adjustments for errors (a mistake inputting of data such as crediting or debiting the wrong account is corrected through an accounting adjustment).

Transactions of this type are recorded in the General Journal.

All financial reports are based on a reconciliation of the various journals (where each original transaction is recorded and ledgers (the records which summarize the financial activity appearing on all journals). The recommended type of accounting system for property management is called "double entry". This refers to the fact that all transactions are recorded as both debits and credits. A benefit of this type of system is that since the total of all credits and debits must be equal, if they are not, this is the signal that an error has been made. If necessary, each account can be reviewed to determine where the error has occurred.

lender is concerned that there is sufficient income to meet the expenses of the project and the owner may want to review on his own whether individual expenses are too high or whether the vacancy/collection loss seems reasonable given the market and type of property. The manager is interested in all of the foregoing. The manager will also be relying on financial reports in order to manage the available cash and determine how funds will flow. Furthermore the information contained on the profit and loss statements will play a part in setting priorities for maintenance and repairs. Typically, in the process of generating financial reports, whether to determine how profitable an investment is, how cost effectively the property is being operated or if those responsible for financial operations are honest, the following questions are being asked:

A. What information do we need?

In order to manage a property we need to know how much potential income there is for the property, how much actual income, what the estimated costs of running the property are and what the actual costs are. We also need to understand which expenses are the most significant (dollar amount and percentage of total).

B. What data must be assembled in order to generate that information?

The data required in order to be knowledgable about the income and expenses of the property is discussed in the accounting section. We have to know exactly how much revenue is being received and if there are shortfalls. We also need to know how much money is being spent on both direct and indirect costs. The collection of that data occurs in the process of recording receipts and disbursements. The intial step of assembling that data in a meaningful way occurs in the process of distributing each item to an account. The summaries of both the income and expense accounts begins to provide a picture of "how money flows and where it goes".

C. What is necessary in terms of procedures, staffing and equipment in order to generate the data?

1. procedures

Accepted accounting methods such as GAAP describe specific, universally used procedures to be followed in accounting for income and expenses. The specifics of how these methods are implemented may vary from management company to management

226

company needs to thoroughly analyze the proposed software and hardware. A sample checklist to be used in computerization can be found in Appendix D.

D. What reports will be generated from the data (in other words what type of analysis will provide the information which we need)?

There are several basic financial reports, with variations, which provide all the information necessary to make informed financial decisions regarding a property. The fundamental reports include balance sheet, income/expense report, statement of cash flows.

1. Balance Sheet - this reports a summary of the financial condition of a property at a point in time. The two main categories of financical information recorded on the balance sheet are:

   - assets: the resources which a property owns which cost substantial sums of money. There are two types of asset; current and fixed. Current assets refer to cash and other resources which will be consumed during standard operating period. Examples of current assets are cash of accounts receivable (monies owed to the property). Fixed assets include belongings which are basically permanent such as the property itself, land, capital equipment.

   - liabilities: obligations of the property to other entities. Current liabilities refer to short-term obligations. Accounts payable (unpaid invoices) or short term loans are examples of current liabilities. Long term liabilities include multi-year loans or mortgages.

   The balance sheet is usually of interest to the owner of the property and to the entity which has lent money to the owner. This report is in effect a "snapshot" of the financial condition of the property. It is used primarily in making long term investment decisions regarding the property rather than as a operations management tool.

2. Income/Expense Statement - this is a report that summarizes the business of the property during a specified period (month, quarter, year). It describes the amount and category of monies that came into the prop-

so that adjustments can be made. The manager also needs to compare the actual and projected figures. The review should help the manager to determine if he/she is not managing in a cost effective manner, or if unanticipated costs and/or loss of income are beyond the control of the manager. In any case, if the report indicates financial trouble, the manager will need to make the changes necessary to get the income and expenses back in balance.

3. Statement of Cash flows - this report simply shows the company's cash position at the report date and projects what the cash position will be at certain other points. This report is in effect a planning tool. It is especially important in businesses where there is a significant difference in income and expenses during the course of the year. An example might be a manufacturer of insect repellent. During the non-summer months, the company spends considerable amounts of money producing, marketing and distributing its product. One expects that its cost of operating will far exceed its revenues. During the summer months, consumers purchase the product resulting in a substantial source of revenue to the company. A cash flow statement is critical for a company of this type. It is less significant for a property management company which may see some seasonal variation in expenses (i.e. heating fuel) but has a basically consistent level of revenues.

   The manager uses this report as a planning and monitoring tool. A lender will typically be interested in this report as part of a review of the financial viability of the business (or property) taking into account its fluctuations in cash.

E. What will the reports look like, how often will each need to be generated and who will receive them?

A lending or regulatory agency may require certain information and may dictate both the format and the frequency. In these cases, the manager will produce the report based on the requirements. Reports to be used internally or by the property owner (individual, cooperative corporation, condominium association) are usually produced to be used as a management tool. The recipient may not be an accountant. The reports should be designed in a way so that

as within a given property. As a management tool, it can be useful to compare properties with a poor and good history of collections from residents On the expense side, comparisons can provide insight into the benefits of different maintenance staffing patterns, different maintenance delivery systems. These comparisons can also point to the need for capital work items and educate residents about the financial impacts of conservation efforts.

INTERNAL CONTROLS

In order to insure that the quality of management is good, there must be controls in each area. Typically, there are two levels of quality control, internal and external. Internal controls are designed to guard against or indicate problems in the admninistration of finance, occupancy and maintenance from within the organization. External controls are typically in the form of performance reviews, inspections and audits conducted by an outside regulatory entity. In the area of financial management, internal controls are critical. Financial management presents a tempting opportunity for abuse. Internal controls are a set of procedures designed

- to minimize the likelihood of abuse;
- to protect the assets of the property and
- to reduce opportunities for abuse or fraud.

There are a number of standard safeguards used to prevent misuse or misappropriations of fund as well as to reduce the number of errors, either deliberate or unintentional. In each case the required procedure is put into practice

- to protect the value of the property
- to verify accuracy of recordkeeping
- to encourage staff to adhere to accepted accounting and record keeping practices.
- to enhance the efficiency of the financial management operation

The first step in addressing the issue of controls related to finance occurs in the hiring process. It is important that the financial staff hired are sufficiently experienced to handle the tasks which are to be assigned to them. An individual who is not knowledgable enough is more likely to cover up his/her inadequacies by not completing a task or taking a shortcut. Many times, errors in financial tasks are not readily discernible until a later point in time, when the error may have already caused damage or resulted in mismanagement. The management company must do everything within its power to hire honest individuals who can be relied upon to operate independently. In a smaller

F. Employees should be informed. When individuals understand why they are doing something in a certain way and how their actions fit into the overall picture, they are more likely to cooperate and be a productive member of the team.

The procedures used for internal control apply to all assets of the property. However, control procedures are particularly important for effective control of cash receipts and disbursements and in monitoring the purchase of goods and services.

The area of purchasing (procurement) and inventory are topics covered elsewhere in these manuals. In terms of financial management and control, concerns regarding purchasing and inventory center on making certain that the purchase of all goods are made in accordance with an established procedure that specifies which staff are authorized to approve expenditures and at what cost limits, as well as under which circumstances competitive bids should be obtained. There should always be a separation of duties so that a different individuals authorize purchases, verify receipt of materials and disburse monies for payment. Inventory refers to materials and supplies purchased and stored. Where a company purchases a considerable amount of materials which will be allocated to projects over time, it is necesary to account for all items as they are received, used and replaced.

Inadequate or ineffective controls are likely to result in situations where cash is received but not recorded, unauthorized funds are disbursed, goods are purchased without authorization and are not accounted for as inventory, or goods and services never received are paid for.

As stated, the central idea in an internal control system is to separate different aspects of the same function. In this way, honest errors are more likely to be detected and wrongful acts avoided or at least detected. If records are computerized, a security procedure for accessing these records should be in place. The typical approach is the use of a password by authorized individuals. In addition, back-up records should be made of all computerized transactions on a regular basis. This back-up should be kept in a separate location.

In addition to internal controls such as those described above, all reports should be reviewed by a supervisor on a regular basis. Questions raised should be answered immediately. An independent, external audit serves as a further safeguard and mechanism for quality control. An outside independent audit should be conducted annually. This audit may be required in the contract between the manager and the property owner or may be required by the funding agency if there is one.

referred to as an "operating budget".

In addition to a recurring annual operating budget, every property should have a long term "capital budget". The capital budget projects the cost and timing for repair and replacement of major capital equipment and systems. It is derived from a basic capital plan which uses baseline information to determine when an item is likely to require significant investment or replacement.

Capital budgets are typically multi-year budgets, projecting costs over anywhere from a 5-20 year period. The relationship between the capital and operating budgets are twofold;

- the level of funding for a given item within the operating budget will influence the monies allocated in the capital budget. For example, if a property decides that as part of its routine operations it will fund repainting of two of ten common hallways on an annual basis for five years using its own maintenance staff, then the amount allocated to painting in the capital budget will be reduced;

- There may be several sources of monies used to fund a reserve account. These may include:

  - an initial contribution from the developer of the building,

  - a one time subsidy from a public owner (i.e. municipality),

  - in the case of condominiums there may be a special assessment and

  - a line item may be incorporated into the operating budget. In this case one of the budget categories becomes "reserve contribution". This budgeted amount then forms a part of the total operating expenses for the property. The development and implementation of capital budgets are examined in further detail in Chapter 2.3: Facilities Maintenance Management.

The discussion which follows addresses the elements and development of an Operating Budget.

A. Budget Categories

A budget is divided into income and expense categories. In deciding on categories, they should be specific enough so that the information is useful and tells a meaningful story about where money comes from and how it is being spent.

341

or a deliberate decision to increase or reduce an expense level. An example of external conditions might be an immediate municipal increase in the water rate which is improsed part way through the budget year. A "miscalculation" might typically occur for example in basing projected heating costs on the prior year's expenses without taking into account that the prior year had been unusually warm. A deliberate decision to expend more than was budgeted in a given account might occur if a recurring malfunctioning of a maintenance item made it clear that a major overhaul of a system would be cost effective in the long run even though it would create a budget problem in the current year. Since plans for the year have been based on these projections, it is important to know if as soon as there are significant variances, so that plans can be changed if necessary. In examining these variances, the manager needs first to determine if they are permanent or temporary. A temporary variance might present itself in the case of seasonal expenses or items billed quarterly while the budget has been projected over twelve equal periods. A temporary variance may simply reflect fluctuations while a permanent variance indicates an actual difference between actual and projected income and expenses.A company may produce more than one budget report in a period which compares different information (i.e. current year, current versus prior year, percentage differences among categories). Some or all of the following columns may be included on one or more budget report.

- annual budget figures: typically the annual figures are included to provide a reference point.

- current month information: this includes the projected and actual income/expenses for the current month. In terms of monthly projections, they may simply be figured as 1/12 of the annual budget item or they may be projected with consideration of the variations in the projected cash flow. There are certain items for which a cash flow budget is important. They typically include seasonal expenses which fluctuate significantly. For example, in order for a comparison of actual and projected fuel costs to be useful, the estimates during the heating season should be significantly higher than for the summer months.

- year to date information: in addition to knowing the variances between current and actual in a given month, a manager wants to know what the cumulative differences are from the beginning of the budget year to the

312

rary or permanent. A temporary variance is one which occurs at a point in time because of the flow of expenses rather than because the budgetted amount is inaccurate. A temporary variance should correct itself during the course of the year and does not dictate a revision to the budget. A permanent variance is an indicator that for some reason the budgeted amount is inaccurate. Reasons may include a non-recurring extraordinary expense, unanticipated rate increases or simply a misjudgment. A manager needs to understand why a variance has occurred and what the implications for the specific category and the overall budget are.

4. Project upcoming year's expenses. The process for accomplishing this task involves making assumptions about each category. These assumptions should be documented in writing as "budget notes" and should become a part of the budget which is presented.

Assumptions will typically take into consideration:

   a. the history of specific costs;
   b. anticipated rate increases;
   c. planned projects;
   d. expected cost reductions because of capital replacements or conservation measures taken, and
   e. new fees or municipal requirements

5. Project upcoming year's revenues. To a varying degree the potential revenue for a property may be predetermined either because of rent controls or restrictions and/or due to market conditions. In properties, where there is flexibility, (i.e., condominiums) a standard approach will be to first determine expenses and then to set the fees based on the total of projected expenses. In rental properties, a vacancy/collection loss must be calculated and substracted from the total potential rental income. Although there may be no vacancies or non-payment of rent, a standard assumption is that only 97% of potential income will be collected. Other sources of revenue, if any must also be estimated.

6. Present budget to owner and/or regulatory agency for review. Once the budget has been developed, it should be presented for review to the appropriate parties. The owner may have additional needs or requirements which will cause changes to be made in the projections.

required payments for basic services, perform ongoing repairs as necessary and put aside savings to have available for major repairs and capital work items). In so far that meeting these goals will result in a comfortable and safe living environment, they will also meet the needs of the residents of the property.

As the agent for the property owner, it will be up to the property manager to achieve the goals described above. Cost effective management is the keystone to being successful. Cost effective management is only possible in an organization when complete up-to-date records are kept in accord with previously defined procedures. When this occurs, the information contained in the records can be used to produce reports which will inform the manager of how well the property goals are being met, what changes need to be made to meet the goals and objectives (or what goals will have to be adjusted) and what future actions should be planned in light of the current status and conditions. Finally, all financial management sytems should be designed so that there is minimal chance that errors and abuse occur and that management staff are adequately trained to use the information which is provided to them.

APPENDIX A

GLOSSARY OF ACCOUNTING TERMS

GLOSSARY OF TERMS

Accounts. Used to classify and record financial information in a way that it is meaningful to the property owner and manager. See Chart of Accounts.

Account classifications. The list of account classifications comprises the chart of accounts. Each account has a title or classification with which it is identified.

Accounts payable ledger. Consists of an account for each individual or company to which money is owed for goods and services received.

Asset. Anything owned by a property that has a monetary value. Assets include cash, supplies, land and buildings, furniture and fixtures, and amounts owed to the company.

Audit. A system of checking, reviewing, testing and verifying the accounting work of others, with the objective of expressing a formal opinion on the fairness of the results.

Basis of accounting. Refers to when revenues and expenditures are recognized, or recorded, in the accounting records and reported in the financial statements. These are two different accounting bases:

- **Cash basis** - transactions are recorded when cash is received or a check is written (i.e., a utility bill is recorded as an expense the date it is paid).
- **Accrual basis** - transactions are recorded when they occur, regardless of when the cash is received or when the check is written (i.e., a utility bill received in April for the month of March is recorded as an accounts payable for March though it may not be paid until May).

The accrual basis of accounting is the preferred method accounting. For many business operations, it is considered the only method of accounting. Its utility lies in the fact that a property does act strictly on a cash basis. It typically owes monies (has accrued expenses) and has accounts receivable accrual.

Books. The written record of accounts for a business.

Capital assets. An asset needed to create a product or service, normally acquired with the intention of being kept rather than sold.

Capitalization policy. The criteria used to determine which expenditures should be recorded as fixed assets.

Cash disbursement journal. Used to record all checks written to withdraw moneys from the general fund.

Cash receipts. All inflows of cash.

Cash surrender value of life insurance. The money an insurance company will pay to the policy holder.

Chart of Accounts. A simple classification scheme used to identify and categorize all revenues and expenditures by: a) fund; b) general ledger account classification; c) activity; and d) object of expenditure/source of revenue.

General ledger account categories include Asset Accounts (cash, accounts receivable, loans, etc.). Liability Accounts (accounts payable, etc.), Revenue Accounts (subsidies,

rental income etc.), and Expenditure Accounts. Activities should correspond to those activities or services identified in the approved budget. Objects of Expenditures are detailed expenditures within activities. The object identifies the commodity or service (e.g., wages, fringe benefits, utilities, travel, contracts) for which an expenditure is made. Source of Revenue identifies revenues received (e.g., rent collected, etc.) for a specific activity.

A numeric code is established to identify each unique element in the chart of accounts. This code is placed on all source documents (see Source Document below) such as receipts or bills that generate financial transactions. The complexity of the coding scheme will depend upon the informational needs of the management company.

A simple chart of accounts should classify information in at least the same format and level of detail as that used to prepare the approved budget. This will facilitate programmatic control and enhance the clarity of reports.

Collection loss. The uncollectible past-due rents, carrying charges and common area fees.

Commingled. To combine funds (or property) into one common fund (or account).

Cost category. General categories of similar defined items that relate to the line items on the operating budget. Examples are administration, resident services, utilities, etc. (same as expense categories).

Cost benefit analysis. A method for evaluating project alternatives in order to find the most efficient allocation of resources. Such analyses are supposed to include all real, pecuniary, direct, indirect, tangible and intangible costs and revenues. The total costs and revenues are computed to determine the cost benefit ratio and the net benefit of each project. The project with the highest net benefit will give the highest return for public monies invested.

Cost center. A unit of measurement used to track costs for management and reporting purposes. The cost center can consist of a single organization unit or can be a cluster or aggregate of units (e.g., a grouping of related programs). There must be a sound financial and managerial basis for establishing a specific cost center.

Cost effective analysis. Compares alternative projects or plans to determine the least costly way to achieve desired goals. Usually some index or point system is developed to measure the effectiveness of the proposal in meeting the goals and objectives. A cost-effectiveness ratio is computed for each alternative.

Debt, secured. Debt secured by pledges of inventory, receivables, equipment, real estate, etc.

Debt service. The amount of money required to make annual paychecks of principal and interest on a loan.

Debt, subordinated. Debt that in the event of liquidation cannot be paid until all senior, unsubordinated debt (bank loans, typically) has been paid.

Direct Cost. Direct costs are those that can be identified specifically with a particular cost objective. These costs are either charged directly or periodically distributed to a specific program on the basis of time spent or actual cost incurred. Typical examples are: cost of materials acquired or used specifically for a given property; equipment, capital expenditures and other items of expense incurred specifically for an individual property.

Discounting for present value. A method for evaluating future costs and benefits associ-

ated with current investment decisions. Is based on the premise that benefits received in the future are worth less to people than benefits received now, a concept known as the time-value money. That is, if people forego the use of money for immediate benefits by investing it in some future use, they expect to receive a greater return of benefits in the future. Discounting for present value reduces future costs and benefits to their present worth to people in terms of expected returns. The "expected return" on an investment is represented by the current rate of interest. The present value of future costs and benefits represents the sum that would provide an equivalent income stream, if held in a form which yielded the current rate of interest.

Double entry accounting. Although many companies maintain a checkbook accounting system (so called single entry accounting system), double entry accounting is the preferred method of accounting. In double entry accounting, recorded accounting transactions have two effects: a debit and a credit. Double entry accounting shows this twofold effect by recording every transaction twice - as a debit entry in one account and as a credit entry in another account.

Transactions are always recorded by equal entries on the left and right sides of two or more accounts. For example, when you buy supplies for cash, the amount paid is entered as a debit to supplies and a credit to cash.

If the debit entries in an account total more than the credit entries, the account is said to have a debit balance. If the credit entries total more than the debit entries, the account has a credit balance. The total of all credit balances must equal the total of all debit balances.

Equity. A financial interest in the assets of the business by the owner, other creditors or other investors.

Escrow. Monies held in trust by a bank, lawyer or other authorized institutions or person until the occurrence of a predetermined condition.

Expendable equipment. Items of equipment having a useful life of more than 1 year but not treated as capital expenditure because of low unit cost and portability.

Expenditure. Payment made for everything the property acquires including wages, salaries and fringe benefits, materials and supplies, services, capital items, etc. Under the accrual basis of accounting, an expenditure is recognized in the accounting books when the goods or services have been rendered, regardless of when the actual cash payment is made.

Expense.

- **Fixed** - Expenses which do not change over time and can be translated into predetermined predictable dollar amounts. For instance, rent is fixed expense unless it is tied to the amount of sales a business has.

- **Variable** - Expenses which vary according to the amount of sales a business had and cannot be translated into predetermined predictable dollar amounts. For instance, if rent is figured at a percentage of sales, it is a variable expense.

Expense ledger. Used to record operating expenses by type of expenditure.

Financial statements. Statements present the financial picture of the organization. There are two financial statements that can be developed from the General Ledger.

- **Balance Sheet** - Presents a summary of the company's financial condition (e.g., assets, liabilities, etc.) as of a specified date. It is called a balance sheet be-

cause it shows how the two sides of the accounting equation (assets = liabilities) balance.

- **Revenue and Expense Reports** - Present a summary of the company business during a given period.

In addition, companies should develop cash flow statements that show the company's cash position at the report date and projects what the cash position will be on certain future dates.

Fiscal year (FY). It is usually the 12-month period at the end of which the entity (property) closes its books and prepares a financial report on its operations.

Fidelity bond. An insurance contract by which a bonding company agrees to reimburse an employer or contractee, up to an agreed amount, for losses caused by fraud, negligence or theft.

Financial statement. Reports summarizing the financial position and operating results of a company, agency or organization.

Fixed assets. Property-owned appliances, equipment and other physical items that will be used for a number of years and could be sold if necessary. Fixed assets consist of real property (land, buildings and permanent attachments to land and buildings) and nonexpendable equipment that meet the criteria for capitalization.

Fixed liabilities. A long-term debt or obligation.

Fringe benefits. An employment benefit granted by an employer to his employees which involves a money cost to the employer without affecting the wage paid to the employees. For instance, pension fund contributions by an employer.
General ledger. Consists of the asset, liability and surplus accounts and the income and expense control accounts.

This ledger presents the complete financial picture of an entity. It contains the current balance for each General Ledger account established in the chart of accounts. Monthly journal entry summaries (see Journals/Registers below) are transferred, or posted, to the General Ledger under the proper ledger account. Once posted, the General Ledger presents the current balance, net of debits and credits, in each account. The General Ledger is known as a book of final entry.

Income ledger. Used to record operating income classified by type.

