

## **HOME Monitoring Series**

### **Understanding Monitoring**

**Tuesday, April 13, 2021**

Monte Franke: Thanks, Paul. Good afternoon everybody in the Eastern half of the country, good morning to those of you further West. I would like to welcome you to this webinar series on HOME monitoring, which is sponsored by the head office of affordable housing programs. It was developed and it's being delivered by ICF. My name's Monte Franke, I think a lot of you know me. I've looked through the list of attendees and recognize a lot of names. I will be one of the presenters today and throughout this series. I've been working with the HOME program since its beginning, actually, and assisting HUD to develop materials, conduct training.

And have been working with states and local participating jurisdictions, or PJs as we refer to them, across the country in their implementation of the program. I know that many of you have been able to attend trainings in person back in the day when we could do those. In these days we have to deliver things by webinar but we hope to make this useful to you. Today I'm pleased to be joined by Kris Richmond of ICF, who I've had the pleasure of working with for several decades. I won't say how many, Kris. And she is the ICF project director for this webinar series. Kris, do you want to say hello and give a little background on yourself?

Kris Richmond: Sure. Thanks Monte. Welcome everybody, I'm Kris Richmond with ICF. I've been working with the HOME program for about 25 years now and I've been with ICF for about 22. So I'll say how many years, I'm not ashamed of it. I do a lot of training on technical systems for the HOME program and also do a lot of training for the luxury housing rules. If you went to the recent web training you've probably heard my voice for several weeks in a row. I also work with fair housing section three. And if you ever put in any questions for e-snap for your Continuum of Care funding I might have been one of the people answering those questions too. So glad you're all here today. We're really excited about this series. And I'll hand things back over to Monte.

Monte Franke: Thanks, Kris. I will be doing the first part of the training today, doing some background on monitoring, and then Kris will take over in the second part and whichever one of us is not speaking will be monitoring the Q &A to see what kind of questions you submit. Kris and I will be doing a lot of the webinar series and we will be joined along the way by Les Warner of ICF, who many of you know, and he will be joining us in the next webinar. Since there are about well over 600 online now and about a thousand people registered we can't have you introduce yourselves but we can ask a couple of questions and we'll do it as a poll and I will have to ask Paul to go ahead and set up the poll so that you can answer it.

Our first question runs to how much experience you have with the HOME program in years? And you should see on the right hand side of your screen now. The polling question has come up. Tell us how many years and hit the submit button. If you have to go look in your resume for how many years you've been working on HOME I think that means you've been working five or more years and you can probably check that.

Paul: The poll is closing in 20 Seconds. Make sure that once you've selected your answer you hit the submit button to make sure that your answer is recorded.

Monte Franke: I am waiting for the poll results. So while I'm waiting now I'll mention that we usually expect to have a real mix of people on these sessions, and that's the way the numbers are beginning to show now with more than 20 percent of you showing less than a year of experience. And that's quite common. I say that only to say to you please feel free to ask your questions. The HOME program is a complicated program and it's not easily managed in just one training or webinar session. So I urge you to please give yourself a break and recognize that we will be talking about things in the series that you might not have heard before.

It takes a while to get comfortable with the HOME program. Please be sure to ask your questions. Let's go to the next question now. And this is asking what HOME activities you work with. And is it overall program management or are you just on the homeowner side or just on the rental side or do you do multiple things as many of you I know do? So Paul should be setting up that poll now on the right-hand side of your screen. There we go. I can see it now. So please tell us, and if it's more than one be sure to check D and then, again, hit submit on the bottom so that your vote records.

Paul: All right. And you should be able to now see the results of that poll.

Monte Franke: Okay. We're seeing a number of different responses. Some of you specialized in just one area, the others the overall program management. But close to half of you actually say that you do more than one activity, which certainly doesn't surprise me. The reason that this is important to us is to know, because the series that we're about to do covers a lot of different topics and not all the topics may be relevant to you, we urge you to participate in whatever topics run to the kinds of activities that you do and the responsibilities you have in the HOME program.

This series, which is going to be a series of 10 webinars over the next five weeks is designed to help you develop monitoring strategies for your programs. And that's what I'm going to be covering in the first part of the presentation. It's important to HUD to acknowledge that monitoring is not just a regulatory requirement. It's also a best practice. It's something that's good program management. And they want you to integrate this into your operations not only just simply to comply with the regulatory requirements that we're going to cover. In the second part of the presentation today and also in the webinars series as a whole, we will be talking about how you can prepare for head monitoring when they do schedule you for a monitoring visit or a review, and also introduce to you the CPD monitoring handbook and the revised exhibits, which were published in 2019.