Indirect cost. Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective and (b) not readily assignable to the cost objective specifically benefited without undue effort or cost. Indirect costs are distributed on an allocation basis which results in an equitable, reasonable sharing of expenses among programs. Typical examples of indirect costs are: program administration and supervision; centralized support services such as procurement, payroll, personnel, maintenance of space, accounting, budgeting and data processing; overhead costs of other departments providing goods and services to the program.

Insurance.

- **Liability** - This type of insurance covers the expense and trouble resulting from damage suits brought against the business by customers and the general public.

- **Casualty** - Insurance written to protect a business or individual from all types of

losses other than the loss of life. These losses include: fire, burglary, plate glass destruction, liability and worker's compensation.

Interest. An amount paid for the use of money borrowed, usually stated as a percentage of the amount borrowed.

- **Effective rate** - The rate arrived at when the total annual dollars of interest payments made according to the stated rate are translated into a percentage of the loan amount. For example, when the state of interest rate is five percent on the outstanding balance of a $1,200 loan paid back at the rate of $100 per month, then total annual interest payments will be $390 or 32.5% of the total loan amount.

- **Prime rate** - The interest rate charged by the largest banks in the country to their top corporate customers for short-term loans.

Inventory. Materials and supplies purchased and stored for future use; also a method of tracking all of the agency's materials and supplies. Maintaining an inventory involves a specific methodology. At a minimum, an inventory should include; a physical inspection and accounting of all materials and supplies received; proper custodial care of materials to prevent waste, misuse, damage or theft; and improper charging of materials and supplies to the contract, organizational unit or enterprise for which they are used.

Journal. An accounting book in which original entries of transactions are recorded chronologically and from which they are later transferred to the appropriate ledger accounts.

Journals/registers. When a check is written to pay a bill or money has been received, a financial transaction has taken place. Financial transactions are first recorded on ledger sheets in one or more journals or registers. Thus journals are known as books of original entry. A journal is simply a record of the daily financial transactions of the property. It is summarized monthly. Typically, a property will have the following journals: cash receipts; cash disbursements; payroll; and a general journal. Each journal entry shows:

- the date of the transaction;
- the brief description of the transaction;
- the amount of money involved; and,
- the assets, liabilities, type of revenue or expense affected by the transaction.

Lease/purchase agreement. An agreement which gives the tenant or lessee of land, buildings and equipment the right to purchase these assets at some future date for some certain price. Under the agreement, lease payments may be credited to the purchase price if the lessee decides to buy.

Ledger. A group of accounts used to record the financial transactions of an entity.

Liability. Anything a property owes. Liabilities include amounts owed to vendors (accounts payable) or to the bank (notes payable), wages earned by employees since the last payday, and other amounts due.

Liens. Claims or rights against property, resulting from an unpaid obligation to the seller.

Mortgage. A loan secured by real estate. The real estate is the collateral for the loan.

Net income or profit. The dollar amount excess of gross profit over total expenses for a given

time period.

Net worth. The value of owner's interest in the business. Basically, the amount by which assets exceed liabilities. It is possible to have a negative net worth when liabilities exceed assets.

Nonexpendable equipment. Items of equipment having a useful life of more than 1 year, the cost of which is treated as a capital expenditure and maintained through appropriate control accounts in the general ledger.

Principal. The actual dollar amount of an investment or a loan as opposed to what the investment earns or the interest on the loan.

Procurement. The purchase of goods or services on a contract basis by government or private concerns.

Purchase order. An authorization to spend money to purchase a specific set of goods of services. The purchase order usually consists of a form prepared by the managing organization.

Real estate mortgages. Long-term mortgage loans that provide a way of obtaining a substantial loan (up to 75 percent of the property value) for a term of fifteen to thirty years.

Reconciled. Bringing into agreement two or more accounts or statements. This usually refers to having the financial records consistent with the records from the bank at the close of the financial reporting period.

Replacement value. The dollar value determined by an appraiser for the cost of replacing existing property, facilities or equipment with similar property, facilities or equipment. Replacing can mean purchasing or constructing.

Resident accounts receivable. The actual money charged residents for rent, common area charges and other moneys that are owed the property.

Resident accounts receivable ledger. A subsidiary ledger in which are recorded all financial transactions with residents, other than security deposits.

Resident security deposit ledger. Used to record all transactions for security deposits.

Revenue. All money a property receives. Revenue includes condominium charges, user fees, etc.

Source documents. The details of financial transactions are normally described on various source documents received by the company or prepared internally. Source documents include invoices, bills, bank records, checks, receipts, deposit slips, time sheets, purchase orders and contracts. They provide the support or justification for the expenditure or receipt recorded. For example, the journal entry for payment of a utility bill should be supported by the cancelled check and the utility bill. Therefore, it is important to retain source documents and file them in an orderly manner.

Subsidiary ledgers. A group of related accounts showing the details of the balance of the controlling account in the general ledger (tenant accounts receivable, payroll).

Term loans. Bank loans generally made for periods of from one to five years and requiring periodic repayment. The loan agreements are designed to fit the particular needs of each

borrower.

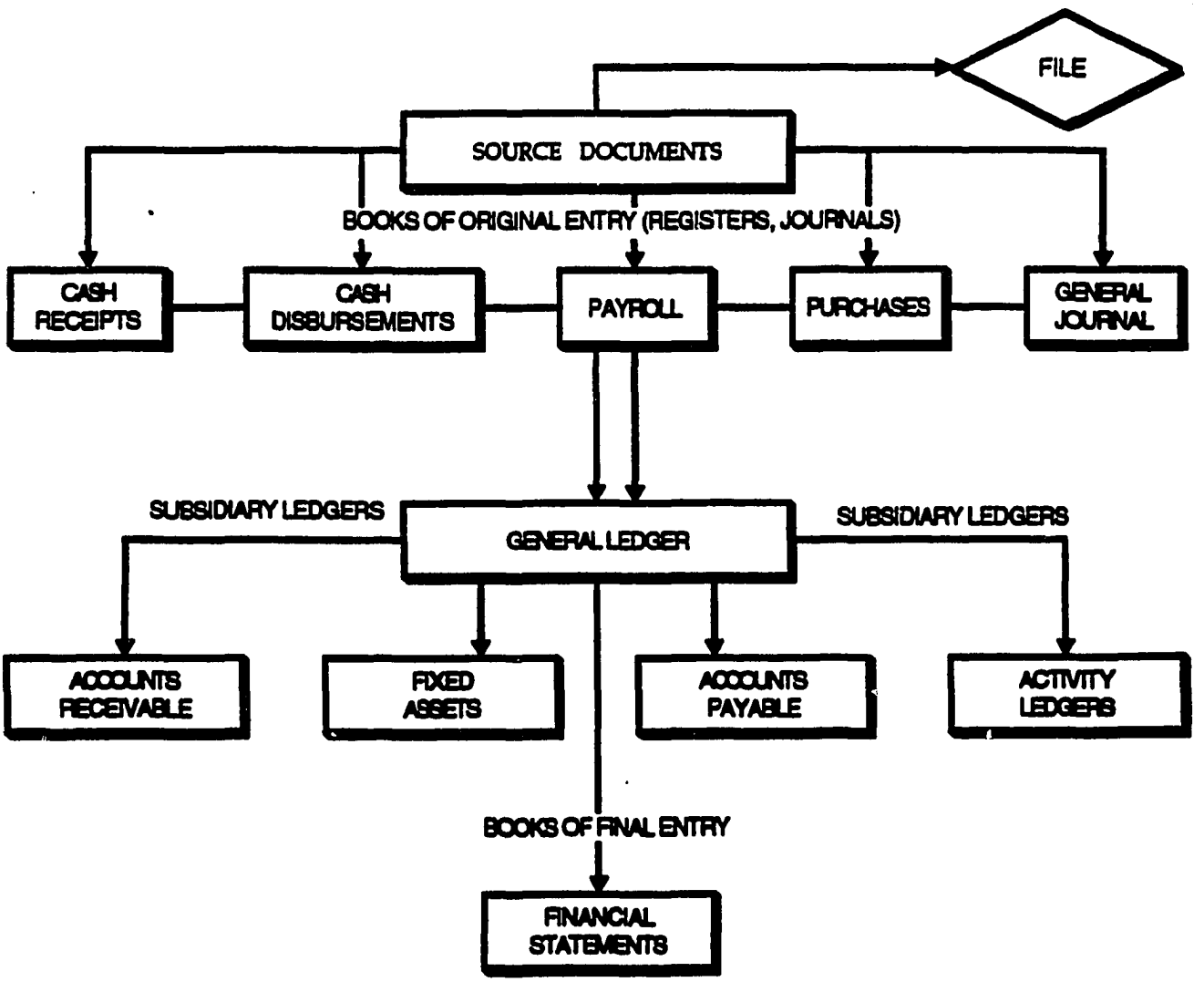
Trial balance. A two-column schedule listing the names and balances of all accounts in the order they appear in the ledger at a given point in time. This is the proof that debit and credit balances are equal.

Working-capital loans, secured. Loans for such operating needs as inventory, cash-on-hand, supplies, taxes, wages, and other expenses. These loans are secured by a pledge of equipment and/or property.

APPENDIX B

INFORMATION FLOW

FLOW OF ACCOUNTING INFORMATION



APPENDIX C

SAMPLE REPORTS

B A E S H E
FOR MONTH OF JULY

SETS

CURRENT ASSETS			
CASH/OPERATING ACCT	13,174.73		
REPLACEMENT RESERVE	43,165.29		
OWNER A/R MAINT.	7,222.47		
OWNER A/R ASSESS.	140.00		
ACCOUNTS REC. CRES	-29.03	63,673.46	
OTHER ASSETS			
CAPITAL IMPROVEMENTS	2,828.12		
EQUIPMENT	3,803.55		
ACCUM. DEPRECIATION	-1,119.00	5,512.67	
TOTAL ASSETS			69,186.13

LIABILITIES

CURRENT LIABILITIES			
PROV FOR INCOME TAX	221.70	221.70	
LONG TERM LIABILITIES		.00	
TOTAL LIABILITIES		221.70	
CAPITAL			
WORKING CAPITAL	55,972.36		
OPERATING FUND	12,853.32		
CURRENT YEARS EARNINGS	138.75	68,964.43	
TOTAL LIABILITIES AND CAPITAL			69,186.13

*** END OF REPORT ***

256

	CURRENT MONTH				YEAR-TO-DATE			
	ACTUAL	BUDGET	VARIANCE	% OF BUDGET	ACTUAL	BUDGET	VARIANCE	% OF BUDGET
INCOME								
MAINT. FEE INCOME	20,001.80	20,000.00	1.80	100.00%	140,001.80	140,000.00	1.80	100.00%
LATE FEE INCOME	.00	.00	.00	.00%	98.60	.00	98.60	.00%
TOTAL	20,001.80	20,000.00	1.80	100.00%	140,100.40	140,000.00	100.40	100.07%
OTHER INCOME								
INT.ON RESERVES	104.42	.00	104.42	.00%	700.24	.00	700.24	.00%
OP.ACCT INTEREST	34.53	125.00	-90.47	27.62%	223.68	875.00	-651.32	25.56%
OTHER INCOME	.00	41.67	-41.67	.00%	33.00	291.69	-258.69	11.31%
TOTAL	138.95	166.67	-27.72	83.36%	956.92	1,166.69	-209.77	82.02%
TOTAL INCOME	20,140.75	20,166.67	-25.92	99.87%	141,057.32	141,166.69	-109.37	99.92%
EXPENSES								
UTILITIES								
WATER/SEWER	.00	1,750.00	1,750.00	.00%	10,190.37	12,250.00	2,059.63	83.18%
ELECTRICITY	4,449.82	3,375.00	-1,074.82	131.84%	18,742.39	23,625.00	4,882.61	79.33%
GAS	629.10	1,208.33	579.23	52.06%	6,632.66	8,458.31	1,825.65	78.41%
TOTAL	5,078.92	6,333.33	1,254.41	80.19%	35,565.42	44,333.31	8,767.89	80.22%
GENERAL/ADMINIS								
LEGAL/ACCOUNTING	.00	166.67	166.67	.00%	1,616.00	1,166.69	-449.31	138.51%
INSURANCE	5,324.00	1,058.33	-4,265.67	503.05%	8,510.00	7,408.31	-1,101.69	114.87%
MANAGEMENT FEE	2,000.00	2,166.67	166.67	92.30%	14,000.00	15,166.69	1,166.69	92.30%
OFFICE (P/C)	.00	75.00	75.00	.00%	267.90	525.00	257.10	51.02%
TELEPHONE	61.66	66.67	5.01	92.48%	404.40	466.69	62.29	86.65%
P/R-SUPERINTENDENT	1,561.93	1,108.33	-453.60	140.92%	8,362.26	7,758.31	-603.95	107.78%
P/R-CONCIERGE	2,562.22	2,141.67	-420.55	119.63%	14,896.86	14,991.69	94.83	99.36%
ADMINISTRATIVE MISC.	130.89	66.67	-64.22	196.32%	1,439.42	466.69	-972.73	308.43%
COMMUNICATION	14.65	25.00	10.35	58.60%	58.81	175.00	116.19	33.60%
EMPLOYEE BENEFITS	199.13	208.33	9.20	95.58%	1,375.46	1,458.31	82.85	94.31%
TOTAL	11,854.48	7,083.34	-4,771.14	167.35%	50,931.11	49,583.38	-1,347.73	102.71%
MAINTENANCE/REPAIRS								
ELEVATOR	490.94	666.67	175.73	73.64%	3,333.13	4,666.69	1,333.56	71.42%
FIRE ALARMS	.00	125.00	125.00	.00%	705.00	875.00	170.00	80.57%
HVAC	.00	116.67	116.67	.00%	881.85	816.69	-65.16	107.97%
PAINTING	.00	333.33	333.33	.00%	150.00	2,333.31	2,183.31	6.42%
GARAGE REPAIRS	551.43	416.67	-134.76	132.34%	3,069.90	2,916.69	-153.21	105.25%
GARAGE CLEANING	.00	83.33	83.33	.00%	.00	583.31	583.31	.00%
GENERATOR	.00	125.00	125.00	.00%	256.03	875.00	618.97	29.26%
ELECTRICAL	599.31	125.00	-474.31	479.44%	1,749.29	875.00	-874.29	199.91%
ENERGY SAV.MEASURES	.00	.00	.00	.00%	1,154.56	.00	-1,154.56	.00%

	CURRENT MONTH ACTUAL	CURRENT MONTH BUDGET	CURRENT MONTH VARIANCE	YEAR-TO-DATE ACTUAL	YEAR-TO-DATE BUDGET	YEAR-TO-DATE VARIANCE	ANNUAL BUDGET	UNEXPENDED BUDGET
INCOME								
MAINT. FEE INCOME	20,001.80	20,000.00	1.80	140,001.80	140,000.00	1.80	240,000.00	-99,998.20
LATE FEE INCOME	.00	.00	.00	98.60	.00	98.60	.00	98.60
TOTAL	20,001.80	20,000.00	1.80	140,100.40	140,000.00	100.40	240,000.00	-99,899.60
OTHER INCOME								
INT.ON RESERVES	104.42	.00	104.42	700.24	.00	700.24	.00	700.24
OP.ACCT INTEREST	34.53	125.00	-90.47	223.68	875.00	-651.32	1,500.00	-1,276.32
OTHER INCOME	.00	41.67	-41.67	33.00	291.69	-258.69	500.00	-467.00
TOTAL	138.95	166.67	-27.72	956.92	1,166.69	-209.77	2,000.00	-1,043.08
TOTAL INCOME	20,140.75	20,166.67	-25.92	141,057.32	141,166.69	-109.37	242,000.00	-100,942.68
EXPENSES								
UTILITIES								
WATER/SEWER	.00	1,750.00	1,750.00	10,190.37	12,250.00	2,059.63	21,000.00	-10,809.63
ELECTRICITY	4,449.82	3,375.00	-1,074.82	18,742.39	23,625.00	4,882.61	40,500.00	-21,757.61
GAS	629.10	1,208.33	579.23	6,632.66	8,458.31	1,825.65	14,500.00	-7,867.34
TOTAL	5,078.92	6,333.33	1,254.41	35,565.42	44,333.31	8,767.89	76,000.00	-40,434.58
GENERAL/ADMINIS								
LEGAL/ACCOUNTING	.00	166.67	166.67	1,616.00	1,166.69	-449.31	2,000.00	-384.00
INSURANCE	5,324.00	1,058.33	-4,265.67	8,510.00	7,408.31	-1,101.69	12,700.00	-4,190.00
MANAGEMENT FEE	2,000.00	2,166.67	166.67	14,000.00	15,166.69	1,166.69	26,000.00	-12,000.00
OFFICE (P/C)	.00	75.00	75.00	267.90	525.00	257.10	900.00	-632.10
TELEPHONE	61.66	66.67	5.01	404.40	466.69	62.29	800.00	-395.60
P/R-SUPERINTENDENT	1,561.93	1,108.33	-453.60	8,362.26	7,758.31	-603.95	13,300.00	-4,937.74
P/R-CONCIERGE	2,562.22	2,141.67	-420.55	14,896.86	14,991.69	94.83	25,700.00	-10,803.14
ADMINISTRATIVE MISC.	130.89	66.67	-64.22	1,439.42	466.69	-972.73	800.00	639.42
COMMUNICATION	14.65	25.00	10.35	58.81	175.00	116.19	300.00	-241.19
EMPLOYEE BENEFITS	199.13	208.33	9.20	1,375.46	1,458.31	82.85	2,500.00	-1,124.54
TOTAL	11,854.48	7,083.34	-4,771.14	50,931.11	49,583.38	-1,347.73	85,000.00	-34,068.89
MAINTENANCE/REPAIRS								
ELEVATOR	490.94	666.67	175.73	3,333.13	4,666.69	1,333.56	8,000.00	-4,666.87
FIRE ALARMS	.00	125.00	125.00	705.00	875.00	170.00	1,500.00	-795.00
HVAC	.00	116.67	116.67	881.85	816.69	-65.16	1,400.00	-518.15
PAINTING	.00	333.33	333.33	150.00	2,333.31	2,183.31	4,000.00	-3,850.00
GARAGE REPAIRS	551.43	416.67	-134.76	3,069.90	2,916.69	-153.21	5,000.00	-1,930.10
GARAGE CLEANING	.00	83.33	83.33	.00	583.31	583.31	1,000.00	-1,000.00
GENERATOR	.00	125.00	125.00	256.03	875.00	618.97	1,500.00	-1,243.97
ELECTRICAL	599.31	125.00	-474.31	1,749.29	875.00	-874.29	1,500.00	249.29
ENERGY SAV.MEASURES	.00	.00	.00	1,154.56	.00	-1,154.56	.00	1,154.56

258

AS OF July 31, 1992

UNIT	NAME	RECEIVABLES MAINT/FEE	MNTH	MNTH	LATE/CHG	OTHER	BALANCE DUE	PREPAID MAINT/FEE	LC/OTHER	TOTAL PREPAID	BALANCE	STAT
000C-4	CRES DEV.	180.00	1				180.00			.00	180.00	
000C-6	CRES DEV.	204.00	1				204.00			.00	204.00	
000C-8	CRES DEV.	192.00	1				192.00			.00	192.00	
000H-1	CRES DEV.	83.63	1				83.63			.00	83.63	
000H-3	CRES DEV.	208.00	1				208.00			.00	208.00	
000H-5	CRES DEV.	196.00	1				196.00			.00	196.00	
000H-7	CRES DEV.	136.60	1				136.60			.00	136.60	
000H-9	CRES DEV	4.00	1				4.00			.00	4.00	
002-13	CRES DEV.	186.00	1				186.00			.00	186.00	
002-22	LANE						.00	1.06		1.06	-1.06	
002-23	CRES DEV.	193.00	1				193.00			.00	193.00	
002-24	CRES	107.00	1				107.00			.00	107.00	
002-31	CRES DEV.	228.00	1				228.00			.00	228.00	
002-32	CRES DEV.	181.00	1				181.00			.00	181.00	
002-33	CRES DEV.	341.00	2				341.00			.00	341.00	
002-34	CRES DEV.	223.00	1				223.00			.00	223.00	
002-41	CRES DEV.	224.00	1				224.00			.00	224.00	
002-42	CRES DEV.	188.00	1				188.00			.00	188.00	
002-43	CRES DEV.	184.00	1				184.00			.00	184.00	
002-44	CRES DEV.	87.00	1				87.00			.00	87.00	
002-51	CRES DEV.	249.00	1				249.00			.00	249.00	
002-52	CRES DEV.	207.00	1				207.00			.00	207.00	
002-53	CRES DEV.	314.00	2				314.00			.00	314.00	
002-54	CRES DEV.	248.00	2				248.00			.00	248.00	

STAT: 1=LATE LETTER 1 MONTH, 2=LATE LETTER 2 MONTH, 3=CERTIFIED LETTER, 4=LGL.COLLECTION LTR, 5=COMPLAINT FILED, 6=ASSIGNMENT OF RENT
7=FORECLOSURE, 8=PAYMENT PLAN, 9=OTHER

UNIT	NAME	RECEIVABLES MAINT/FEE	MNTH	MNTH	LATE/CHG	OTHER	BALANCE DUE	PREPAID MAINT/FEE	PREPAID OTHER	TOTAL PREPAID	BALANCE	STAT
10-404	HOCHMAN						.00	194.00		194.00	-194.00	
10-406	WRIGHT						.00	202.00		202.00	-202.00	
10-407	CRES DEV.	200.00	1				200.00			.00	200.00	
10-408	NIX	182.00	1				182.00			.00	182.00	
10-501	CRES DEV.	34.00	1				34.00			.00	34.00	
10-503	CRES DEV.	346.00	2				346.00			.00	346.00	
10-504	WEISBURGH						.00	202.00		202.00	-202.00	
10-506	CRES DEV.	393.00	2				393.00			.00	393.00	
10-601	KINDEL						00	[illegible]		1.00	-1.00	1
10-603	CRES DEV.	455.00	2				455.00			.00	455.00	
20-604	CRES DEV.	427.00	2				427.00			.00	427.00	
70-605	CRES DEV.	403.37	2				403.37			.00	403.37	
-607	SHEA						.00	6.00		6.00	-6.00	
	TOTAL	9213.60		.00	140.00	.00	9353.60	1991.13	.00	.00 1991.13	7362.47	
	NET TOTAL	7222.47		.00	140.00	.00	7362.47					

*** END OF REPORT ***

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7=FORECLOSURE, 8=PAYMENT PLAN, 9=OTHER

360

AS OF July 31, 1992

UNIT	OWNER	ACCOUNT	CURRENT	30 DAYS	60 DAYS	90 DAYS & OVER	PRIOR YEAR BALANCE	TOTAL	STATUS
000C-4	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	180.00	.00	.00	.00	180.00	
								180.00	
000C-6	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	204.00	.00	.00	.00	204.00	
								204.00	
000C-8	CRES DEVELPOMENT/BOOKKEEPING	MAINT	.00	192.00	.00	.00	.00	192.00	
								192.00	
000H-1	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	83.63	.00	.00	.00	83.63	
								83.63	
000H-3	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	208.00	.00	.00	.00	208.00	
								208.00	
000H-5	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	196.00	.00	.00	.00	196.00	
								196.00	
000H-7	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	136.60	.00	.00	.00	136.60	
								136.60	
000H-9	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	4.00	.00	.00	.00	4.00	
								4.00	
002-13	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	186.00	.00	.00	.00	186.00	
								186.00	
002-23	CRES DEVELOPMENT/BOOKKEEPING	MAINT	.00	193.00	.00	.00	.00	193.00	
								193.00	
002-24	CRES DEVELOPMENT	MAINT	.00	107.00	.00	.00	.00	107.00	

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7=FORECLOSURE, 8=PAYMENT PLAN, 9=OTHER

CK BER	CHECK DATE	VENDOR ID	VENDOR NAME	INVOICE NUMBER	DESCRIPTION	GL ACCNT	AMOUNT	INVOICE TOTAL	CHECK AMOUNT
286	07/01/92	260	OKM ASSOCIATES, INC		7/92 MGMT FEE	81200	2,300.00	2,300.00	2,300.00
287	07/10/92	260	OKM ASSOCIATES, INC		P/R SUPER-CURTIS 7/10	81400	663.96		
					P/R-CONCIERGE BELMAINE 7/10	81411	943.12	1,607.08	1,607.08
288	07/09/92	2002	CRAIG A. CADIEUX		REIMB. FOR LADDER	22000	70.95	70.95	70.95
289	07/14/92	260	OKM ASSOCIATES, INC		7/92 HCHP	81480	199.13	199.13	199.13
290	07/16/92	260	OKM ASSOCIATES, INC		6/92 OFFICE P/C	81420	80.89	80.89	80.89
291	07/16/92	260	OKM ASSOCIATES, INC		COURIER	81420	8.75	8.75	8.75
292	07/22/92	260	OKM ASSOCIATES, INC		P/R SUPER CURTIS 7/24	81400	497.97		
					P/R CONCIERGE BELMAINE 7/24	81411	1,619.10	2,117.07	2,117.07
293	07/27/92	260	OKM ASSOCIATES, INC		CENTEX 1/92-6/92 (LONG DIST.)	81420	8.88	8.88	8.88
294	07/28/92	250B	CONM ELECTRIC		ELECTRICITY 6/16-7/4	80200	2,205.54	2,205.54	2,205.54
295	07/28/92	250B	CONM ELECTRIC		ELECTRICITY 5/14-6/16	80200	2,244.28	2,244.28	2,244.28
296	07/28/92	FORD	WILLIAM F. FORD CO.		BULB POLE	84950	18.36	18.36	18.36
297	07/28/92	WTPH	W.T. PHELAN COMPANY	INSURANCE RENEWAL	AND INSTALLMENT 2 OF 10	81150	4,438.00	4,438.00	4,438.00
298	07/28/92	WTPH	W.T. PHELAN COMPANY		INSURANCE INSTALLMENT 5 OF 10	81150	886.00	886.00	886.00
299	07/28/92	ROL	ROLLINS		REPAIR SPRINKLER 6/92	84975	70.00	70.00	70.00
300	07/28/92	COOD	COLLINS OVERHEAD DOO		INSTALL SWITCH	87100	149.68		
					REPLACE BROKEN SPRING	84610	426.75	576.43	576.43
301	07/28/92	RIO	RIORDAN ELECTRIC CO.		ELECTRICAL REPAIRS 7/10	84650	599.31	599.31	599.31
302	07/28/92	900	LAIDLAW WASTE SYSTEM		TRASH REMOVAL 6/92	85100	1,155.00	1,155.00	1,155.00
303	07/28/92	NET	NEW ENGLAND TELEPHON		PHONE 6/2-7/1	81300	61.66	61.66	61.66
304	07/28/92	HHP	HARRY'S HARDWARE + P		PAINT + SUPPLIES 6/92	84950	143.79	143.79	143.79
305	07/28/92	150A	GENERAL LANDSCAPING		LANDSCAPING 7/92	85700	465.00	465.00	465.00
306	07/28/92	CPS	CITY PAINT +SUPPLY C		SUPPLIES	84950	142.19	142.19	142.19
307	07/28/92	PAGE	PAGENET PAGING NETWO		PAGER 7/92	81430	14.65	14.65	14.65
308	07/28/92	DOV	DOVER ELEVATOR COMPA		ELEVATOR SERVICE 7/92	84100	490.94	490.94	490.94
309	07/28/92	220A	COMMONWEALTH GAS		GAS 5/14-6/16	80400	629.10	629.10	629.10
310	07/28/92	CAMP	CAMPEAU'S DESIGNER G		REPLACED THRESHOLDS	84975	574.50	574.50	574.50
311	07/28/92	RA	RESERVE ACCOUNT		GARAGE RES. 7/92	87200	1,633.34		
					REPL. RES 7/92	87100	250.00	1,883.34	1,883.34
312	07/31/92	200	HELEN P. GIARD		COVERAGE FOR MARSHELL	81400	400.00	400.00	400.00
313	07/31/92	260	OKM ASSOCIATES, INC		COURIER	81420	26.25	26.25	26.25
									23,117.09

*** END OF REPORT ***

- 362 -

APPENDIX D

CHECKLIST FOR COMPUTERIZATION

CHECKLIST FOR COMPUTERIZATION

Step One: Determine Need

- Is there always a scramble to collect information when reports are due?
- Are managerial decisions based more on gut feelings than on facts?
- Are reports frequently late or do they present erroneous information?
- Do existing manual systems get the job done?

Step Two: Determine Cost

- What investment must be made to acquire the hardware (e.g., computer, printer, and other peripherals) and software (e.g., the programs used to create the data base and reports)?
- Will the investment meet current and future needs?
- What costs are associated with staff training?
- What will be the cost of annual insurance, service, and maintenance?

Step Three: Identify Staff Development and Training Needs

- Who will train staff?
- How much time out of the office will staff spend at training sessions?
- Is there sufficient staff flexibility to maintain a computerized data base on an ongoing basis?

Step Four: Explore the Potential for Using the Computer to Perform Several Management Functions

- Can the computer support word processing?
- Can it maintain the financial books and records?
- Can it handle the payroll?

CHAPTER 2.3

FACILITIES MAINTENANCE MANAGEMENT

Facilities Maintenance Management concerns those activities which relate to the maintenance and management of the site, buildings, service systems and living units of a development. In the case of housing, the building is usually segmented into common areas and living units due to the special consideration which the latter must be given.

PLANNED MAINTENANCE SYSTEM

***Planned Maintenance** is the delivery of on-site maintenance services in a cost effective and timely quality manner.*

This can only be accomplished when the services are delivered in a planned manner which requires that maintenance activities

- be driven by the requirements of the building and site
- meet regulatory and code requirements
- be documented
- be estimated so that costs are controlled
- be scheduled
- be constantly reviewed for quality

Under a well structured maintenance program, work orders are generated:

- Through inspections and services derived from a baseline set of requirements of the building and site, utilizing inspections, industry standards and requirements and manufacturer and supplier recommendations;
- Through quality control inspection programs;
- Through user requests.

The goal of a fully operational planned maintenance inspection program is that up to 80% or more of all work orders are generated through pre-planning. When a substantial number of work orders are undertaken in response to user maintenance requests which are reporting deficiencies or failures, the housing agency's maintenance program becomes captive and re-active and it is difficult for the agency's resources to be used in a cost effective and timely quality manner.

A HOUSING FACILITY CONSISTS OF:

- **THE SITE**
- **THE BUILDING EXTERIOR**
- **THE BUILDING INTERIOR**
- **THE SERVICE SYSTEMS**
- **THE LIVING UNITS**

THE MEASURE OF HIGH QUALITY MAINTENANCE IS WHETHER IT IS:

cost effective

timely

of quality

quality standards of management and residents."

A BLIMP© requires the following steps:

1. Definitions

The elements of the property, the servicing and inspection activities, the staffing skills, the measurement rules, the estimating approach and the frequency of activities, must all be defined so that there is a common understanding amongst all associated with the facility.

2. Identification

The specific elements must be identified and mapped and listed with codes where appropriate for common and logical identification.

3. Measurement

The quantities of each element need to be known so that calculations of work loads, budgets and schedules can be made.

5. Frequencies

The frequency of the activity (inspection or service) must be specified so that budgets and schedules can be calculated.

6. Budgets

The costs for each activity must be calculated which in turn requires that the true or fully loaded staff costs, contractor costs, materials and equipment costs must be known.

7. Schedules

Having determined the above, schedules of inspections and services can be developed.

8. Monitoring

The work having been developed and assigned must be monitored to ensure that is being done according to the schedule.

ONE CAN ESTABLISH BASELINES FOR:

- **THE FACILITY ELEMENTS**
- **THE STAFF**
- **THE EQUIPMENT**
- **THE INVENTORY**
- **THE BUDGET**

-367

- include the occupant in the inspection

In order to accomplish these objectives:

- minimum standards as required by codes and regulations be documented
- inspectors need to be properly trained in these standards and inspection techniques
- inspection forms need to be customized to fit the units under management
- procedures for both undertaking the inspections and auditing the inspections need to be developed in conjunction with the agency.

B. Service Systems Inspections

The purpose of service and systems inspections is to review or inspect on a regular basis all systems which support the operation of the built environment. Service systems typically cover such items as fire inspection equipment, elevators, mechanical rooms, heating equipment, compactor chutes, roof vents and fans. In short, those "active" elements on a site which make the structure and the site a suitable and habitable living environment for its users and occupants.
Service systems inspections require that a separate inspection program for each housing development be developed which includes

- an inspection procedure,
- site diagrams indicating the location of each service system at a housing development,
- a filing procedure and
- an audit protocol.

The inspection program is quite detailed yet simplistic in design such that it can generally be undertaken by even the lowest skilled maintenance employee.

grams can be customized and implemented by regular agency personnel including secretarial and custodial staff. With proper monitoring such customizing of building and grounds inspection programs can result in an increased familiarity with the site and inspection requirements at each housing development. The development and installation costs of these type of inspection programs are somewhat minimal but the "payback" is enormous.

SERVICE PROGRAMS

Service programs are all the regularly scheduled upkeep activities for the facilities and equipment. They are organized somewhat around the same areas as inspections as follows:

1. Housekeeping Services

These are usually provided into common areas for independent living housing units but can also be delivered to living units, especially for special needs populations typically limited in their ability to do their own housekeeping. Activities typically included are sweeping, vacuuming, shampooing, dusting, replacing light bulbs, picking up trash, etc.

2. Groundskeeping Services

These services are focused on the grounds. Activities typically would be sweeping, mowing, trimming of shrubs and trees, trash pickup, snow removal, etc.

3. Service Systems Services

These involve the systems which enable the facility to function in an orderly and predictable manner. They would include heating plant cleaning, machine oiling and greasing, elevator testing and adjusting, trash chute cleaning, storm and sanitary sewer cleaning, catch basin cleaning, fire extinguisher filling and replacement, timer adjustments, etc.

This is a critical effort, which involves the review of current forms and procedures and recommendations for their modification to incorporate planned maintenance elements. Note that schedules for housekeepers etc., should be planned so that they can be used to do cost estimating and accounting along with work orders.

It is recommended that the agency have those personnel performing inspections receive from 20 to 24 hours of instruction and be certified to conduct inspections in a consistent manner. No more than eight persons should be in a training group.

Preventive Maintenance is a combination of inspections and servicing of equipment as required by warranty or as recommended by the manufacturer/supplier. As indicated above preventive maintenance inspections for building and grounds should be included in the training programs proposed above.

various localities and states may have certification or license requirements.

To become a master requires training, on-the-job experience and an apprenticeship to another Master.

In maintenance of residential buildings, trades which a master needs to know to be able to schedule and supervise are:

Carpenter	Locksmith
Roofer	Plumber
Electrician	Plasterer
Painter	Boiler Mechanic
Air-conditioning Mechanic	Elevator Mechanic

Yes we can even add to this list

Janitor
Maintenance Mechanic

We need to ensure that the person who provides the swept sidewalk, the neatly mown lawn, the clean entryway, the spotless corridors etc., also can aspire to the coveted title of Master or Craftsperson.

Who is a MAINTENANCE MECHANIC?

Typically this is the kind of handyman person. This person typically handles tasks which cover several areas that craftspeople work in. For example the maintenance mechanic might be expected to perform the following tasks in the course of a week:

- Repair a leaky faucet
- Re-hang a door
- Adjust a lock
- Patch a wall and repaint it
- Repair VCT floor
- Install a new screen in a window
- Check a boiler and drain off

The person who is a master of a trade will likely be a third party vendor. But as an organization grows larger it may begin to employ such craftspeople. Most typically the biggest cost savings tends to come with a painter and then a carpenter and then a plumber .

- 371

storeroom or warehouse so that services can be delivered in a timely fashion;

- Provide an easy way of reporting time taken, materials used and any other pertinent information which can ensure that the manager of maintenance can evaluate and recommend necessary changes;

- Identify design improvements which can reduce costs of maintenance and/or improve the building;

- Monitor all maintenance work in a systematic manner so that schedules are kept, costs contained and quality achieved.

CATEGORIES OF WORK

In any profession there is a need to have a common set of terms which are generally accepted by its members. The construction industry and building trades have developed terminology for buildings and trades. An organization needs to ensure that all its personnel in facilities management know and use them.

In addition, an organization needs to understand the different types of worker it uses and how using differs for these different types.

CATEGORY ONE: JANITORIAL/CUSTODIAL

Janitorial work includes those activities which have to do with cleaning and appearance such as mopping, sweeping, lawn cutting, trash removal etc.

It will also likely include minor replacement items such as changing light bulbs which are obvious to the employee assigned to janitorial duties.

All janitorial or housekeeping work should be scheduled based on experience and cost/personnel considerations.

A custodian's schedule will be based on the BLIMP© discussed in Chapter 1. It will identify the type of activity

these tests, but the more complicated the equipment or the more hidden the condition, the more it is likely that craftspeople will conduct the investigation. Often such investigations are triggered by the observed conditions. In addition, many organizations will contract this work to sepcialists.

As with observable conditions inspections, investigative staff need to be trained and such testing needs to be scheduled and assigned.

CATEGORY THREE: SERVICING

From experience manufacturers, architects, engineers and facilities maintenance staff learn that many elements of a building can only be sustained over the long term by regular servicing. Consequently, inspections are not the primary mode for monitoring. Rather there is regularly scheduled maintenance or servicing based on experience.

Typically one finds servicing focused mostly on service systems and equipment as these are the active working elements of a facility and thus the ones which develop wear, faulty performance and failures. Examples are:

- Monthly adjustments of elevators;
- Regular removal and cleaning/replacement of filters in ventilating and air-conditioning systems;
- Annual heating plant cleaning and adjustments;
- 10,000 mile servicing of trucks

While some large maintenance organizations will provide these services internally, most facilities management organizations turn to companies which specialize in such service because of the less than full-time demand for these, because of licensing requirements and because of the capital costs of specialized servicing equipment. Whether sub-contracted or not, servcing needs to be scheduled and assigned, just like any other of the planned or preventive maintenance tasks described above.

CATEGORY FOUR: CYCLE MAINTENANCE

whether your failure rate is acceptable or not. Of course the tables are useful in that they do establish benchmarks to measure your own experience.

Operational Obsolescence

Those items which are proving more expensive to operate than either new ones which are available or those whose replacement can be justified in a cost-benefit analysis.

In cold regions, heating plants spring to mind. During the energy crisis media blitz of the seventies, organizations learned of ways to improve energy efficiency, learned of new equipment and most of all learned how to do cost/benefit analyses. Consequently, many heating systems were replaced which were functioning perfectly well but which were either environmentally unacceptable or operationally more costly to run.

Design Obsolescence

These are items which no longer serve the users well and may in fact contribute to impeding their welfare and enjoyment of the facility. There are many examples but the most commonly known today might include the following:

- lead based paint (toxic)
- asbestos (toxic)
- round door knobs in elderly developments (too hard for athritic conditions)

CATEGORY SIX: REPAIRS

Finally the most commonly recognized category of maintenance, is repairs. Essentially it is taking care of items which have failed or which from the inspection program are deficient in quality or operations.

There are three ways in which we learn of items needing repairs. The order in which we would ideally want them to be logged into the system is as follows:

1. From Staff Input

   Planned Maintenance Inspections
   Observations while walking the prop-

SUMMARY:

THE SEVEN KEY STEPS IN A PLANNED MAINTENANCE PROGRAM

STEP 1 STEP ONE - ESTABLISH BASELINE CONDITIONS

Develop a BLIMP© by inspecting the site, the buildings, the service systems and the living units and noting location, type, quantity and the then current condition of all the elements. This is more fully developed in Chapter 1.

STEP 2 STEP TWO - ESTIMATE

From the documented elements and their quantities, the maintenance supervisor can develop a series of requirements:

1. A Skills Requirement Plan [SRP]

How many person hour/days are required by skill type to provide the inspections, testing, servicing and cycle maintenance for each element?

2. An Equipment Requirement Plan [ERP]

What equipment (tools, vehicles etc.) will be required for the workers to be most efficient and thus cost effective?

3. A Materials Requirement Plan [MRP]

What materials (floor cleaner, fertilizer, light bulbs, paint etc.) will be needed to complete the work?

These requirement plans can then be translated into costs and compared with the budget. Adjustments may need to be made. Typically, requirements plans result in budgetary demands in excess of the resources available. To adjust budgets down, priorities must be set on all activities and decisions made based on these established priorities.

375

Typically today, work orders are automated and information is constantly updated and stored in a database so that reports about that information can be easily drawn up and produced.

STEP 5 STEP FIVE - MONITORING OF WORK

Once the work is assigned, it must be monitored to verify that the schedule is in fact being adhered to. In the case of in-house staff, monitoring is relatively simple, in that usually a status report is given by each worker at the end of the day on work completed and work not completed. This in turn is supplemented by spot checks by supervisors. In the case of contractors, a slightly different procedure is required. Contractors need to check in with a supervisor upon arrival at a site and need to to check in with them again upon leaving the site and the supervisor at that time needs to sign and accept that the work was done and done satisfactorily. This in turn means that the supervisor will need to inspect the services or supplies delivered and confirm the quantity and quality. In fact that same procedure should be followed for larger organizations where centralized services are delivered to sites and where they are perceived for the most part to be somewhat similar to contractors.

STEP 6 STEP SIX - QUALITY CONTROL

Maintaining a level of quality focuses on two elements - the quality of the materials and the quality of the workmanship.

The quality of the materials is monitored by careful analysis of the data for repairs and replacement and thus a determination of the life cycle cost of the materials and equipment. This also can be supplemented by the opinions of the workers. A cautionary note is that the life cycle costs consist of the capital and the operating costs and thus a shorter replacement cycle may be more cost effective for some items because the operating (utilities, servicing and repairs) costs are less.

376

DEVELOPING A MAINTENANCE ORGANIZATION

Organizing maintenance management is dependent upon a clear statement of objectives, which in turn are dependent upon the nature of the facilities, the profile of the users or occupants and the nature of the ownership organization. As noted in Chapter 1, goals might include:

- Establish a clean and healthy environment.
- Provide services which the lease and the law requires.
- Provide the minimum necessary to meet code and regulatory requirements.
- Provide an environment whereby the residents are enabled to function without concern about the physical conditions.

The clients being served must be evaluated in terms of how they might interact with or impinge upon the physical facilities. For example, if your population is physically handicapped then there can be significant consequences in terms of accessibility such as width of doorways, approaches to the building,, opening of doors without automatic door closers (i.e., wheelchairs may "barge" through doors and thus result in damage unless protective plates are added) etc.

Again, if you have a transient population then apartment turnover is greater with consequent wear and tear on the unit finishes, passageways, elevators, stairs etc.

Each of these user or resident factors has consequences for your organization and its staffing approach.

Thus a more transient facility might dictate having staff with preparation and painting skills as opposed to carpentry or

377

Thus a Janitor may have the personal goals of:

- Completing all scheduled cleaning on time
- Completing all PM inspections on time
- Undertaking and completing satisfactorily all assigned work orders

And in addition may undertake some challenge goals which if met in part or in whole can result in monetary rewards or career advancement such as:

- Completing GED
- Learning how to flush the boiler
- Reducing the time taken to complete scheduled cleaning

PERFORMANCE APPRAISALS

In conducting a performance appraisal it is important that

1. The appraisal be done on schedule.

   Nothing demoralizes people more than to have to fight for a review.

2. The appraisal be specific about the tasks to be evaluated

   Very general appraisals don't help a person to focus on skill areas which need to be improved.

3. The standards being used should be explicit

   Substituting personal biases for objective and organizationally acceptable standards only undermines the credibility of evaluations.

4. The rewards or sanctions must be clear AT THE TIME the goals are set
   Knowing what it is that will occur if one meets, exceeds or fails expectations is es-

responsibilities are actually spelled out in the lease or rental agreement. Tenant organizations can also be useful in establishing peer pressure as well as generating sound ideas. Managers can also use social workers and other non-maintenance personnel to help with inspections, database building and reporting, investigation of purchasing options etc.