Some changes were made, they were condensed. and Kris will talk about those in the second part of this training. The series, which you probably saw when you registered online consists of these 10 webinars. The one we're doing today based on understanding monitoring. It's sort of the overarching framework for the whole series. And then we're going to go into a series of nine more presentations that will go to specific monitoring exhibits that are in the HOME CPD monitoring handbook. We'll start with what we call the general administration layer, which gets into program oversight, financial management, and match, CHDO, and oversight of program partners.

By that we mean state recipients and sub recipients in their written agreements. You can see the exhibits that correlate, the monitoring exhibits that correlate to it and the dates of those trainings. And anybody who's in general program management and oversight will find those useful, we assume. After that, and those will be, those three will be done this Thursday and next week, the following three weeks then we'll go into homeowner and homebuyer activities and also rental activities. One of each of those each week in the subsequent three weeks.

For homeowner we'll cover homebuyer development projects. Separately we'll cover what we're calling homebuyer assistance, what many of you call DPA, down payment assistance, and financing only homebuyer programs, and also then homeowner rehabilitation. And again, you can see the exhibits that correlate to that and the dates. On the rental side we'll be covering rental development, tenant based rental assistance and long-term rental monitoring and compliance. And again, you see the dates for those sessions and the exhibits that correlate to them. We're hoping you can join us for all these webinars but we understand that not all pertain to the activities that you do in your HOME programs and you have many demands on your time. If you can't join us for a particular session, we'll encourage you to download the materials. As Paul mentioned, the slides and handouts are posted and the recording and transcript will be posted afterwards.

In case you missed one and want to go back and listen again as you prepare for a HUD monitoring they will be available to you as a resource. And we promise you we won't be selling any of the original recordings as NFTs. These webinars are each scheduled on a Tuesday and a Thursday in a two-hour time block. We expect that some topics might be able to be covered in less time because the monitoring questions on these exhibits range from 30 something to over a hundred, and the compliance issues vary by topics. So some of these we might be able to finish earlier, in less time than the two hours. We assume you won't be upset with us if we finish a particular topic early. For this particular webinar now, to focus in on today's presentation I'm going to provide an overview and a conceptual framework for the series and the topic of monitoring.

We'll introduce the materials. We'll focus on the regulatory context for PJ monitoring. We'll look at risk factors for your risk-based monitoring system which you're supposed to have, and then we'll talk about the CPD monitoring handbook and talk about HUD monitoring, how you get ready for HUD monitoring and end with some tools and resources that you might want to access and download. With that I can begin.

I always like to start these sessions establishing a firm foundation footing in the HOME rule. That's what we all have to live by and die by. And so it's always a good starting point to go back to the reg before we get into the discussion of how you might want to implement it. I assume most of you realize that the HOME rules are in book 24, the HUD book, the code of federal regulations, and that the HOME reg is in chapter or what's called part 92.

So anytime you see a HOME rule reference it'll be 92 dot some number as you see on the screen in front of you. There are two things that I want to mention that are the regulatory basis for HUD to monitor you. The first one in 92.550(a) is that it says HUD will review your performance annually and will rely on IDIS information and information that's submitted by the PJ, but it will

also be monitoring citizen comments and complaints. That's the ongoing regular remote monitoring that HUD is doing of your program consistently. Then 92.550(b) says on a periodic basis HUD will conduct an in-depth review to determine if you've committed and expended your funds and met all the regulatory requirements. This is when they, at least in pre-pandemic days would come onsite and go through your files and go out and see your projects and conduct interviews and go through all the questions that they have to ask you about your regulatory compliance to verify what it is you've submitted in IDIS and to determine whether you're compliant with all the rules.

This is when they'll use the CPD monitoring handbook that we're talking about. And the monitoring exhibits for the HOME program are in chapter seven of that book. Kris will be introducing those a little later in the presentation. Now, the second thing though that I want to talk about is that as a PJ you are required to monitor your own program. And there are two regulatory cornerstones for that monitoring requirement that I want to mention. The first one is in 2 CFR Part 200. That is the uniform federal administration requirements for federal grants. It's what many of you used to know as the OMB circulars and some now refer to it as the Omni circular. But those are the generic rules that have replaced the Omni, the OMB circulars, and also have replaced much of what used to be in HUD's part 84 and part 85 for grant administration.