To achieve clarity all people involved in the maintenance effort must have a common understanding of the building industry terms. Thus A City Code requires that window frames and sashes be painted every three years. Obviously all involved (even tenants) need to know what a sash is. OKM and others have developed courses which train people in the building industry terms.

A special note about residents:

As many maintenance organizations allow the work load to be driven by resident 'complaints' (a practice which of course will rapidly cease after adopting the recommendations in this workbook!), it is imperative that residents be trained to describe the problem accurately. In addition if that person receiving the workorder is a go-between the resident and the worker their transcription of the workorder must be accurate. This can be accomplished by training residents with descriptive flyers and by asking detailed and probing questions. The maintenance intake person must also be trained whether they be a janitor getting the information in person or a telephone receptionist in your main office.

STEP 3: RECORDING THE WORK ORDER

What system should we use?

Well we can try the memory of the human brain.
Not a bad idea and certainly one used in the cases where the resident janitor/building superintendent is a 'jack of all trades'. But it does have its weaknesses.

What else can we use?

The back of an envelope has been used many a time and it is just a form of list maker.

In one way or another the best system is something which files the information for future use such as analyzing trends, conducting personnel assessments, going to court and so forth. It provides a type of audit trail which can be used to track any one of a number of things.

The issue of course is what we put in the files. While we favor the work order system, there is nothing inherently

3. All Work Orders

4. Capital Replacement and Improvement items

5. All non-construction work such as administration, training, travel etc.

If you are a new or relatively inexperienced supervisor you will need to go with an experienced person and examine the problem in depth and/or inspect the completed work after and review the completed work order which should have the time taken, the materials used and any correction of the description of the problem and thus fine tune your estimating skills.

STEP 5: SCHEDULING

However one assembles the work which needs to be done at a site and however one keeps the records (we hope we've made the case for filing that information in a systematic way) we all make decisions about who needs to do the work, when it will be done and what materials and equipment will be needed. Sometimes this is done in advance of knowing the work to be done. We hire a custodian and trust her/his commonsense to refer work beyond their skills to pre-chosen vendors or to the central office for further disposition. Through experience we begin to learn how good the custodian is at analyzing, assigning. More often than not we find the custodian's values and judgements determining the quality of the maintenance operation.

At the very least we need to set the standards and procedures, train our staff, delegate as necessary and review periodically (records are actually more important than ever for custodian-delegated maintenance operations).

STEP 5A: SETTING PRIORITIES

There are a variety of factors which go into establishing a system of priorities, but the following system is simple and most relevant to small and medium residential maintenance operations.

EMERGENCY

This is a simple (or complex) analysis of each task in the job and analyzes which tasks are sequential and which can be done at the same time [PERT]. The critical path [CPM] is that sequence of activities each of which must be completed before the next can begin. It is in fact the path which determines the least amount of time the job can take.

2. PREPARE A HISTOGRAM

Your organization doesn't need a licensed plumber to turn off a faucet; a licensed electrician to replace a blown fuse or a licensed roofer to unclog a gutter on a one story house.

BUT nor does it need a handyman to repair a tube in a steam boiler; or a janitor to rewire a hallway or a volunteer to service the elevator.

Conduct some visits with your staff to get a flavor of what level of skills are required and what the staff possess.

A histogram is a technical term for trying to level resources or we might say "stretch inadequate resources to service overwhelming demand". What it really means is thinking through how work will be allocated and how you will make the adjustments necessary to the work load without sacrificing all planning on the altar of complaints. This chart shows resource levelling. Perhaps we can stretch the sidewalk sweeping from everyday to every other day. Maybe we could buy a paint spray gun and compressor and cut down the time to repaint a unit. This can get complicated and sophisticated or simple - it depends on your organization.

STEP 6: GETTING THE WORK DONE

After identifying the work to be done, determining who should do it, when it should be done by, what equipment will be needed and ensuring that the supplies are on hand or are ordered, now comes the hard part - getting it done.

Getting work done is ensuring that the person responsible gets the work order and monitoring the work until completed satisfactorily.

STEP 6A: Monitoring Communication

It is essential that there be constant communication. Nothing is worse than allowing expectations to be built in the mind.

The flow of information should be based on the principle that any action proposed or any proposed action to be changed should be communicated to all three parties.

EXAMPLE:

A unit inspection shows that a kitchen sink drain should be repaired. The occupant is told on Wednesday that it is a serious problem (response time 4-48 hours) and that it will be done sometime Thursday. Unfortunately, the necessary parts are not in stock and they won't be available until Friday. The manager knows of the delay. The worker knows of the delay. So should the user/occupant.

STEP 7: EVALUATING THE WORK

In evaluating the work performed in terms of its cost, its effectiveness, its timeliness and its quality, an organization must ensure that there are agreed on standards by which to measure each of these.

STEP 7A: SETTING STANDARDS

Standards are really comparisons between norms and actuals. Thus an organization needs two elements.

Obviously, for an agency to be able to set standards it must have on the one hand information about the performance of work by its own staff and vendors and on the other some set of standards by which to measure which are more than the supervisor's subjective opinion.

It is thus apparent that without some kind of written or recorded data such measurements can't be made.

STEP 7B: ANALYSIS OF THE INFORMATION

Once the data is available what we do with it will determine how rigorously we collect it. Clearly we can use it to accomplish the following:

1. Analyze personpower utilization measuring such things as productivity by type of job, by type of employee, by type of project etc.

2. Determine the relative costs of using staff versus contractors for similar jobs

3. Identify trends in maintenance to determine whether from a cost or quality viewpoint, certain equipment and building elements need to be inspected or serviced more or less frequently or whether they may need to be replaced.

4. See if the responsiveness of the organization matches the priority designations.

5. Are certain tenants/occupants more abusive of apartments than others.

6. Are some furnishings or materials longer lasting than others.

7. Tracking deviances in costs and especially determining what kind of cost controls, investigations or budgetary changes need to be made.

8. Tracking what materials are essential to have on hand, what materials can be bought in larger 'lots' and what materials can be purchased as needed.

EXAMPLE:

An organization was having its Profit and Loss statements analyzed and was concentrating on revenue losses and the cost of energy. On closer examination it was discovered that the water consumption seemed high. Water consumption was then analyzed and compared between

APPENDIX A

WORK ORDERS

DATE: _____ SCRIBE: _____

SOURCE OF WORK ORDER REQUEST

	CODE				
PLANNED/SCHEDULED CODE:					
INSPECTION TYPE:		--------	INSPECTOR:		CODE:
TENANT TYPE:		--------	NAME:		PHONE:
OTHER:					

ANALYSIS/DESCRIPTION OF WORK ORDER

TASK 1:	CODE:	
	SOURCE:	
TASK 2:	CODE:	
	SOURCE:	
TASK 3:	CODE:	
	SOURCE:	
TASK 4:	CODE:	
	SOURCE:	

ASSIGNMENTS/SCHEDULES

	STAFF NAME	STAFF CODE	COMPLETION DATE	VENDOR	VENDOR CODE	COMPLETION DATE
TASK 1:						
TASK 2:						
TASK 3:						
TASK 4:						

REVISIONS/NOTIFICATIONS

	RE-ASSIGNMENTS	DATE CHANGES	NOTIFICATION	BY WHOM
TASK 1:		/ /		
		/ /		
TASK 2:		/ /		
		/ /		
TASK 3:		/ /		
		/ /		
TASK 4:		/ /		
		/ /		

COMPLETION/DISPOSITION

	DATE COMPLETED	PERSON HOURS	MATERIALS COSTS	VENDOR COSTS	TENANT CHARGES
TASK 1:	/ /				
TASK 2:	/ /				
TASK 3:	/ /				
TASK 4:	/ /				

TENANT SIGNATURE: _____ EMPLOYEE SIGNATURE: _____

APPENDIX B

WORK ORDER ANALYSIS FORMS

AN...S NO:

DATE: / / TIME: ANALYST:

SOURCE OF WORK ORDER REQUEST

	CODE					
PLANNED/SCHEDULED CODE:						
INSPECTION TYPE:		--------	INSPECTOR:		CODE:	
TENANT TYPE:		--------	NAME:		PHONE:	
OTHER:						

ESTIMATE OF WORK ORDER DEMANDS

	AGENCY DATABASE ESTIMATES			OTHER DATABASE ESTIMATES		
	EST. PERSONNEL HRS		ESTIMATED COST OF MATERIALS	EST. PERSONNEL HRS		ESTIMATED COST OF MATERIALS
	STAFF	VENDORS		STAFF	VENDORS	
TASK 1:						
TASK 2:						
TASK 3:						
TASK 4:						

ESTIMATED COMPLETION SCHEDULE

	DATE
TASK 1:	
TASK 2:	
TASK 3:	
TASK 4:	

APPENDIX C

WORK ORDER CODES

I SERVICE CODES

First Digit-Action

1	Service
2	Repair
3	Install
4	Replace
5	Remove
6	Deliver
7	Check
8	Clean/Clear
9	Other

Second 3 Digits-Component

N	S	
100	101	Entry Door
102		Entry Door Lock
104		Cylinder
106		Entry door hardwar
108		Hole/crack-ceiling
110		Hole/crack-wall
112		Floor tiles
114	115	Ceramic tile/wall
116	117	Ceramic tile/floor
118	119	Wall cabinet
120	121	Base cabinet
122	123	Kitchen sink
124		Kitchen faucet
126	127	Kitchen drain/trap
128	129	Countertop
130	131	Bath sink
132		Bath sink faucet
134	135	Bath sink drain/trap
136		Shower head
138	139	Shower mixing valve
140	141	Tub
142		Tub faucet
144	145	Tub drain
146	147	Toilet
148		Toilet seat
150		Flushometer
152		Bath accessories
154		Receptacle Cover
156		Switch plate
158		Smoke alarm (battery)

N	S	
160	161	Circuit Breaker
162	163	Closet pole/shelf
164	165	Interior door
166		Door hardware
168		Threshold
170		Passage set
172		Cove moulding
173		Flaking paint
174		Window glass
176	177	Window sash
178		Window frame
180	181	Window hardware
182	183	Screen
184		Shade
186	187	Caulking
188	189	Weatherstripping
190	191	Welding/burning
192	193	
194	195	Pipecovering
196		Leak (Unknown origin)
	201	Plaster walls
	203	Plaster ceilings
	251	Paint entire apartment
252	253	Paint ceilings
254	255	Paint walls
256	257	Paint trim
258	259	Paint misc.
260	261	Prepare surface
262	263	Wallpaper/contact paper
264		Tape apartment
	267	Lead paint
300	301	Range
302	303	Refrigerator
304	305	Other appliance
400	401	Washing machine Connections
402	403	Gas range
	405	Gas line
	407	Main stack
	409	Roof stack

N	S	
	411	Catch basin
	413	DHW supply
	415	DHW distribution
	417	DHW heating components
	419	Water supply
420	421	Waste line
	423	Sprinkler head
	501	Steam line
502	503	Heating unit
504	505	Steam valve
	507	Radiator trap
508	509	Non-electric thermostat
	511	Heating supply
	513	Heating distribution
	515	Heating plant components
	517	Public space heater
	551	Boiler
	553	Burner
	601	Light fixture
	603	Light switch
	605	Receptacle
	607	DHW thermostat
608	609	Baseboard heater
	611	Electric Smoke alarm
	613	Standby generator
	615	Trash Compactor
	617	Exterior lights
	619	Transformer
	621	Building fuses
	623	Elevator
	625	Door Bell
	627	Intercom
	629	Timer
	631	Fan
	633	Pump
	635	Motor
	637	Switch gear
	639	Emergency Light
	641	Emergency Call
	643	Hallway Light
	645	Wiring

N - NEUTRAL KILLED

390 11

APPENDIX D

CHECK LISTS - REGULAR MAINTENANCE

Building Address _____ Week of _____

The following items should be checked each week. Place ✓ if work done.
Place X if work needed.

GENERAL EXTERIOR CONDITIONS

___ Cans/covers neat
___ Sidewalk/steps swept
___ Ice/snow removed
___ Light working

BUILDING ENTRANCE

___ Doors secure & locked
___ Window glass intact & clean
___ Mailboxes locked & orderly

HALLS

___ Floors swept/washed
___ Ceiling lights working
___ Free of rubbish

ROOF

___ Roof door closed & locked
___ Free of rubbish
___ Gutters clear
___ Leader drain open
___ Roof surface sealed
___ Skylight glass intact

FIRE ESCAPES

___ Free of any objects
___ Railings and ladders secure and in place

CELLAR

___ Cellar door secure & locked
___ Ceiling lights work
___ Floors swept
___ Free of rubbish & furniture
___ No rat hole openings

SUPPLY ROOM

___ Door secure & locked
___ Ceiling lights working
___ Floors swept
___ Supplies stored neatly
___ Adequate supply inventory

BOILER ROOM

___ Door secure & locked
___ Fuel oil gauge clean
___ Adequate fuel oil supply
___ Oil burner motor oiled
___ Tubes cleaned
___ Burner tip carbon-free

COURT AND SIDE YARDS

___ Yards clean & swept
___ Sewer drains open & clean
___ Yard free of obstructions

SUPER'S COMPLAINT SHEET

___ All items corrected

LIST HERE DESCRIPTION OF ANY WORK NEEDED:

_____

_____

_____

Signature _____ Date _____

A YEAR-ROUND MAINTENANCE CHECKLIST

Fortunately, you don't have to do all repair work at once, but can spread it over the four seasons. You may choose to do certain maintenance jobs in either spring or fall. This suggested plan will hel you work out your own schedule.

SPRING
(after the rains)

- Storm windows - clean, repair, paint and store
- Screens - put up
- Window boxes - treat for rust, then paint
- Outside faucets - clean and repair
- Termites - hunt for traces, call exterminator if found.

Inspect and repair:

- Roof, chimney, outside walls
- Drains and downspouts
- Driveways, walks, terraces

SUMMER

- Furnace - clean annually
- Chimneys - clean every third summer
- Radiators - check for leaks; repair broken valves; check filters
- Garage - put in order, and paint cement floor, if needed

FALL

- Exterior painting - do every three to five years (may be done in spring or fall)
- Outside faucets - drain and turn off
- Screens - clean and put away
- Storm windows - put up
- Awnings - clean, paint, store
- Weather stripping - inpect, repair or install
- Termites - hunt for traces, call exterminator if found
- fences - repair and paint

Inspect and repair:

- Roof, chimney, outside walls
- Drains and downspouts
- Driveways, walks, terraces, outdoor stairs
- Foundation, crawl space, cellar, attic
- Windows and doors

SCHEDULE OF MAINTENANCE OPERATIONS

	Daily	Weekly
1. Floor Incinerator Closets		
a) Collect all debris and remove to main incinerator room	x	
b) Wash floor	x	
c) Wash slp sink	x	
d) Wash wall area adjacent to incinerator chute		x
2. Corridors		
a) Dry mop	x	
b) Remove wall smudges	x	
c) Empty and damp wipe ash trays	x	
d) Wash floors and buff		x
e) Replace dead bulbs and dust floors	x	
f) Clean elevator saddles		x
g) Strip and reseal floors		every 4 mos.
h) Clean Vent Fan grille on wall		x
3. Stairwells		
a) Sweep	x	
b) Wash		x
c) Dust standpipe equipment		x
4. Lobby		
a) Empty and damp wipe ash trays	x	
b) Dust furniture etc.	x	
c) Damp wipe elevator door and mail boxes	x	
d) Sweep and buff floor	x	
e) Clean all glass areas	x	
f) Damp mop rubber mats	x	
g) Remove wall smudges	x	
h) Strip, reseal and wax floor		as needed
5. Elevator		
a) Damp mop and buff floor	x	
b) Damp wipe and polish button plate	x	
c) Wash ceiling and walls		alternate week
6. Laundry		
a) Sweep floor and wash	x	
b) Dusk machines	x	
c) Empty lint traps	x	
d) Wash lavatory, including fixtures	x	
e) Dust walls		x
7. Basement Corridors		
a) Sweep floors	x	
b) Wash floors		x
c) Remove wall smudges	x	
8. Exterior of building		
a) Sweep walks and exterior areas		on alternate days

ELEVATORS

a) Only authorized persons should operate elevators. Adults should accompany children if possible.

b) Instruct children not to tamper with floor buttons.

c) Adjustments to be made only by mechanics.

d) If elevator gets stuck between buildings use elevator alarm. Do not try to move the car until competent personnel are available.

e) Make certain elevators level with floor . If they do not, call the elevator mechanic.

f) Notify tenants not to exceed the maximum number of passengers to be carried, as shown in the sign posted in each car.

g) Keep car floors clean and dry.

EMPLOYEES

a) Instruct employees in the safe way to do the job.

b) Report all injuries for treatment. Even minor scratches may become infected.

c) Forbid horseplay on the job.

d) Tell employees not to try to lift objects too heavy for them. He, or they, should get as much help as possible.

e) Work shoes, in good repair, should be worn.

f) Uniforms should be provided, bearing the name of each employee, so that the tenants will know those persons who are authorized to be in the building.

g) Deposit all loose garbage in bags, before dropping into the incinerator.

h) If incinerator is in use, do not deposit flammable materials or pressurized cans in the incinerator.

i) Know the location of all fire-fighting and first aid equipment in the building.

j) Approaches to fire fighting facilities must be kept clean at all times.

APPENDIX E

INSPECTION FORMS

LIVING UNIT INSPECTION FORM

Address: _____ Unit #: _____

Circle one:

LIVING - BED - DINING - HALL OR ENTRY - STAIRWAY - OTHER

ITEM	DESCRIPTION	CODE
ENTRY DOOR & HARDWARE		
FLOOR/FLOOR COVERING		
WALLS		
INTERIOR DECORATION		
TRIM		
CEILING		
DOORS		
WINDOWS		
SCREENS		
SWITCHES		
LIGHTING		
RECEPTACLES		
HEATING UNIT		
CLOSETS		
THERMOSTAT		
STAIRS		
HANDRAILS		
INTERCOM - DOORBELL		
MAILBOXES		
SPRINKLER HEAD		
SMOKE DETECTOR		
EMERGENCY CALL SWITCH		

Key:

1 = Acceptable
2 = Repair
3 = Clean
4 = Replace
5 = Paint
6 = N/A
7 = Other (Specify)

Remarks:

XYZ Agency

OKM Associates, Inc.

LIVING UNIT INSPECTION FORM

Address: _____ Unit #: _____

BATH

ITEM	DESCRIPTION	CODE
FLOOR/FLOOR COVERING		
WALLS		
INTERIOR DECORATION		
TRIM		
CEILING		
DOORS		
WINDOWS - FAN - VENT		
SCREENS		
SWITCHES		
LIGHTING		
RECEPTACLES		
HEATING UNIT		
CLOSETS		
WATER PRESSURE		
LAVATORY		
MEDICINE CLOSET		
TUB		
SHOWER HEAD VALVE ROD		
TOILET AND SEAT		
CAULKING		
EMERGENCY CALL SWITCH		
PAPER HOLDER - TOWEL BAR		
SOAP DISH - ACCESORIES		

Key:

1 = Acceptable
2 = Repair
3 = Clean
4 = Replace
5 = Paint
6 = N/A
7 = Other (Specify)

Remarks:

XYZ Agency

OKM Associates, Inc.

COMMON AREA INSPECTION FORM

Address: _____

ITEM	DESCRIPTION	CODE
SIDEWALKS		
YARDS/LANDSCAPING		
PARKING AREAS		
EXTERIOR STAIRS		
EXTERIOR DOORS		
FENCING		
PLAYGROUND EQUIPMENT/AREAS		
AREAWAYS		
GARAGE AREAS		
MAINTENANCE SPACES		
EXTERIOR LIGHTING		
DUMPSTERS AND PADS		
LAUNDRIES		
DRYING YARD AREAS		
LOBBY		
COMMUNITY ROOM		
INTERIOR STAIRS		
ELEVATORS		
MAILBOXES		
CORRIDORS		
TRASH ROOMS		

Key:

1 = Acceptable
2 = Repair
3 = Clean
4 = Replace
5 = Paint
6 = N/A
7 = Other (Specify)
8 = Broken Glass
9 = Fire Code
10 = Safety Code
11 = Health Code

Remarks:

XYZ Agency **OKM Associates, Inc.**

7) Are roof fans operating continuously?: Yes___ No___

b) Intermittently? _____

c) Night shut down from_____P.M. to _____A.M.

8) Temperature of Domestic Hot Water:_____degrees.

9) When were coil type hot water heaters or storage tanks last inspected:

_____. Cleaned:_____.

10) Have apartment thermostatic traps been checked?: Yes___ No___.

When?:_____.

11) Tube cleaning: a. How frequent?_____

b. Present condition:_____

c. Last cleaned:_____

d. By staff_____; by Contractor_____

12) a) Is boiler room log maintained? Yes___ No___

b) What information is logged?_____

_____

13) Are heat complaints by tenants recorded?: Yes___ No___

14) Heat conservation campaign?: Yes___ No___

(Attach samples of literature if possible).

15) Are there any apartment lines or building areas too hot?: Yes___No___:

Too cold: Yes___ No___

Locations:_____

_____

Remarks:

Note: Add any additional pertinent comments and explanations of answers to questions 1 thru 15:

_____ _____)('3

OVERALL FACILITY INSPECTION CHECKLIST

DATE

- Grounds
  - Landscaping
    - Lawns
      - Properly maintained
      - Fertilized
      - Bug infested
      - Properly sloped, drained
      - Properly mowed, edged, trimmed
    - Planting beds
      - Weed free
      - Trimmed
      - Growing
      - Fertilized
      - Edged
    - Shrubbery
      - Trimmed
      - Growing
      - Infested
    - Trees
      - Need pruning
      - Any rotting
      - Infestation
- Exterior Construction
  - Fencing
    - Intact
    - Painting needed
    - Rusting
    - Gates operable
    - Gates lockable
  - Signs
    - Plumb, level
    - Visible
    - Faded
    - Properly lighted
  - Minor Buildings, Sheds, etc.
    - Painted
    - Trimmed
    - Doors operable, lockable
    - Park benches, etc. intact, safe
  - Utility enclosures
    - Transformers enclosed
    - Property marked, hi voltage, etc.
    - Sewage manholes intact

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402

GENERAL BUILDING
INSPECTION CHECKLIST

[illegible]

Walls

[illegible]

Windows

[illegible]

Window Walls, Storefronts

[illegible]

Entrance Doors

[illegible]

Roof

[illegible]

Flat roofs

[illegible]

Pitch pockets full

Gravel smooth

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INDIVIDUAL ROOM INSPECTION CHECKLIST

DATE

Complete one for each room or group of similar rooms

Floors

- Material in proper condition
- Well maintained
- Stain, marks, scratches, dents, etc.
- Tripping hazards
- Visible sagging, settlement

Walls

- Wall covering, finish proper for room
- Wall covering, paint etc., in good condition
- Watermarks, condensation on exterior walls
- Trim, chair rails, moldings need painting
- Dents, scratches, etc.