The section that you see referenced there, 200.329, says that you as the recipient of the grant funds are responsible for oversight of activities, and must monitor to ensure compliance with federal requirements and that all performance expectations are being met. I do, as a sidebar comment, want to tell you that Part 200 was updated in August of last year. And so if you've got an older version of Part 200 you might find some of the references to be wrong.

For example, this used to be 200.328 and now it's 329. There weren't a lot of substantive changes but some additions or deletions that caused some renumbering to occur. So please make certain you are looking at a version of the Part 200 rule that is after August 13th of 2020 and then you'll be able to find the right section if you look that up. Then back to the [inaudible] rule itself in 92.504(a), it says that PJ's must have written policies, procedures, and systems for managing their program.

And specifically that includes a system for assessing risks of activities and projects, and a system for monitoring entities at least annually. Those are the things that I'm going to be discussing in this opening. I guess I could summarize your responsibilities for monitoring your own program in this way. You're responsible for the day-to-day operations of the program, and you're responsible for those operations whether you administer them directly or whether you use a variety of what I'm going to call generically program partners, such as state recipients, subrecipients, contractors, developers and others. You're also responsible for ensuring that all funds are used in accordance with program requirements, spent for eligible cause and using financial management procedures that are required, again, regardless of who administers the activity on your behalf.

I like to say that you're not only a recipient of the HOME funds as the grant administrator, but you're also a fiduciary for managing those funds on behalf of taxpayers. You are accountable. When we're doing in-person trainings I always like to tell participants that whenever I ask who to

try to hold accountable, I want you to take your pointer finger and point it at yourself. That's always the correct answer. That holds you, the PJ, accountable for all the funds regardless of who you work with. In addition, the PJ has to have written policies and procedures to ensure compliance with HOME requirements, and that includes a plan for monitoring the programs. You will hear the constant drum beat for policies or procedures echoing throughout this training. HUD considers written policies or procedures along with good written agreements and IDIS to be the primary management tools of the program.

They will oftentimes say that in those monitoring exhibits that we're going to cover, that I'll look at your files, but if something doesn't look right in the files I'll go back and look at your policies and procedures to see if you've correctly implemented what you said you were going to do or whether there's a deficiency in your policies and procedures that would indicate a more systemic problem. So you do need to have policies and procedures, including your monitoring plan that I'm going to be discussing in a few minutes. And finally, you're responsible for cooperating with HUD as it monitors you, including providing access to staff, to your properties, to participants, and to file information that HUD needs to conduct monitoring. However, I don't want to leave the impression that PJ's should only conduct monitoring because HUD rules require it or HUD made me do it.

Beyond the regulations and the HUD requirements, monitoring is an essential component of good program management. And in particular, when program activities are being implemented by other partners that you have to oversee. Monitoring is not only essential for ensuring and documenting compliance, it's also about generating feedback or insights in the program to performance and results that will help you improve your program in the future. To be sure monitoring can help you answer the question, are we doing things right? That's compliance monitoring. And compliance monitoring helps you to document compliance with regulatory requirements and also determine if the program and its activities are being implemented in the way that you intended according to your policies and procedures and in your agreements with your various implementing partners.

Monitoring can also help you answer the evaluation question, are we doing the right things? That question goes to go beyond compliance monitoring and can help you evaluate the results of your program including production and outcomes, and based on feedback give you insights to help you enhance your program design to achieve better results in the future. So by flipping the last two words in the questions from things right to right things you open up the focus of monitoring to a much broader set of issues. It's our hope and our recommendation that you do not use HOME monitoring solely for compliance purposes but also for evaluation and improvement of your program. We hope you do it not just because I told you to, but because you want to have the best program and achieve the greatest results that you can with the funds that are provided. Yes. You have to do it, but why not get the most out of this monitoring function?

Now I'm going to go through the questions of why, who, what, how and when of monitoring. The first question, why do we monitor? Well, I've already partially answered that with the introduction that I just gave, that all regulations require you to monitor and you are the stewards of funds on behalf of the taxpayer and have a fiduciary obligation to protect the funds. An obligation to ensure that statutory intent is met, and to document that regulatory compliance is

achieved. But let me also mention, and this is not insignificant, that PJs have a direct financial interest in ensuring compliance in order to avoid repayment as required by the statute and the rule when compliance is not achieved and maintained during a period of affordability. I also have to label monitoring as good monitoring practice, which can help you to track progress and production to ensure that funds are used in a timely manner.