Doors

- Proper hardware installed
- Hardware in good condition
- Door surfaces in good condition
- Kickplates installed — Needed
- Exits properly marked
- Entrance signs, directional signs in good condition

Windows

- Glass sound, clear, free from distortion
- Frames need painting, repair
- Operable windows work properly — Freely
- Shades, drapes, blinds, etc. installed properly

Electrical Services

- Sufficient outlets — Proper voltage
- All wiring secured — In conduit
- Outlets and boses covered

Telephone Systems, etc.

- Sufficient outlets
- Wiring secure — Not tripping hazards

Environmental Matters

Lighting

- Fully operational
- Adequate for room use — Excessive
- Proper switches installed

Heating/Ventilating/Air Conditioning

- Temperature proper
- Any cold/hot spots
- Thermostat installed — Proper setting
- Drafiness
- Insufficient ventilation

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Figure 6.7

INSPECTION CHECKLIST FOR ELECTRICAL SYSTEMS

Exterior Electrical Service

- Are transformers owned by facility or utility
- If self-owned, have they been tested annually
- Any signs of leaks from transformers
- Any signs of electrical arcing, burning
- **Aerial wiring**
  - Consistent "drops" for all wire
  - Poles, insulators in good condition
  - Guy wires provided — Poles plumb
  - Transformer enclosures secure, well marked

Interior Electrical Distribution System

- Incoming conduit properly marked
- Main switch panel identified
- Circuit breakers in main panel marked
- All panel boards, junction boxes covered
- All wiring in conduit
- Conduit properly secured to walls, etc
- Panels throughout buildings marked
- Panel schedules posted inside panel doors
- Any missing breakers, open spaces in panels

Wiring, Outlets, Wall Switches, Lighting Fixtures

- All cover plates in place
- All junction boxes covered
- All wire in conduit
- Fixtures operate properly
- Sufficient outlets provided
- Tripping hazards present
- GFI circuit breakers in baths, kitchen, etc.
- Grounded wiring (3 prong) used for portable electrical appliances

Emergency Circuits

- Emergency generator used
- Automatic start and switchover functional
- Are proper circuits on generator
- Fuel sufficient for predicted outage
- Generator tested regularly — Under load
- Emergency lighting provided — Battery powered

Comments

Note:

Formal inspections of electrical systems must be performed by licensed electricians or electrical engineers. This listing is intended for use by the non-engineer. It is not a substitute for a thorough inspection.

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II.) INTERIOR

	Acceptable Y	Acceptable N		Follow-up By Landlord	Follow-up By Westhab	Completion Date
Floors:						
Structurally Sound	[ ]	[ ]				
Covering(paint, tile, linoleum, carpet, etc.)in good condition	[ ]	[ ]				
Other						
Walls/Ceilings:	Y	N				
Structurally Sound	[ ]	[ ]				
No Evidence of Water Seepage	[ ]	[ ]				
No Cracks, Holes, or Peeling	[ ]	[ ]				
Freshly Painted	[ ]	[ ]				
Other						
Windows:	Y	N				
Open/Close Easily, Stay Up	[ ]	[ ]				
Working Locks	[ ]	[ ]				
No Cracked or Broken Glass	[ ]	[ ]				
Screens in Good Condition	[ ]	[ ]				
Weathertight Seal	[ ]	[ ]				
Child Safety Window Guards	[ ]	[ ]				
Other						
Doors:	Y	N				
Doorknobs on all Doors	[ ]	[ ]				
Hinges Secure	[ ]	[ ]				
Doors Open and Close Easily	[ ]	[ ]				
Dead-Bolt Type Lock on Entrance	[ ]	[ ]				
Peephole	[ ]	[ ]				
Other						

Kitchen Appliances:

	Acceptable Y	Acceptable N		Follow-up By Landlord	Follow-up By Westhab	Completion Date
Stove:						
All 4 Burners Light from Pilot, Work Properly	[ ]	[ ]				
Oven Lights/Thermostat Works	[ ]	[ ]				
All Grills/Knobs/Racks In Place	[ ]	[ ]				
Working Gas Shutoff Valve	[ ]	[ ]				
Clean Inside and Out	[ ]	[ ]				
Other						
Refrigerator:	Y	N				
Refrigerator/Freezer Cool Properly	[ ]	[ ]				
All Doors Seal Properly	[ ]	[ ]				
All Door Handles, Drip Pans, and Shelves Intact	[ ]	[ ]				
Clean Inside and Out	[ ]	[ ]				
Other						
Cabinets:	Y	N				
Adequate Storage Space	[ ]	[ ]				
Cabinet Doors Stay Closed	[ ]	[ ]				
No Holes in Floor, Sides, or Back of Cabinets	[ ]	[ ]				
Other						

III.) General Comments:

IV.) Any deviations from the above must be approved in advance by Westhab prior to occupancy.

D. STANDPIPE

1. Outside siamese connection in good condition _____

E. SPRINKLER

1. Shut-off valves seals open _____
2. Outside siamese connection in good condition _____
3. Sprinkler heads in place and in operating condition _____

F. GARAGE

1. Self-closing devices of doors (including vestibule) in good condition _____
2. Clear of rubbish _____
3. Suitable extinguishers present and in good condition _____
4. Electrical wiring in conduit or BX ____, switch junction and fuse boxes with covers ____, free of tampering ____
5. Sprinkler heads in place and in operating condition ____
6. "No Smoking" signs posted ____

G. GENERAL

1. Storage and use of more than 20 gallons of flammable paints by painting contractor:
   a. Empty containers removed daily _____
   b. Materials stored only in approved paint and storage location _____
   c. Free of open flames where flammable and combustible mixtures are stored or used _____
   d. Suitable extinguisher for oil fires present and in good condition _____
   e. Fire Department permit obtained _____
   f. Doors of approved paint storage area have self-closing devices in good condition _____
2. Use of more than 20 gallons of Varnishes, Lacquers, Flammable Paints and Enamels to maintain Apartments and Hallways, etc.:
   a. V.I.O. are not stored such as benzine, naptha, etc. - Check labels or containers _____
   b. Sprinkler heads in place and in operating condition in storage room _____
   c. Self-closing door(s) in place and in good operating condition _____
   d. Free of portable electrical appliances in storage room ____
   e. "No Smoking" sign posted on room door, etc. _____
   f. 10 lb. dry chemical extinguisher in storage room and in good condition _____
   g. Empty paint cans removed daily _____
   h. Paints thinned only in storage area _____

APPENDIX F

CHECK LISTS - PREVENTIVE MAINTENANCE

NOTE: Prepare original and duplicate for Division and such other copies as Project may require.

REPORT ON SUMMER MAINTENANCE OF HEATING EQUIPMENT

Section I - INDIVIDUAL GAS-FIRED EQUIPMENT

	YES	NO		
1. Filters cleaned or replaced	( )	( )	4. Blower motors oiled	(
2. Burners adjusted and cleaned	( )	( )	5. Lifetime lubricated	(
3. Breeching checked for leaks and tightness	( )	( )		

6. Manufacturer's recommended lubrication cycle _____

7. Give date equipment last lubricated _____

Section II - OIL BURNERS

1. Burners checked and adjusted by ( ) Project Staff ( ) Contractor. If Contractor, attach statement by him of work done.

	YES	NO		Y
2. Oil filters cleaned	( )	( )	6. All electronic tubes replaced in program controls.	(
3. Controls are on 120 Volt circuits	( )	( )	7. Flame modulator (Modureal or similar) operable	(
4. Oil and vacuum gauges in good condition	( )	( )	8. Oil transfer pumps in good operating condition, i.e. Hi-suction checked	(
5. Preheaters in good working order	( )	( )		

Section III - BOILERS

1. Boilers inspected by Insurance Company on _____ (Date); was inspection: Internal ( ) External ( )

2. The report of the Insurance Company's inspection was received on _____ (Date)

3. All deficiencies noted in the Insurance Company's report have been corrected except: (If none, write NONE)

_____

_____

_____

	YES	NO		YE
4. Hydrostatic Test made	( )	( )	10. Pressure gauges in good condition	(
5. Tubes and breeching [illegible]	( )	( )	11. Stay bolts checked, welded or replaced	(
6. Leaky or plugged tubes replaced	( )	( )	12. Thermal switches tested	(
7. L.W.C.O. tested	( )	( )	13. Flame failure test response within ____ seconds.	
8. Relief valves checked	( )	( )	14. Mud legs flushed and cleaned. (Steam Boilers)	(
9. Refractory (including checkerboard) repaired and in good condition	( )	( )		

Section III - A — Modular Boilers

1. Name and Model of Boiler _____

2. Total Number of Modules _____

a. System is used for: Hot Water _____ Heat _____ Both _____

3. Fuel Used: Oil _____ Gas _____ Dual Fuel Capability _____

4. Boiler Room Location: Basement _____ Roof _____ Other _____ (Indicate Location)

5. Hot Water Stored in Storage Tanks: Yes _____ No _____ Tank Capacity _____

6. Indirect Fired Domestic Coils: Manufacturer _____ Model # _____

7. Size of Oil Burner Nozzle Used: _____ Gallons Per Hour _____

	Minor/Major		Notes	Insp. Da
5. Number of extra sprinkler heads available for the refuse room				
VI. STANDPIPE SYSTEM				
1. Control valves properly charted and labeled				
2. Control valves properly chained in the open position				
. All standpipe caps are in place				
4. Standpipe hoses are in place				
5. Standpipe Test Log is current				
6. Shutdown warning procedures in place				
II. SMOKE DETECTORS				
. All smoke detectors are place and tested				
2. Location of all smoke detectors are logged				
1. Smoke detector log is current				
4. Number of extra smoke detector units on hand				
IV. DOORS				
. Roof bulkhead doors fire rated and self-closing				
2. Roof door alarms installed and working				
3. All stairwell and hallway doors are self-closing with a tight fit				
4. All exit doors are properly marked				
V. FIRE EXTINGUISHERS				
1. Fire extinguishers properly mounted in appropriate locations				
2. Fire extinguishers properly rated for subjected use				
3. All fire extinguishers are properly logged with current recharging entries				
4. All fire extinguishers refilled or recharged within one year				
5. Fire pails of sand available in boiler room(s)				

SMC1187

SPRINKLER SYSTEM BI-ANNUAL TESTS

Date:	Tested By:	System OK:	Repairs Made:

TOME INC.

THIRTY-NINE BROADWAY
NEW YORK, N. Y. 10006

(212) 269-5958

PREVENTIVE MAINTENANCE FOR COMPACTORS

1. Check that the switch on the control panel is in the "on" or "automatic" position. Make sure that the main power box or circuit breakers are in the "on" position.

2. The door of the compactor must be closed for operation of compactor. Be sure that the door safety switch is made when the door is closed.

3. If the machine is not working check the bag full switch. Switch should be reset when new bags are put on the compactor.

4. If the machine isn't operating check the motor starter overloads. On most control panel doors there's a reset button to reset overloads. If this button can't be found on the door of the control panel it can be found on the motor starter in the panel.

5. If the compactor is not operating check for blown fuses. If a fuse(s) is blown, replace it with an identical amperage fuse.

6. If the machine is not operating check the oil level through the oil filler cap on the tank. Most compactors hae a low oil level shut-off switch. Replace only with a high-grade hyraulic oil. Check for oil on the floor underneath and around the compactor. If oil is spotted it means you have a leak. Shut off compactor and call for service.

7. Compactor should shut itself off when there is no garbage in the chamber. If compactor continuously runs. clean photo cell lens and reflector (on opposite side of photo cell) with ammonia and a clean rag. Some models use a standard type of light blub instead of a reflector. In this case it is advisable to clean or replace the light bulb. If compactor still runs continuously with no garbage in the chamber, shut off between uses and call for repair. Allowing your compactor to run continuously all day can cause damage to other parts of the machine.

DESCRIPTION & LOCATION

Heating System Located in Boiler Room
Hot Water Constant Flow
Pumped by two (2&1) standby motors
#1 Serial # 3-61707 V=200/400 Amp = 17/58.5
#2 " # 82117 V=200/400 Amp = 17/58.5
Standby System
#3 Serial # 661722 V = 200/400 Amp = 17/58.5
Manufacture - Lincoln
Automatic Control - manufactured by Cutler Hammer
Volts = 220

HISTORY OF REPAIRS

W.O. NO.	DESCRIPTION OF REPAIRS	DOWN TIME	MAN HOURS	MATE CO

DESCRIPTION & LOCATION

Domestic House Pumps (2)

Located in Boiler room

2x1 Pacomonitor System

Manufacture - Pacific Pumping Co.

Type - Series II

Serial # S1J135384

HP = 15 - PH = 3 - V=220

HISTORY OF REPAIRS

TE	W.O. NO.	DESCRIPTION OF REPAIRS	DOWN TIME	MAN HOURS	M

5.8

INC.

THIRTY-NINE BROADWAY
NEW YORK, N. Y. 10006

(212) 269-5958

PREVENTIVE MAINTENANCE

C A L E N D A R
S A M P L E

All duties include:

ROOF FANS

Checked daily for operation.

Checked bi-monthly inspection - belts, bearings, lub.

SUMP PUMP

Checked daily for self lub.

HEATING SYSTEM PUMPS

Checked daily for operation.

Greased bi-monthly.

BURNERS & BOILERS

Checked daily - Filters checked cleaned if necessary once a week.

Check traps - strainers.

H.V. UNITS

Checked daily for operation.

FREQUENCY	MACHINE ROOM	SHAFTWAY	CAR	PIT
BI-MONTHLY	Clean motor by blowing with bellows. Examine slack cable device. If machine traction type the grooves should be checked with a gauge.	Clean entire shaftway of excessive oil, dust, lint or other foreign substance. Examine traveling cables and connections. Check electrical conduit fastenings.		Run car to top floo level. If counterw lands in pit or on bu er, cables should be shortened. If car is equipped with car and drum weights, the minimum clearance between the sets of weights should be 8 inches. Check counterweight guard of warning chains.
ANNUAL	Drain and clean worm gear case and motor bearing wells. Refill with new oil. Check spider bolts on ring gear.		Test car safety. This should be done preferably by an elevator company Re-babbit hoist cable of drum elevators.	
BI-ANNUAL			Re-babbit all cable connections on drum type elevators. Method for shackling wire ropes.	

APPENDIX G

A SAMPLE PREVENTIVE MAINTENANCE PLAN

Table of Contents

1) Location Designation Procedure

2) Program Report Procedure and Schedules

3) Program Audit Procedure and Schedules

4) Exterior Lighting Procedure and Reports

5) Mechanical/Boiler Room Procedure and Reports

6) Fire Extinguisher Procedure and Reports

7) Elevator Equipment Procedure and Reports

8) Refuse Chute Entry Procedure and Reports

9) Lighted Exit Sign Procedure and Reports

10) Exhaust Fan Procedure and Reports

11) Equipment Enclosure Procedure and Reports

12) Catch Basin Procedure and Reports

13) Gutters and Downspouts Procedure and Reports

14) Building and Grounds Procedure and Reports

.o mechanical items (pump ONE, pump [illegible]), etc.).

(It is also useful to place signs on mechanical room doors which number the room and leave no ambiguity as to which mechanical room is which. It is suggested that the same left to right or clockwise numbering pattern be used when making signs.)

4) **When trying to designate items of the same type located within a single room, similar guidelines to the ones used for larger scale structural items can be borrowed. Use the primary entrance as the orienting point. Either designate items by a clock-wise numbering system or by labels such as "far left corner" or "middle right wall" which are based on their relationship to the front door.**

Purpose:

To assist in maintaining a safe as well as cost effective living environment, the manager shall implement the Planned Maintenance Service Programs by assigning maintenance workers in accordance with the Programs Implementation Schedule to perform the inspections and services as presented in each procedure, viz.,

Service	Minimum Schedule
1) Exterior Light Inspection	Weekly
2) Mechanical/Boiler Room Inspection	Weekly
3) Elevator Equipment Inspection	Monthly
4) Fire Extinguisher Inspection	Monthly
5) Lighted Exit Sign Inspection	Monthly
6) Refuse Chute Entry Inspection	Monthly
7) Equipment Enclosure Inspection	Monthly
8) Catch Basin Inspection	Semi-annual
9) Exhaust Fan Inspection	Semi-annual
10) Gutters/Downspouts Inspection	Bi-Annual

Maintenance Worker Responsibilities:

All completed accountability reports are to be submitted by the performing maintenance worker to the assigning supervisor for review, approval and the scheduling of any required corrective actions by generating specific work requests. The corrective actions initiated are to be notated on the accountibility report by the reviewing authority. This will usually be a work order number and date. A copy of the accountability report is forwarded to the manager for review and record-keeping purposes if he/she is not the reviewing authority.

Manager Responsibilities:

To ensure the timely implementation of the procedures in this program, the manager will review and update the Preventive Maintenance Implementation Schedule.

The schedule for each procedure is shown by either a slash for monthly or semi-annual inspections and an X for weekly inspections. Completed monthly or semi-annual inspections are to be indicated by crossing the slash. Completed weekly inspections are to be indicated by shading in one quarter of the X in the appropriate box. (See key located on the Implementation Schedule.)

Accepted (completed) reports are to be filed by type of inspection and held for a period of two years. They are subject to routine review as well as scheduled work performance audits.

Preventive Maintenance Inspection Program Schedule

Development: Tanners Court

Procedure	J	F	M	A	M	J	J	A	S	O	N	[illegible]
Exterior Lighting	X	X	X	X	X	X	X	X	X	X	X	[illegible]
Catch Basins			/						/			
Buildings and Grounds	X	X	X	X	X	X	X	X	X	X	X	[illegible]

Recordkeeping:

Weekly = X Monthly or Semi-annually = /

For weekly inspections, shade one quarter of the X each week as each inspection is completed, reviewed and accepted.

For other scheduled inspections, cross the slash as each inspection is completed, reviewed and accepted.

Reviewed By: _____ Date: _____

10/88

Preventive Maintenance Inspection Program Audit Procedure

Purpose:

To attain and maintain continuous, efficient and uniform Preventive Maintenance Inspection Programs in all housing developments, an audit to ensure comprehensive and timely service performance shall be conducted on a semi-annual schedule by the reviewing administrator.

In a pre-arranged conference at the development with the Maintenance Supervisor and Maintenance Mechanic, the reviewing administrator (auditor) will review the implementation schedule and accountability reports for: --

1) Implementation

2) Work Performance

3) Record Keeping

4) Comprehension of Purpose

5) Corrective Actions Taken

Responsibilities:

The auditor shall record findings and comments on the Preventive Maintenance Inspection Program Audit Report. A recommended overall rating will serve to establish the next audit report, i.e. a rating of UNACCEPTABLE or GOOD will require reaudit after one month; a rating of EXCELLENT mandates re-audit after six months, which is the regular schedule.

In addition to a review of the scheduling and reporting, the auditor in company with the Maintenance Supervisor will conduct a brief inspection of those items serviced to insure that the work is being performed in an acceptable manner as stipulated in each procedure.

The completed audit report is to be submitted to the Executive Director or designee (with a copy to the Property Manager) for review, approval and the scheduling of any required disciplinary and/or corrective actions.

All proposed additions and/or amendments to the Planned Maintenance Service Program are to be submitted in written form to the Executive Director (or designee) for review and approval prior to implementation and inclusion.

10/88

Exterior Light Inspections

Exterior Lighting Inspection Procedure

To assist in maintaining a safe environment and to ensure a continuous, timely exterior lighting service, an assigned maintenance worker shall conduct a tour of the exterior weekly between the hours of dusk and dawn to inspect each exterior light as indicated on the Exterior Lighting Inspection Report (Site Plan)

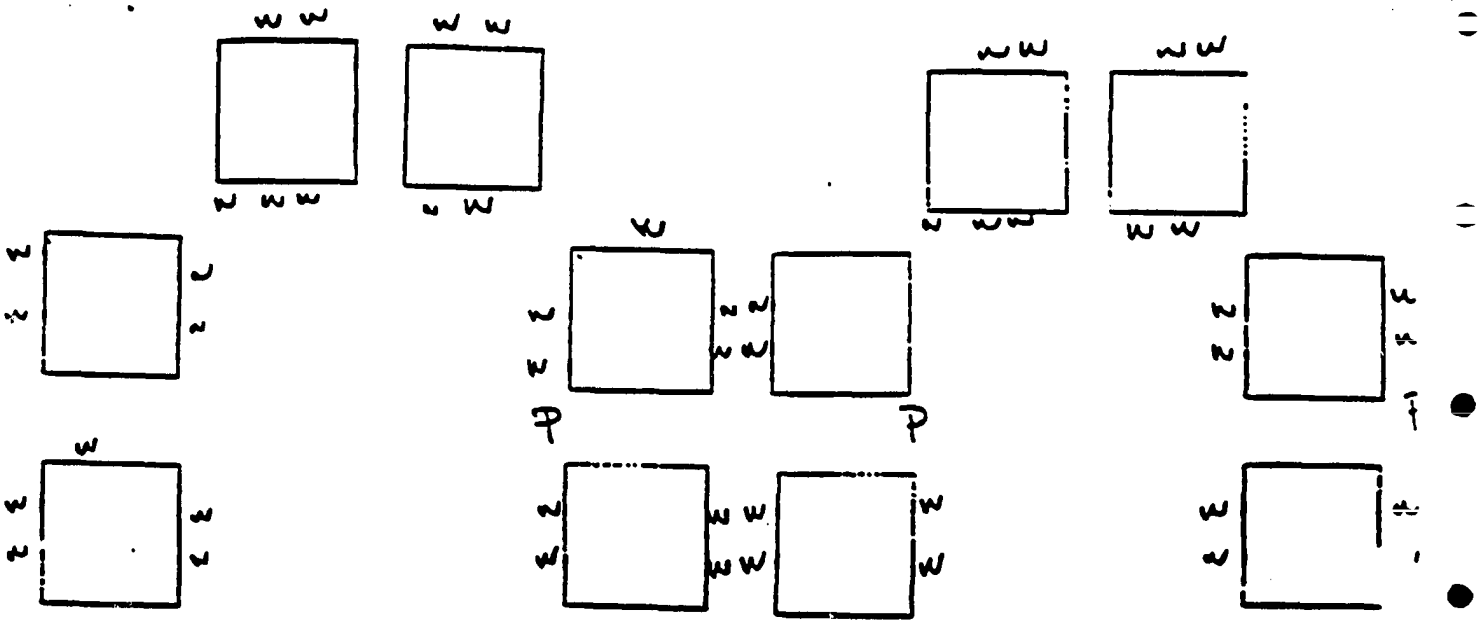
The site plan defines the location of all managerially controlled exterior lights such as pole (P), canopy (C), wall fixtures (W) and roof level fixtures (R). During the tour, the inspector is to designate any light which is not functioning by circling the particular location on the Exterior Lighting Inspection Report. In the case of fixtures controlled by mechanical timers, the inspector is to record on the report the current on and off time settings as well as adjust whenever required.

At developments where a large number of buildings have their own timers, a separate sheet for the reporting of timer settings is attached to the Exterior Lighting Inspection Report.

Exterior Lighting Inspection Report

Development: Tanners Court

Site Plan



Key:
- C = Canopy
- W = Wall
- P = Pole
- R = Roof

Timer Setting:
- On _____
- Off _____
- Adjusted _____

Inspected by: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

Mechanical and Boiler Room Inspection

Mechanical Room/Boiler Room Inspection Report

Development: Peabody Housing Authority Elderly Housing Center

Room Location	Condition	Comments
MAIN BOILER RM		
SPRINKLER PUMP RM.		
COMPACTOR ROOM		

Sump Pumps	
No.	Tested

Circulator Pumps	
No.	Serviced
1	
2	
3	
4	
5	
6	

Compactor	
Part	Serviced
Gear Box	

Inspected By: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

Fire Extinguisher Inspection Procedure

To ensure that all fire extinquishers are in proper working order and maintained according to applicable ordinances and codes (in addition to annual servicing) each fire extinguisher is to be inspected by an assigned maintenance worker on a monthly schedule.

Each inspection of a fire extinguisher is to include:--

1) General Condition (such as foreign matter in hose or nozzle)

2) Pressure Maintenance (read gauge)

3) Presence of an unbroken seal

4) Cleanliness and proper storage

All inspections are to be recorded on the Fire Extinquisher Inspection Report. A checkmark denotes approval, specify any deficiencies in the 'Comments" column.

Elevator Equipment Inspections

Elevator Equipment Inspection Report

Development: Peabody Housing Authority Elderly Housing Center

Item	Cab	Machine Room
Cleanliness		
Lighting		
Security	N/A	
Storage	N/A	
Operation		N/A

Reporting Key: 1 = Approved 2 = Deficient

Remarks:

Inspected By: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

Refuse Chute Entry Inspection Procedure

To maintain a continuous, safe and sanitary operation of the solid waste disposal refuse chutes, the service rooms on each floor and all entry chute doors are to be inspected by an assigned maintenance worker each month for: --

1) Cleanliness

2) Improper Storage

3) Lighting

4) Operation (service room door and chute entry door (hatch) are to be self-closing and must latch positively)

5 Mechanical Stability, i.e. all operating parts in proper working order.

All inspections are to be recorded on the Refuse Chute Entry Inspection Report using the following reporting key in the 'Condition' column:--

1 = Requires Cleaning

2 = Storage to be removed

3 = Replace Light

4 = Faulty Operation (specify in 'Comments')

5 = Mechanical Instability (specify in 'Comments')

6 = Approved

Lighted Exit Sign Inspections

Lighted Exit Sign Inspection and Service Report

Development: PHA Elderly Housing Center

Key: 1 = Approved 2 = Lamp Replaced 3 = Other (specify)

Floor	Location	Condition
3rd	BY STAIRTOWER ONE	
3rd	BY "PRIVATE ENTRANCE"	
3rd	BY STAIRTOWER TWO	
3rd	BY UNIT 309	
3rd	BY STAIRTOWER THREE	
3rd	BY STAIRTOWER THREE	
2nd	BY STAIRTWOER ONE	
2nd	BY "PRIVATE ENTRANCE"	
2nd	BY ATRIUM ENTRANCE	
2nd	BY ATRIUM ENTRANCE	
2nd	BY STAIRTOWER TWO	
2nd	BY UNIT 221	
2nd	BY STAIRTOWER THREE	
2nd	BY STAIRTOWER THREE	
A-2nd*	BY ATRIUM STAIRTOWER ONE	
A-2nd	BY ATRIUM STAIRTOWER TWO	
1st	BY STAIRTOWER ONE	
1st	BY STAIRTOWER ONE	
1st	BY "PRIVATE ENTRANCE"	
1st	BY STAIRS TO GROUND LEVEL (@ ATRIUM)	

* A-1st = Atrium Fisrt Floor

10/88

Exhaust Fan Inspections

Development: PHA Elderly Housing Center

#	Operation	Comments
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
20		
21		
22		
23		
24		

Ground Equipment Enclosure Inspection

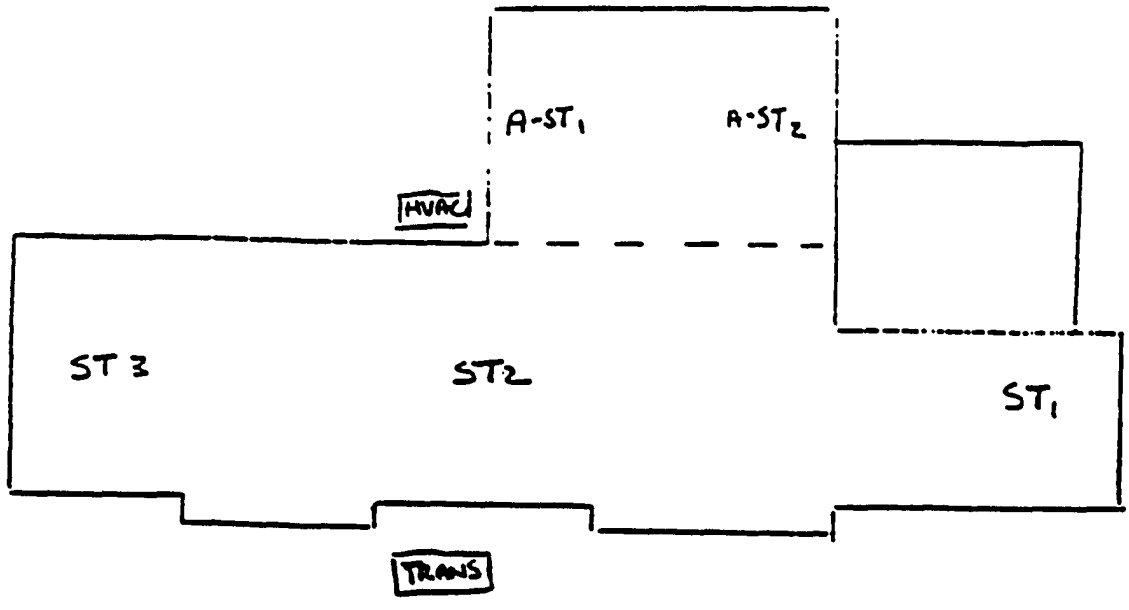
487

Ground Equipment Enclosure Inspection Report

Development: Peabody Housing Authority Elderly Housing Center

(see site plan for exact locations)

#	Stability	Security	Cleanliness	Storage	Comments
1					
2					



Reporting Key:

1 = Acceptable 2 = Deficient (specify in Comments)

General Remarks:

Inspected By: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

Catch Basin Inspection Procedure

To prevent flooding conditions and soil erosion and to assist in maintaining a desirable environment, each catch basin is to be inspected on a semi-annual schedule by an assigned maintenance worker.

Catch basin locations with numerical designations are shown on a site plan (either below or attached).

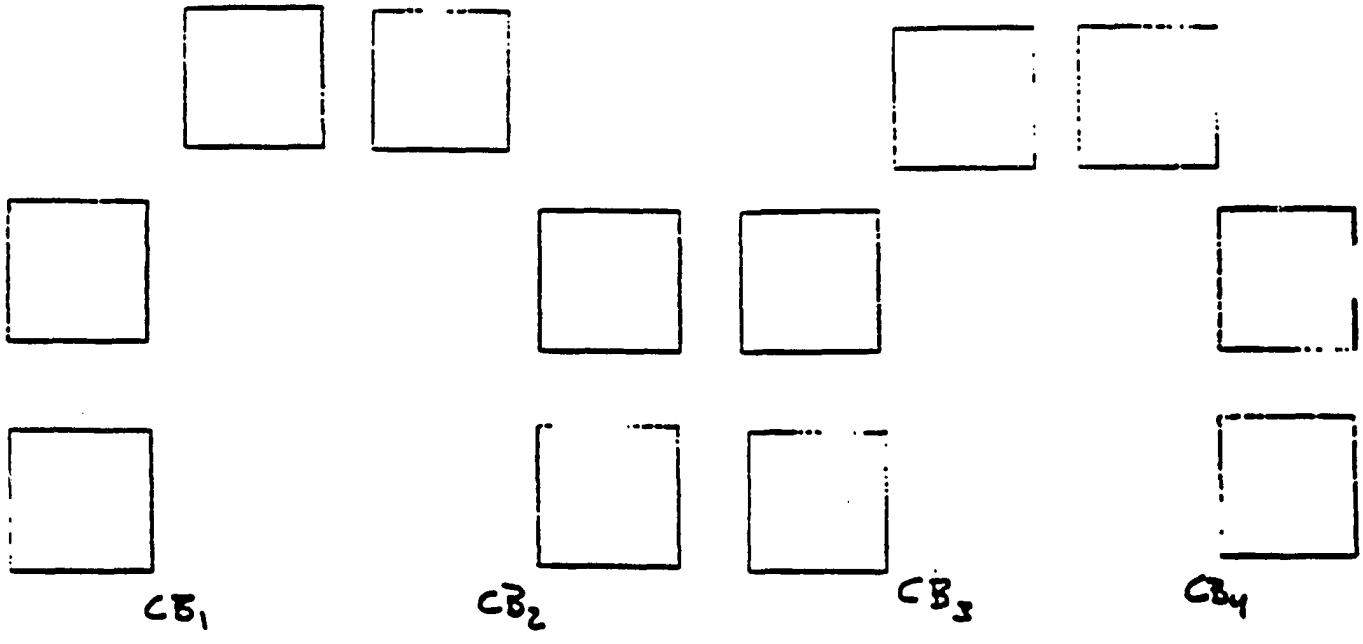
All inspections are to be recorded on the Catch Basin Inspection Report. A checkmark in the 'Condition' column.

10/88

Catch Basin Inspection Report

Development: Tanners Court

Catch Basin#	Condition	Comments
ONE		
TWO		
THREE		
FOUR		



Inspected By: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

Roof Gutter and Downspout Maintenance Procedure

To maintain adequate roof drainage, each set of gutters and downspouts (front and rear) on every building is to be inspected, cleaned and flushed by assigned maintenance workers on an bi-annual basis.

The maintenance supervisor will generate a work-order for each building which requires an assigned maintenance worker to clean, flush and report any defects for scheduled repair.

To ensure that each building in the development is served, the supervisor will maintain a Roof Gutter and Downspout Maintenance Service Log by entering the address, authorizing work-order, date of completed service. These entries are to be initialled. If a work-order for repair is required the control number will also be entered.

Building and Grounds Inspections

Guidelines for the Building and Grounds Inspection

Along with the recording of any observed deficiencies for each category, the inspector is to include a thorough check of the follow elements:

1)	Sidewalks	Presence of debris, filth, hazardous conditions
2)	Yards/Landscaping	Presence of debris, abandoned vehicles or equipment, landscaping needs, drainage, inappropriate use
3)	Parking Areas	Presence of debris, abandoned vehicles or equipment, landscaping needs, drainage, inappropriate use
4)	Exterior Stairs/ Canopies	Cracked or damaged masonry, intact handrails, graffiti, presence of debris, roofing intact
5)	Exterior Doors	Cracked or damaged wood or metal, hardware intact, glazing intact, proper operation
6)	Fencing	Hazardous conditions
7)	Playground/Picnic Area	Presence of debris, hazardous conditions
8)	Areaways	Presence of debris or flooding, door or window security
9)	Garage Area	Presence of debris or flooding, failed lighting, security, unauthorized use or storage, graffiti
10)	Basement	Presence of debris or flooding, failed lighting, breached security, improper use or storage, graffiti
11)	Maintenance Areas	Security, lighting, cleanliness, presence of debris, improper storage of materials
12)	Lobby	Entry door operation, security, cleanliness, lighting, wall heater operation
13)	Community Room	Entry door operation, security, cleanliness, adequate lighting, wall heater operation

10/88

Building and Grounds Inspection Report

Development: Peabody Housing Authority Elderly Housing Center

Address: 75-81 Central, Peabody

Condition Key: [/] = Approved [X] = Defective

Type of Item	No.	Cond.	Location	Deficiency	Action Taken
Sidewalks					
Yards/Landscaping					
Parking Areas					
Exterior Stairs					
Exterior Doors					
Fencing					
Areaways					
Garage Areas					
Basement					
Maintenance Areas					
Lobby					
Community Room					
Office Areas					
Stairtower #1					
Stairtower #2					
Stairtower #3					
Atrium Stair #1					
Atrium Stair #2					
Roof					

10/88

Building and Grounds Inspection Report

Development: Tanners Court

Address: 1-24 Tanners Court, Peabody

Condition Key: [/] = Approved [X] = Defective

Type of Item	No.	Cond.	Location	Deficiency	Action Taken
Sidewalks					
Yards/Landscaping					
Parking Areas					
Exterior Stairs					
Fencing					
Playground Areas					
Exterior Doors					
Canopies					
Basement					
Stairtower #1					
Roof					
Corridors					
Laundries					
Drying Yard Areas					
Porches					
Mailboxes					

Inspected By: _____ Date: _____

Reviewed By: _____ Date: _____

10/88

APPENDIX H

INSTRUCTIONS

~~Electricity~~ (cont.)

Cleaning Maintenance

It is most important that work schedules be set up for the proper cleaning of the building.

Equipment necessary to help accomplish the varied tasks must be kept in good working order. Cleaning materials for floors are purchased in 35 gallon and 55 gallon drums, so as to get the best price for items which are in daily use.

These materials include:

a) Stripper - which is to remove wax build-up, and to do a complete reduction of soil right down to the floor tile.

b) Sealer - which is used to cover the floor tile before applying wax.

c) Wax - which is actually a clear plastic non-skid material - and is used to bring a high polish finish to the floor.

After these three basic steps have been taken, damp mopping and buffing will suffice to keep asphalt tile floors in good condition for about 3-4 months.

The porter should be taught to apply liquids, such as stripper, sealer, wax or water carefully, so as to avoid splashing molding or walls.

The use of buffing machines to polish the floors, must also be taught. Careless use results in damage and defaced moldings which occurs when the constantly spinning brushes of the buffer, force the machine against the wall.

The Manager must establish standards of cleanliness while making regular inspections of the building. By showing that nothing escapes his observation, and then calling the porter's attention

combustibles such as mattresses, stuffed furniture, papaer cartons, etc. must be removed. Upon termination of notice, clean out storage rooms. Also, put notices on Storage room doors that the building cannot be responsible for any items which may be stored.

Garage Areas - If your building has a garage area, keep it swept clean and fire pails filled with clean sand.

Form #3 sets up a schedule for maintenance operations.

Exterior of Building -

Roof Area - Inspection of the roof area should be made by both the Manager and Superintendent. The following items should be inspected :

a) The flat roof - Breaks in the flat roof should be immediately covered with appropriate roof cement and 90 lb. roof paper. Where blistering has occurred, these blisters should be cut and roof cement and 90 lb. roof paper applied to cover.

b) Flashing - The material used in flashing is either metallic (copper or aluminum, or a membraneous material). The purpose of flashing is to protect the joint where the flat roof meets the base of the parapet wall. Where the flashing splits or is removed by vandalism, it must be immediately replaced with membrance and roof cement.

Planted or Lawn Areas -

a) Clean and spade all beds. Loosen soil around bushes or trees.

b) Rake clean, put down lime and fertilizer, and re-seed all bare areas.

c) Reset loose fence posts and tighten chairs.

d) Arrange for necessary watering by acquiring hoses and sprinklers, and other equipment. Set up a schedule for such work including grass mowing.

Concrete Walks - The winter season does damage to concrete walks. Salt must never be used to remove ice or light snow. Calcium chloride pellets are the de-icer to be used.

To prepare for the winter season. Fill in cracks in sidewalk using a thin flowing mixture of cement.

Miscellaneous Painting -

a) Where there are outside benches, replace broken seats, using oak slats, and apply two coats of paint.

b) Wire brush metal railings and apply a rust-proof paint.

c) Incinerator hoppers and incinerator closets should be painted as often as necessary to maintain appearance and sanitary condition.

d) Exterior window painting at 3-5 year intervals.

Exterminating - An exterminator service should be hired to do prevention or extermination of vermin, on a regular weekly basis.

All common areas should be attended to every week, to include laundry rooms, storage rooms, incinerator closets and basements.

A regular routine for the maintenance of an oil burning plant will help to prevent air pollution and fuel waste. A regular routine will also increase the reliability of the plant.

Daily

1. Check for oil leaks and/or deposits in furnace.
2. If the plant is shut down overnight allow sufficient time for start-up.
3. Check water level in the boiler before closing the burner switch; blow down the low-water cut-off.
4. After the burner has started, check the flame shape and color thr the peep hole.
5. When the boiler has reached operating pressure, fuel oil temperatures and pressures should be checked. A good practice is to keep a daily log.
6. Flue gas temperatures should be checked during operation for any drastic drop or rise in temperature.

If the plant is operated 24 hours a day, the plant should be shut dowr some time during the day for routine maintenance. If the plant is shut down at night, the following routine should be performed after shutdown:

1. Shut down burner, mark linkage for settings and swing out. Close burner opening in boiler front with plug or plate. This will prevent cold drafts from damaging refractory.
2. Air nozzle and oil rotary cup or atomizer should be thoroughly cleaned with kerosene and a rag. Oil cup must never be scraped with metal tools. If necessary, hard carbon may be scraped off with a piece of wood or plastic.

If there is a draft through the boiler, soot will be pulled into the breeching and stack where it is harder to remove. This soot may also cause fire in the breeching. The soot may be pulled up the stack and discharged into the atmosphere causing pollution.

If possible use a wire brush attached to a vacuum lance to actually brush the firesides of the tubes or sections. The cans that the soot is discharged or placed into should be lined with plastic or paper bags. These liners will prevent the soot from flying around when it is put out for collection by your rubbish collector. Make sure that the necks of the plastic bags are tied. The liners will help to keep your boiler room and sidewalk clean, as well as the air. When liners are used, the boiler should be allowed to cool before cleaning the tubes so that sparks in the soot will not burn the liners.

After the burner is placed back in service, check that the tube doors and clean-out plates are closed tightly. All dust and soot on equipment, walls and piping must be cleaned up immediately after the tubes are cleaned.

2. Test all protective equipment and safety devices:
   a. Air contaminant or smoke alarms should be tested by placing a cardboard, special test card, or screen in front of the light cell.
   b. Remote emergency shut-off switch should be tested.
   c. Safety valves on the boiler should be raised by hand while steam pressure is on the boiler.
   d. Low-water cut-off should be tested by lowering the water level slowly.

BOILERS AND RELATED EQUIPMENT

DAILY

Check gauge glass for color and level of water
Check fuel level--if near red marker, fill tank

WEEKLY

Blow down all water valves on boiler as needed
If chemically treated, check water chemicals
Check oil strainers for impurities
Clean fire eye and smoke detector lenses
Check condition of brickwork in firechamber
Check color and characteristics of flame
Check for soot in fire chamber--clean if any exists
Check for soot in tubes or heat exchange areas
Check barometric damper is operating properly
Check Combustion Efficiency (if you own kit)
Check level of lubrication in all motors, burners, etc.
Check Heat Timer settings, pins, and clock time
Check operation of low water cutoff by blowing down valve
Clean fuel nozzle or rotary cup
Sweep up any soot or debris in boiler room
Check for chimney soot buidlup, clean if necessary

WHEN OIL IS DELIVERED (OIL BOILER)

Clean oil strainer(s) prior to delivery
Check fuel tank level with petrometer and dipstick
Estimate size of delivery needed to fill tank
When truck arrives, insure that new ticket is inserted into meter prior to start of fill (ask driver to demonstrate)
Insure that oil/air separator is attached (ask for demo)
Wait outside with truck until delivery is completed
Get copy of receipt from driver
Check fuel level again with petrometer and dipstick
Check accuracy of delivery (previous + delivery = full tank?)
Report any inconsistancies to management
Enter date, consumption, cost, and taxes in fuel log

WHEN GAS BILLS ARRIVE (GAS BOILER)

Insure that reading is actual, not estimated (do not pay est)
If estimated, call gas company to make actual reading
Check all readings and all calculations
Enter date, consumption, cost, and taxes in fuel log

LESS REGULAR MAINTENANCE

Have Service Company check combustion efficiency (CE)
Get boiler cleaned, water treated, burner serviced, new parts (AT LEAST once before, once during, and end of season)
Get all of Service Co. recommendations in writing (incl. CE)
Check pop safety valve (every six months)
Clean boiler room vent to insure adequate air for combustion
Check condition of all insulation in boiler room and basement
Get Heat Timer calibrated bv Heat Timer Inc. every two years

GENERAL ENERGY MAINTENANCE PROCEDURES

Many of you that own, manage, or work in multifamily buildings in the City realize that your job is indeed in the field of energy. You may not do it every day, but over the course of each week, you make decisions which will effect the amount of fuel your building uses. So what?

Fuel is probably the first or second highest expenditure in your building, yet it is the only one that can easily be reduced without reducing building services. The truth is that the more you work in the area of energy maintenance, the faster you are going to see fuel savings. Conversely, you could install a new boiler and new windows, at a cost in the area of $2000 per apartment, yet without maintenance, your fuel usage would remain about the same.

It is not important that you do all of this work personally, in fact, you will need a professional to do some of these things. You may find, however, that after you pay someone to do these things a few times you will be able to do them yourself. DO NOT UNDERESTIMATE THE SAVINGS POTENTIAL OF THIS WORK! Many buildings have found savings of 30-50% through maintenance alone, and this excess capital has helped improve the other building services (or in some cases, kept the building from being abondoned or taken over by the City).

There are no easy answers as to how often each of these items needs to be performed. For instance, cleaning tubes or other heat transfer areas in a boiler will need to be done much more often with a number 6 oil burner than a gas burner; a boiler that has chemically treated water will not need to be blown down as often as one that is not (it may not need it at all!); and doors that are not used as much will not need to be weatherstripped as often. As you begin to do these things more often, the particular needs of your building will become more evident. It is always a good idea to keep good records of all the work that is performed, the date and time of the work being started and finished, and if a repair person is involved, their name and company affiliation. This protects you from any claims of not doing your work, or claims of contractors that they were never there.

The maintenance procedures are broken down into three areas: Boilers and Related Equipment, Distribution Systems, and Common Areas. Most of the recommendations involve steam systems, as they are the most prevalent in the City.

These recommendations were compiled by
OASIS Energy Services, 212-420-0325.

_____ (A temperature of liquids)

1. Look for proper setting.

2. Is aquastat connecting fitting leaking?

3. Is cover in place?

4. Can you read dial numbers for proper setting?

5. General condition of aquastat.

6. Aquastat is:

   a. Found in return line of one pipe gravity steam system with heat timer control.

   b. Used to control oil temperature of #6 fuel oil fired burners.

   c. Used to control boiler water temperature of hot water heating systems.

   d. Used to control domestic hot water in tankless hot water generation.

AUTOMATIC FEED WATER REGULATOR: (An operating control device which will maintain a safe water level in the boi. automatically - approximately 1/2 gauge glass)

1. Remove sludge and residue that may be accumulated in float chamber by blowing down valve.

2. By-pass valve should be closed.

3. Look for badly rusted spots and leaks in surrounding piping.

4. Regulator should be blown down weekly.

WATER COLUMN AND GAUGE GLASS

1. Give gauge glass and water column a blow down.

2. Gauge glass should be clean and half full with water.

3. Should be well illuminated.

4. Equalizing line valves should be open.

Note: Equalizing lines are pipe lines coming from steam side and water side of boiler leading into water column.

1. Inspect for damage:

   a. Cracks

   b. Spalling

   c. Broken and bulging walls

FLAME

1. Should be orange in color

2. Should be large enough to fill the combustion chamber without fully striking the rear or side walls.

Note: It is important to remember that it is impossible to judge the efficiency of the boiler by looking at the color or size of flame. Efficiency of a boiler can only be obtained by the use of a combustion efficiency test kit.

BAROMETRIC DAMPER

1. Does it swing freely?

2. Is fix weight intact?

3. Should be free of soot encrustation.

BOILER DAMPERS

1. Are operating linkages intact and connected?

2. Do they close when boiler is off and open when boiler is in operation?

3. If they are motorized, is the motor working?

SUMP PIT AND PUMP

1. If pump is float operated, is float operating freely?

2. Is discharge valve open?

3. Is pit free from sludge?

4. If a high water alarm is part of the system, is it operating?

FUEL STORAGE AND AMOUNT

1. Size for fuel oil storage tank varies according to boiler size.

TO OPERATORS OF OIL BURNERS USING #6 OIL

It has been determined that routine preventive measures can minimize avoidable shut-downs and unnecessary repairs to Oil Burning equipment. We recommend the following procedures, drawn from years of service experience.

IF EQUIPMENT FAILS, CHECK THE FOLLOWING BEFORE CALLING FOR SERVICE.

1 - Replace electric fuses if defective
2 - Check boiler water level - it may be below safety level and burner stopped by low water cut-off control
3 - Make sure remote control electric switch is on
4 - Determine that thermostat, weatherstat, clock or any type of temperature control is on the "ON" position
5 - Reset motor overload switch or button
6 - Press safety reset button or switch on relay
7 - Check storage tank for sufficient fuel oil
8 - Be sure gas is turned on

TO KEEP THE EQUIPMENT RUNNING WITH MINIMUM OUTSIDE ASSISTANCE THESE IMPORTANT RECOMMENDATIONS SHOULD BE OBSERVED.

1 - Boiler room and equipment should be kept clean because dust and dirt in boiler room cause the fan case to become obstructed with foreign matter resulting in a smoky fire and higher oil consumption. It is suggested that the oil burning equipment be shut off during sweeping or cleaning or boiler room so that any dust which is raised will not be sucked into the air intakes.

2 - Cup and air nozzle to be cleaned daily making sure that the brass atomizing cup protudes 1/8 of an inch beyond the air nozzle.

3 - Check front wall of combustion chamber where burner enters chamber daily for carbon formation.

4 - Lubrication to be checked daily and lubricant of the proper grade, as recommended by the manufacturer be added.

5 - Strainers should be removed once a week and cleaned of foreign matter. (It is suggested that a spare strainer be on hand). When replacing strainers the surface of the cap and strainer body should be thoroughly cleaned, and if necessary, a compound be used to make the joint airtight.

6 - Boiler tubes to be inspected at regular intervals and cleaned if necessary because 1/8" of soot deposit would increase your oil consumption approximately 20%.

7 - Boiler water level should be checked daily and water added if necessary. Low water cut-off if installed should be flushed at least once a week. Boiler water should be kept clean by flushing boiler and if necessary, proper compound should be added.

8 - Secondary air openings to be kept clean.

HPD'S ENERGY CONSERVATION DIVISION

For Multi-family Buildings

HPD's ENERGY CONSERVATION DIVISION makes available to the public numerous publications and services. Most of these are free. To order please check publication and desired quantity:

[illegible]

____ HPD's Energy Conservation Division: A guide to its programs
____ Boiler/Burner -- service, maintenance, controls
____ Caulking -- benefits, application, cost
____ Combustion Efficiency -- CE & CE Tests - description of, and application form for CE Test, Self Inspection & Teach & Tag programs
____ Energy Conservation and the J 51 Real Estate Tax Incentive Program -- benefits, rules and regulations, application procedures
____ Energy Savings Checklist -- energy savings in Space Heating, Domestic Hot Water, and Electricity
____ Radiators and Heat Distribution -- distribution system operations and balancing; radiator parts and operation
____ Storm Windows -- types and installation
____ Summer Cooling Tips -- proper use of air conditioners and fans
____ Windows -- types, installation and price of storm windows
____ Tips for Tenants--20pp. lights, appliances, radiators, utility bills
____ Single Pipe Steam Heating System Maintenance Tips -- 1pp. radiators, valves and vents -- tenant information sheet
____ Financing Energy Conservation Improvements (for 1-4 unit and multi-family buildings) -- Grants, Loans, Tax Credits & Abatements programs with application information
____ Energy Conservation Cases: over twenty examples of fuel use reductions resulting from conservation measures in multi-family buildings (NOTE: state building size in units when ordering:____)
____ Energy Investment Loan Program (Q & A Fact Sheet)
____ Energy Investment Loan Program (Application Package)
____ Cooling Load Estimate Form for room air conditioners with instructions for using the form
____ Energy Efficient Lighting- one paragraph letter-- change incandescent to florescent

<u>Facts & Issues series:</u>

____ Air Conditioner Tips (for Mitchell-Lamas)
____ Submetering-- advantages of submetering (for Mitchell-Lamas)
____ Spring and Summer Maintenance for Heating Systems

[illegible]

____ Energy Conservation Measures in Residential Buildings and Their Benefits -- financial analysis including J 51 and MCI benefits resulting from installation of energy conservation measures in building

WATER SAVINGS BROCHURES

____ Water Saving Devices --description of various devices
____ "Water is our lifeline: Save It": Drought Alert Flyer
____ Low Flow Shower Heads

ARTICLES BY ASSISTANT COMMISSIONER JUDD:

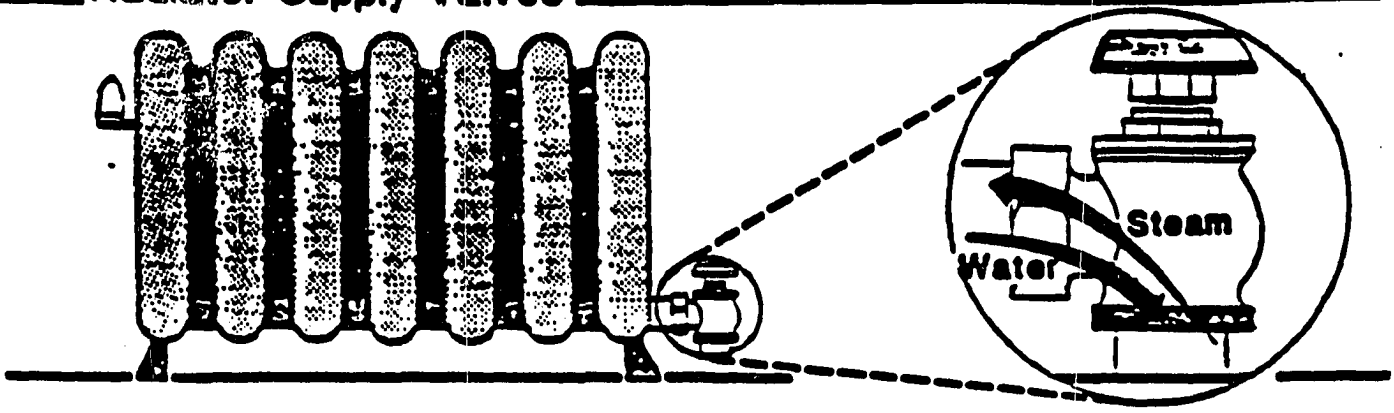
____ The Manhattan Cooperator -3 Articles: "Teach and Tag","Keep Tabs on Fuel Use","Conservation Works"
____ Real Estate Weekly - "An Energy Management Program Is For Every Owner"

MANUALS

____ "How to Get the Best O[illegible] of [illegible] ipe Steam", by Frank R. Gerety, (116 page[illegible] payable to New York City), comprehens[illegible] the most common type of heating system in N.Y.C.
____ Heating and Hot Water Systems for Multi-Family Buildings: a manual for owners, managers and operators of residential heating and hot water systems, 52pp.
____ Installation of Steam Boilers in Multi-Family Buildings -- training workbook presented by NYS Energy Office
____ "Gospel of Dry Steam" by Frank R. Gerety - 35 pp: A guide for solving common problems in one pipe steam systems
____ 8A Voluntary Agreement Requirements: energy conservation measures, that those participating in the 8A program may be required to install, 28pp.
____ Owners' Management Assistance Guide - Tax Incentive Programs and Government Assisted Loans
____ Low-Cost Conservation Measures Delivery Service: A systematic approach for providing weatherization services (NYSERDA), 72pp.: Report on research and development projects conducted by ECD/HPD for 1985-1986
____ Energy Reference Handbook: educational programs, technical services,and financial program information, 73pp. Note: for community groups & gov't outreach programs
____ Installation of Steam Boilers in Multi-Family Buildings -- training workbook presented by NYS Energy Office
____ Contractor-ready Specifications for Energy Conservation Measures, 11pp.
____ Home Energy Reference Guide - cost cutting,energy conservation measures for one to four family homes, 53pp.

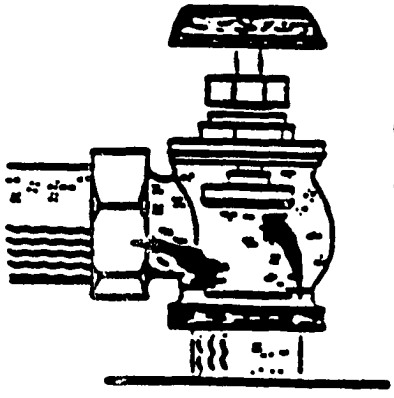
Please read the following information carefully. Keep this brochure in your apartment for future reference.

Radiator Supply Valves



CORRECT

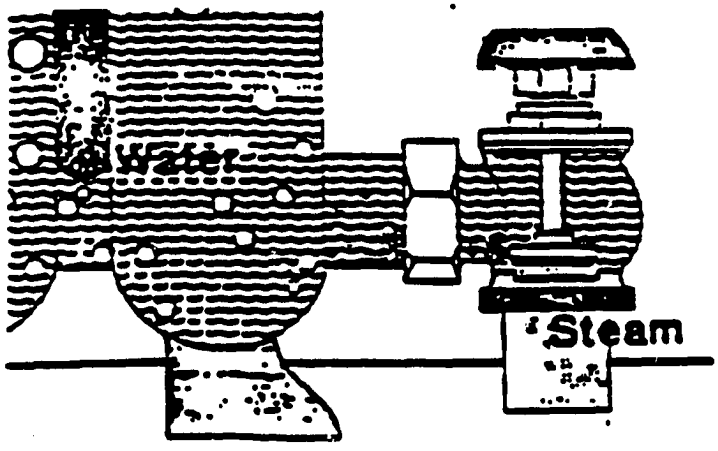
OPEN: Water and steam pass through the same valve opening with ease.



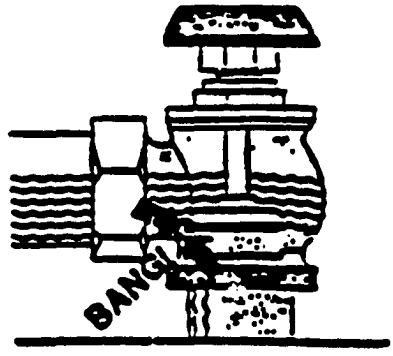
In buildings with single pipe steam heating, radiators only operate properly if the supply valve is completely open and functioning properly. SUPPLY VALVES MUST BE EITHER COMPLETELY OPEN OR TOTALLY CLOSED. At any setting in between these positions the steam and water, which move through the valve in opposite directions, interfere with one another and cause problems.

INCORRECT

PARTIALLY OPEN: Water and steam fight to pass through the same small opening, causing water hammer in pipes and water-logged radiators.



WATER-LOGGED RADIATOR



WATER "HAMMER"

Blind on top

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7. Security

It is your responsibility as a manager, court-appointed 7A Administrator or receiver to make sure that everything possible is done by you, staff and tenants to have a secured property. The New York City Police Department's Crime Prevention Unit will make a security assessment of a building. To obtain this service, call your local Precinct's Crime Prevention Unit. There are many approaches and devices which can help to secure the SRO. These include:

- locks
- door viewers
- locked front doors
- scheduled security watch
- closed circuit television systems
- proper lighting
- electric eye circuit alarms
- call telephones for visitors
- a full security staff
- a guard service
- burglar alarms, etc.

as part of the overall maintenance program for the SRO, they are a priority for security. You must make sure that all access doors to the building (front and rear and fire doors) are in good condition and secured well enough not to impede their normal use, but also to deter intruders. The same applies to all ground floor windows. Lighting and other security devices are equally as important, and the task of replacing any exterior or interior burned out bulbs should be attended to promptly as poorly lit areas are often an invitation to prowlers to attempt a break-in.

Depending on the staff you may have available during the evening hours, it makes sense to designate a staff person to conduct periodic night inspections of the building to insure that all lights and other security devices such as burglar alarms, if any, are functioning at all times.

<u>Additional measures</u> can be taken to maintain the building security; these include:

- Insist that the staff and tenants report people whose behavior appears suspect and who appear to have no legitimate business or interest in the building.

- Insist that procedures to receive and announce visitors are followed without exception. For example, if visitors are required to come to the front desk and sign a guest book before proceeding to any part of the building,

ELEVATOR

MAINTENANCE

GENERAL INFORMATION

Personal Safety

When inspecting or repairing elevators the workman can be best protected if wearing coveralls. These should fit properly and cuffs should be buttoned. Leg length should be measured to avoid turning up cuffs. If a tie is worn it Should be tucked inside the shirt or be otherwise secured so as not to be flowing.

It is not advisable to wear a ring.

Shoes should be in good condition.

Metal Container

Two metal containers with self-closing covers should be placed in the machine room.

One container should be used for clean rags or waste.

The other container should be used for soiled rags or waste.

Cabinet

A metal box or cabinet should be provided in each machine room to house spare parts, oil cans and oil supply for machinery and tools. No other material or equipment should be stored in a elevator machine room.

Light Switch Machine Room

Each elevator machine room should be provided with a light switch which should be located at the lockjamb side of the entrance doorway. The switch should preferably be a combination type of switch and plug outlet for plugging in an extension or electric tool for repairs.

Main Line Switch Machine Room

The main or service switch should be located near the lockjam side of the machine room entrance doorway and should be an underwriting laboratories approved enclosed type. The switch should not be so located that it will be necessary to reach over a machine or controller to open it.

It is advisable to open the main line switch whenever repairs are in progress and particularly if the repairs involve the electrical circuits.

Fire Extinguisher

Each machine room should be provided with a fire extinguisher. Carbon Dioxide is ideal for gasoline, oil, paint, and electric fires.

Keys

Elevator machine room should be kept locked and the keys identified by tagging. The maintenance supervisor should be the custodian of all keys.

Emergency removal of passengers from elevators

Elevator equipment is designed to protect the riders by preventing movement of the elevator if the proper conditions for running are not satisfied and by stopping the elevator if any unsafe conditions occur while the elevator is running.

Occasionally, therefore, members of fire departments or rescue squads may be required to enter elevator hoistways to remove passengers when elevators have stopped between floors due to power failure, application of the car safety device, malfunction of the equipment or in the case of fire or other type of disaster in the building or the elevator hoistway.

Car stopped between floors

If, for any reason, the elevator is stopped between floors with passengers in the car, proceed as follows:

If a qualified elevator mechanic is available on the premises, advise him immediately of the shutdown. If not, call for one. The elevator mechanic knows the equipment and the hazards involved in removing passengers from a stalled car, and can discover the cause of the shutdown and whether the trouble can be remedied quickly or not.

Use the communication system to the elevator to reassure the passengers that help is on the way and that they are safe as long as they do not panic or try to open the doors until they receive specific directions from the rescue squad. If there is no direct communication system to the elevator car, a member of the rescue squad should locate the elevator in the hoistway and proceed to the nearest hoistway door and reassure the passengers as described.

Do not delay in communicating with the passengers, to avoid the tension and anxiety that might otherwise build up.

If the elevator is stalled because of a malfunction that can be corrected quickly, the passengers should be so advised. In such cases, no further emergency measures are necessary. When the malfunction is remedied the car will operate normally. If instructions were given to the passengers to put the emergency stop switch in the "stop" position, instructions to restore it to service will have to be given to them when the trouble is overcome.

Some modern automatic elevators are equipped with hoistway door locks which are automatically released by a cam on the car when the car is at or within a few inches of the floor level. If the elevator is within this range, the rescue squad can open the hoistway door by hand from the landing side by merely pulling on the doors. If power is available and the car is at the landing, the doors may be opened by actuating the landing hall button or by instructing a passenger to press the "Door Open" button in the car operating panel. The passenger can also open the car and hoistway door manually, if the elevator is within a few inches of the floor.

Geared machines are always provided with a crank in the machine room which fits over the motor shaft after the guard over the end of the motor is removed. By turning the crank by hand the elevator can be slowly moved up or down.

If preceding solutions are not f. the trouble cannot be corrected quic sengers may be removed through emergency exit if the adjacent -'- the hoistway is running. Side emerge are either hinged or removable and open inward.

Before using the emergency exits, o main power line switches or at least passenger open the emergency stop - the car. Also check for slackness in t way ropes.

The removable type exit is held in by at least four fastenings, so arrang they can be operated by hand from b inside and outside of the car and a so that they cannot readily be remov the panel. The hinged type of panel vided with a lock arranged to be o from the inside of the car by means movable key and from the outside of by means of a non-removable hand key is in the care of the person resp for the maintenance and operation of vators, in a location where it will be available to qualified personnel in emergency, but not available to the public. Side exits are usually at le wide and at least 5'0" high and locat that there is free access to the side exit adjacent car.

Thus, if one car is stopped between the adjacent car can be run up to the level, the side exit in one car opened wi key and the side exit in the adja opened from the hoistway side by removable handle or by operating the ings if it is the removable type of exit; plank can then be laid from one plat the other and the passengers as

by removing the top guide shoes which are usually fastened to the crosshead by four bolts.

e) If none of the above methods can be used, the rescue squad will have to resort to cutting torches. The prime consideration is the quick and painless removal of the person.

Fire in an elevator machine room

If a fire should develop in the elevator machine room, proceed as follows:

a) The main line disconnect switch or circuit breaker should be near the machine room door.

b) Disconnect all main line switches first.

c) Do not use water. A fire extinguisher suitable for use with Class "C" (electrical equipment) fires should be used.

d) Call for a qualified elevator mechanic after the fire is brought under control.

e) For removal of passengers, if elevators are shut down between floors, follow procedures outlined above.

Fire in an elevator hoistway

If a fire should develop in the elevator hoistway, remember that there is very little in a modern hoistway that can burn. Therefore, a fire in a hoistway will usually be of limited size and smoke will be the principal hazard. Proceed as follows:

a) Bring all elevators in the common hoistway to the ground floor and evacuate.

b) If the fire is in the elevator pit or under the car, the cars in the common hoistway should all be brought to the next to the lowest landing and secured. The fire department may then enter the hoistway at the lowest landing by means of hoistway unlocking device, emergency key, or by forcing.

c) Access at the top landing by the same means may be obtained in case the fire is in the upper part of the hoistway.

d) In opening any hoistway door, remember the hazard of an open hoistway.

e) Many modern elevators are furnished with fireman's service whereby elevators are taken out of operation and made to return non-stop to a given floor, often the lobby, where passengers will exit from the cars and the elevators will then be operable only by firemen. This service can be initiated by a building management official or by automatic smoke or heat sensors.

Fire in other parts of the building

If a fire should develop in the building away from the elevator machine rooms and hoistways, proceed as follows, if possible:

a) Evacuate the building by stairways.

b) Bring all elevators to the ground floor for use by the fire department, if required. The decision as to whether the elevators should be used or not should be made by the fire department.

c) See item (e) under "Fire in an elevator hoistway", above.

In case of an earthquake

An earthquake, enemy attack or other type disaster could occur and some general measures should be considered in anticipation of such an event.

a) Appointment of a responsible person and alternate assigned to see that the plan of action is carried out.

b) A comprehensive plan of action in case of earthquake, fire or enemy attack.

c) An alarm system for passengers in the elevator cars, and a separate communication system. An automatic emergency power supply for these systems in case the normal power supply is disrupted.

d) Emergency working light for machine room.

e) Emergency car lighting on automatically in the event regular power supply. Many tors have this feature built in.

Earthquakes usually have recurrent sl and can cause the following:

a) Elevators may stop between floc

b) Counterweight guide shoes an terweight rails may be loosened.

c) Machine room equipment may be aged.

d) Failure of the suspension occur—beams loosened, defle loosened, or ropes broken.

e) Hoistway doors may bind so cannot be opened or hoistway dc may be broken so that the doors sac an open hoistway.

Therefore, if an earthquake should oc proceed as follows:

a) Stop all elevators—with a single connect switch if possible.

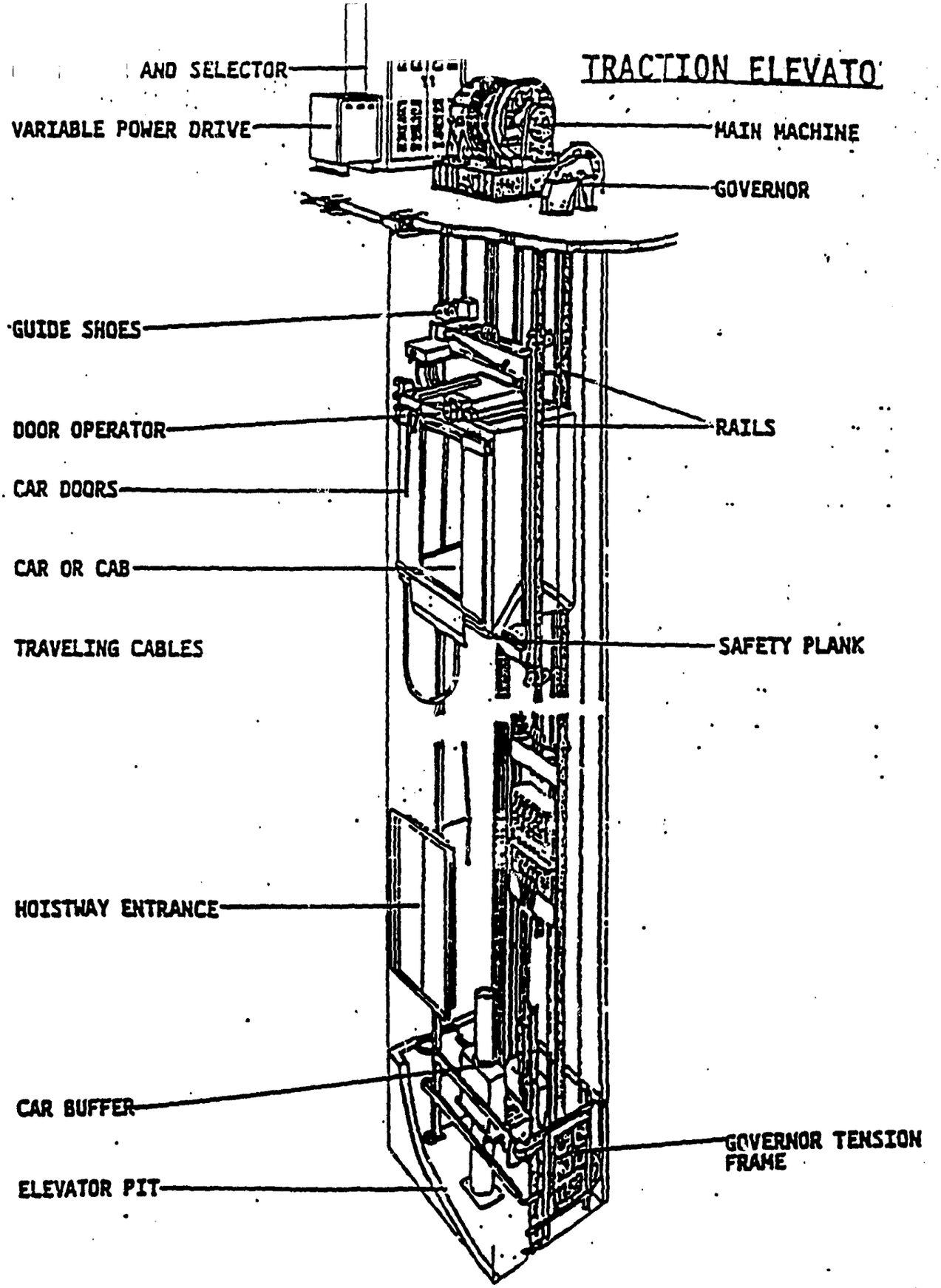
b) Inspect elevator equipment thorou after probability of recurrent shocks passed.

c) Do not run elevators through hoist until hoistway and machine room equipm has been thoroughly inspected by compe elevator personnel.

d) Do not carry passengers on eleva until inspection has been completed and necessary repairs made.

In case of an air raid or procedure should be the sa earthquake, if no warning is g warning is given, bring all el diately to the ground floor an power to all elevators. Secure a

TRACTION ELEVATO



YOUR ELEVATOR NEEDS HELP, THE TEN DANGER SIGNS

YOU NEED HELP WHEN:

1. A NORMAL ELEVATOR SHUTS DOWN ONCE A MONTH. IF YOURS SHUTS DOWN MORE OFTEN, FURTHER INVESTIGATION OR HELP IS NEEDED.

2. YOUR ELEVATOR DOESN'T LEVEL OR LINE UP PROPERLY AND PEOPLE TRIP, OR IF PASSENGERS ARE BUMPED AND HIT BY THE ELEVATOR DOORS.

3. YOUR CONTRACTOR MAKES REPEATED ADJUSTMENTS, WITHOUT SOLVING THE PROBLEM(S).

4. THE NEW YORK CITY DEPARTMENT OF BUILDINGS CONSTANTLY CITES VIOLATIONS IN AND ON YOUR ELEVATOR(S).

5. A PASSENGER GETS HURT ON THE ELEVATOR.

6. WAITING TIME EXCEEDS TWO MINUTES (120 SECONDS), AND THERE ARE PASSENGER BACK-UPS OR CROWDING.

7. YOUR ELEVATOR SYSTEM IS MORE THAN 30 YEARS OLD AND YOU ARE UNHAPPY WITH THE PERFORMANCE.

8. UNUSUAL OR LOUD NOISES ARE HEARD DURING TRAVEL FROM ONE FLOOR TO ANOTHER.

9. YOU GET STUCK IN YOUR OWN ELEVATOR, OR IF THE ELEVATOR REPEATEDLY MALFUNCTIONS.

10. TENANTS COMPLAIN REGULARLY.

WHEN YOU ARE DISSATISFIED WITH YOUR ELEVATOR SERVICE OR OPERATIONS, IMPROVEMENTS OR MODIFICATIONS CAN BE MADE TO RESTORE GOOD ELEVATOR SERVICE. AN ELEVATOR CONSULTANT CAN HELP YOU SOLVE ALL OF THE PROBLEMS LISTED ABOVE.

BUILDING DEPARTMENT INFORMATION REQUEST FORM

JOB LOCATION : MORNINGSIDE DR

BLOCK : 963 LOT : 5

NO. OF CARS : 1 CITY NUMBERS : 9749

COPY OF VOILATIONS : YES : ✓ NO : _____ (CHECK ONE)

OPEN VOILATIONS (VOILATION NUMBERS) :

11/13/86/E/1333/F/2

11/15/82/E/555/9/4

TWO YEAR TEST : NOT DONE FIVE YEAR TEST : NOT DONE

LOCAL LAW INSPECTION RECORDED:

1981 : NOT DONE	1984: NOT DONE
1982 : NOT DONE	1985: 7-30-85
1983 : 7-26-83	1986: 8-20-86 4-15-86

REQUESTED BY : NAME: _____

ADDRESS: _____

PHONE NUMBER: _____

CUSTOMER : _____

ADRESS : _____

ELEVATOR SUPPLEMENT - 5

APPENDIX I

JOB DESCRIPTIONS

JOB DESCRIPTION

POSITION TITLE Air conditioning and Refrigeration Mechanic

PLACE OF WORK

Employee works throughout the facility on various equipment. Employee also performs work in the air conditioning shop.

DUTIES AND RESPONSIBILITIES:

1. Routine servicing of installed air conditioning systems and components including: compressors, condensers, valves, coils, cooling towers, heat pumps, motors, belts, bearings, fans, filters, piping, wiring, control systems, thermostats, ducting, ventilators, and other appurtenances.
2. Performs routine and emergency repairs to same.
3. Troubleshoots and diagnoses malfunctioning systems and components.
4. Interprets engineering drawings and equipment manuals related to air conditioning systems and component parts.
5. Performs replacement of major and minor parts, components, or entire systems.
6. Performs overhauls on major equipment components.
7. Provides recommendations regarding air conditioning systems maintenance and repair.
8. Performs other duties as assigned.

ASSISTANCE PROVIDED

Generally works independently. Occasionally as member or leader of a repair team. Uses hand tools, machines, diagnostic equipment. Reads and interprets equipment manuals.

ASSIGNED SUPERVISOR

Works directly for the Foreman, Air Conditioning Shop.

SUPERVISORY RESPONSIBILITY

Occasionally supervises apprentice or journeymen mechanics during repairs. Occasionally supervises laborers.

WORK ENVIRONMENT

Work is performed indoors and outdoors. Indoor work is done in cramped or crowded spaces. Spaces are not usually air conditioned. Work is performed on or near operating equipment. Outside work is performed in all climates, often during inclement weather. Work at ground level and on roofs.

HOURS OF WORK

Normal hours of work are Monday thru Friday 7:30 AM to 5:00 P.M. Occasional overtime. Occasional holiday work. Frequent after hours calls for emergency repair work.

Figure 2.7

POSITION DESCRIPTION

DEPARTMENT	ADMINISTRATION	Salary Range:
TITLE	Assistant Executive Director	$26,000-$33,000

Job Summary	The Assistant Executive Director is responsible for the supervision of the maintenance services and the budgeting functions of the Housing Authority and the performance of the purchasing services and coordination of budgeting activities. In the absence of the Executive Director, s/he provides guidance and leadership to subordinate staff on issues requiring upper level decision-making authority and coordination with the Board of Commissioners.
Supervision Required	The Assistant Executive Director is under the direct supervision of the Executive Director.
Supervision Given	The Assistant Director provides supervision of the Supervisor of Maintenance, the Maintenance Clerk, Purchasing and Budgeting. The job is intended to expand into supervision of all financial administration
Knowledge, Skills and Abilities	The Assistant Director needs to have experience in the management of property including maintenance and finances. Essential skills are budgeting and cost estimating, maintenance planning and supervision, purchasing and organization talents. Desireable experience is with public or publicly assisted housing.
Principal Duties	1. S/he is responsible for supervising the maintenance operations of the Authority. S/he reviews maintenance work orders to determine priorities and emergency situations. S/he works closely with the Maintenance Superintendent to ensure that work orders are assigned to maintenance staff and that they are completed. 2. S/he is responsible for the annual living unit inspection program, scheduling inspections and reviewing inspection reports with the assistance of the Maintenance Supervisor. 3. S/he is responsible for ensuring that an inventory of all maintenance materials, equipment, and appliances is performed annually, and for disposing of all obsolete property in accordance with the inventory, procurement, and disposition

APPENDIX J

EMPLOYEE APPRAISAL FORMS

SUPERVISORY EMPLOYEE PERFORMANCE APPRAISAL

Position Title	Incumbent	Appraisal From	Appraisal To

Areas of Emphasis

Evaluation of Performance

O-Outstanding E-Excellent S-Satisfactory U-Unsatisfactory

Specific Performance Factor Evaluated	Rating
Demonstrated performance of basic duties	
Ability to lead workers to improved performance	
Ability to determine goals, priorities	
Communications abilities (written & oral)	
Cost consciousness	
Ability to work effectively with other staffs	
Support and enforcement of policy	
OVERALL PERFORMANCE RATING_____	
Areas needing improvement:	

Appraisal completed by:

Name:_____ Title_____ Date_____

Employee acknowledgement_____ Date_____

Figure 2.15

APPENDIX K

MISCELLANEOUS MANAGEMENT TOOLS

DEFINING THE WORK

Scheduled Housekeeping
Preventive Servicing
Preventive Inspections
Reported Problems
Regulatory Requirements

ORGANIZING THE WORK

Documenting the Work
- *Calendars*
- *Check Lists*
- *Work Orders*
- *Schedules*

Setting Priorities

MAJOR PROPERTY MAINTENANCE FUNCTIONS

MANAGING THE RESOURCES

People
- *Staff*
- *Contractors*

Materials
Equipment
Budgets
Utilities
- *Energy Type*
- *Water/Sewer*

MONITORING THE RESULTS

Quality Control
Data Analysis (MIS)

Staff Skills Matrix

	Plumb.	Elect.	Carpent.	HVAC	Masonry	Welding	Drywall	
Foreman					X			Apprentice
		X		X			X	Journeyman
	X		X					Master
Mechanic					X			Apprentice
		X	X				X	Journeyman
	X			X				Master
Mechanic's Aide (1)				X	X			Apprentice
	X	X					X	Journeyman
			X			X		Master
Mechanic's Aide (2)				X	X			Apprentice
	X	X	X					Journeyman
							X	Master
Groundskeeper (1)	X			X	X			Apprentice
		X					X	Journeyman
			X					Master
Groundskeeper (2)	X	X	X	X	X		X	Apprentice
								Journeyman
								Master

Address	Apt	Date Vacated	Name / Date Assigned	Date Ready	Date D/SS Notified	Move-In Date	Comments
MOVE-INS:							
UNITS READY FOR OCCUPANCY:							

PLANNED WORK

Housekeeping
Grounds
Preventive Maint Servicing
Regular Routines
Seasonal

UNPLANNED WORK

Tenant Complaints
Other User Noted Problems
Failures
Operational Changes
Code Violations

THE MAINTENANCE WORK LOAD

INSPECTIONS

Preventive Maintenance
Ad-Hoc
Code Compliance
Quality Control

MANAGEMENT

Data Analysis
Trend Analysis
Procedural Improvements
Property Improvements
Conservation Actions
Cost Controls

Listing of Common Recurring Maintenance Activities (continued)

Walls, Ceilings
- Dusting
- Cleaning, spot cleaning
- Touch-up painting

Doors, windows
- Cleaning, washing
- Drape, shade, curtain cleaning
- Touch up painting

Public Spaces
- Replace paper towels
- Replace toilet paper
- Replace soap—cake, liquid, powder
- Empty trash receptacles
- Empty/clean public ash trays

Offices, Shops, Workplace
- Waste collection
- General dusting
- Vacuuming
- Sweeping
- Wash & wax floors

Trends and Indicators of Maintenance Program Deficiencies

Observed Trend	Possible Deficiencies	Solution
Increasing shop repair man-hours	Poor PM Activities.	Review PM content & frequency.
	PM not being done.	Review PM records.
	Equipment nearing age for replacement.	Schedule replacement.
Increasing shop vacation man-hours	Leave abuse. May be normal, seasonal.	Review leave policy. Check past records.
Increasing man-hours for housekeeping	Poor shop priorities.	Review staffing for possible reductions.
Increasing man-hours for supervision	Poor shop foreman priorities. Over delegation of duties.	Review policy with foreman. Review staffing level for possible reduction.
Decreasing man-hours for preventive maintenance	Deferred PM. Potential premature failures.	Examine shop foreman procedures for project priorities.
Any general increase in man-hours for any activity type	Potential drop in productivity. Poor supervision.	Inspect work quality. Observe worker habits. Query supervisor.
Any general decrease in man-hours for any activity type	Possible neglect of required work. Also possible increased productivity.	Ensure all work is being done. If so, reward/acknowledge workers and foreman.
Identical hours in one category for several consecutive weeks	Foreman probably using old data, not tracking actual man-hours.	Investigate, advise foreman. Discipline.
Increase in any shop backlog for extended # of weeks	Understaffed shop.	Examine shop work closely to ensure priorities are proper. If so consider increase to staff or contract for some services.
Shop backlog not changing, but unacceptably high	No problem.	Consider short-term use of overtime to reduce backlog.
Single reported week with high repair man-hours and low man-hours in all other categories	Probable that a major equipment failure required diversion of all personnel to that repair work.	Should not be a surprise. Major failures are usually remembered! But should check to ensure mandatory PM is performed.

Figure 8.3

The following is a list of records that be on file in each building.

Check for time of removals. Similar file City posts notices for fees

PERMITS ISSUED BY THE CITY OF NEW YORK:

Certificate of Occupancy

Certificate of Boiler Inspection

Certificate of Elevator Inspection

Certificate of Standpipe Inspection (Every five years N.Y.C.F.D.)

Certificate of Fuel Oil Tank Inspection (N.Y.C.F.D.)

Certificate of Fitness Standpipe (N.Y.C.F.D.) Superintendent

Certificate of Fitness Sprinkler System (N.Y.C.F.D.) Superintendent

Certificate of Fire Alarm System Inspection (N.Y.C.F.D.)

Certificate of Automatic Fire Extinguishing System (N.Y.C.F.D.) SRO'S ON

Certificate of Fire Extinguishers Inspection (N.Y.C.F.D. Every year)

Certificate of Water Meter Inspection (Every five years N.Y.C. Water D

Certificate of Fitness Air Pollution (N.Y.C. Air Resourres) Superintenden

SERVICE CONTRACTS

Heating System

Elevators

Fire Alarm System

Inter-Com System, Emergency Pull Cord System, Electric Doors,

Air Conditioners, Refrigerators, Gas Stoves, Electric Stoves,

X Dish-Washer,

Security Guard Service

W E S T H A B

E M E R G E N C Y N O T I C E

N O H E A T [ ]

N O H O T W A T E R [ ]

N O C O L D W A T E R [ ]

N O E L E C T R I C [ ]

N O G A S [ ]

N O E L E V A T O R [ ]

R O M : _____ DAY ___/___/___ DATE ___:___ TIME

N T I L : _____ DAY ___/___/___ DATE ___:___ TIME

W E R E G R E T A N Y I N C O N V E N I E N C E W H I L E
R E P A I R S A R E B E I N G M A D E

W E S T H A B

ITILITY CONSUMPTION RECORD Project Name _____ # _____ Total DU's _____ Total RR's (excluding balconies) _____

Elec. Utility Co. Name: _____

Elec. Rate Class _____

Electricity is (check which applicable)
- ☐ Individually Metered
- ☐ Individually Sub-metered
- ☐ Master metered

Electricity is used for (check all applicable):
- ☐ Space Heating
- ☐ Domestic Hot Water
- ☐ Cooking

No. Elec. Air Cond. _____

No. Elec. Ranges _____

No. Elevators _____

No. Elec. Meters _____

9) Utility Co. for Gas (Cooking): _____

10) Rate Class _____

11) No. of Gas Ranges with elec. ignition _____

without elec. ignition _____

12) Does Gas (Cooking) Consumption include gas fired incinerator(s)?

☐ Yes ☐ No If yes, please indicate No. of incinerators _____

13) Is domestic hot water generated in conjunction with space heating?

☐ Yes ☐ No

14) Fuel for domestic hot water generation is: (check one)
- ☐ Oil-Gas Interruptible
- ☐ Oil only ☐ Gas only
- ☐ Purchased Steam
- ☐ Electricity

15) Fuel for space heating is: (check one)
- ☐ Oil-Gas Interruptible
- ☐ Oil only ☐ Gas only
- ☐ Purchased Steam
- ☐ Electricity

16) Type of heat: (check one)
- ☐ Hot water ☐ Warm Air
- ☐ Electric ☐ Steam

17) Utility Co. (for space heating and/or domestic hot water generation)

Name(s) _____

Rate Class: Elec. _____ Gas _____

18) Fuel Oil Supplier: _____

Oil type: # _____ Space Heating

_____ Hot Water

19) Water Supplier:

Name _____

Rate _____

20) Sewage Disposal Service:

Name _____

Rate _____

ELECTRICITY CONSUMPTION						GAS (COOKING)		FUEL FOR SPACE HEATING AND/OR HOT WATER						WATER CONSUMPTION & SEWAGE DISPOSAL			
Total KWH	Cost (Dollars)	Actual Demand KW	Billing Demand KW	Demand Cost (Dollars)	Total Cost (Dollars)	Total CCF	Cost (Dollars)	Oil Consump. (Gallons)	Oil Cost (Dollars)	Gas Consump. (CCF)	Gas Cost (Dollars)	Total Cost	Degree Days	Water Cons. CCF or per 1000 gals.	Cost (Dollars)	Net Sewage Disposal Cost	Total Cost