That you can use it to hold your partners and your recipients accountable for complying with the requirements. That you can generate feedback to improve program design, and you can use the monitoring function to train or provide TA to staff and to program partners. Those are all things that you -- there are reasons why you as a PJ would want to do monitoring. From HUD's perspective they're required to do monitoring of you as well under their rules and their function is to ensure compliance with the HOME statute and with the regulatory requirements to confirm that assisted housing produced with HOME is sustainable throughout the period of affordability, and to identify problems in areas where technical assistance might be needed. Now, who gets monitored? One word, everyone. Everyone involved in the HOME program that is.

HUD monitors every PJ. It's required to, as I just mentioned. And every PJ must monitor its own program for overall compliance and must also monitor all its individual projects and all of its partners and beneficiaries, and that includes state recipients, subrecipients, contractors, developers, owners, CHDOs, and the beneficiaries, the homebuyers, the homeowners and the tenants who are assisted or live in assisted housing. So in the, what I like to call the HOME food chain, everybody who is involved gets monitored. What gets monitored? I want to break this into two different categories, program compliance first. The PJ has to monitor its own program for compliance, and that means is the program overall achieving regulatory compliance, is it achieving its overall goals and targets? Is it meeting the other program wide requirements such as match in the 90 percent at 60 program rule for rental and TBRA and so on?

PJ should also be monitoring its own policies and procedures, whether it has the required policies and procedures as stated in the regs, and also whether those procedures are being followed by staff and partners. PJ should also monitor overall program performance, the production that is being achieved against the goals that the PJ set in its consolidated plan and its annual action plan, and finally the financial systems need to be monitored. PJs and their partners are required to have financial systems that meet federal requirements and are adequate for protecting the funds that are being, the HOME funds that are being used, and that the PJ needs to make certain procedures are in place to safeguard the funds while they are in possession of the funds. And that's in compliance with the PJs, the requirements in Part 200 Sections 302 and 303. I'll be mentioning those later.

With respect to project compliance the monitoring will address both the project implementation and also long-term compliance project. Project implementation would run to all those things included in project selection, such as subsidy layering and underwriting, written agreements, commitments, maximum subsidy, and so on. It would also run to monitoring the acquisition development and/or rehab of the properties, including meeting property standards and all the other requirements that run to those activities. And then in terms of completion and occupancy requirements, including on the homeowner's side, the homeownership value limits, income limits, the rent limits on the rent side and so on. And then during the period of affordability, the

long-term compliance runs heavily toward rental and TBRA, ongoing occupancy, but also does apply to homebuyer occupancy and resales that occur during the period of affordability and recapture.

How is the monitoring to be done? Well, that's a little bit up to you the PJs. The PJ is required to have a risk based monitoring plan by 92.504 as I mentioned, but the risk factors are determined by the PJ and also the frequency and method is largely determined by the PJ within some limits or minimum requirements, the rules set for you. And I'll cover those in a minute. PJ also has to determine the monitoring methods. Are you going to do desk or remote reviews of reports, looking at IDIS and progress reports with financial draws and things like that? Are you going to do on-site monitoring that would include unit inspections, review of records, interviews and things of that nature? Now, obviously there are some onsite inspections that are dictated and mandated and there's also onsite monitoring that's required for rental projects during the period of affordability.

Some of those things are temporarily suspended or deferred during the pandemic under certain waivers, but ultimately you'll be back doing those soon hopefully. You as the PJ determine the mix of monitoring methods that you will use. In terms of things you'll be using in the monitoring, you'll be using IDIS data and reports that are available to you. HUD produces a lot of reports for you from IDIS information, including things that help you recognize when you're coming up against certain deadlines or when there's missing information they can use if it hasn't been reported and things of that nature. So you want to pay attention to those, but also use them to monitor and track your progress with your program, not just the meeting of the deadlines. Your policies and procedures. Remember I said HUD considers it an essential management tool. They expect and require you to have written policies and procedures and they also expect you to follow them.

And they may refer to them in the monitoring that we're going to cover to make certain that you have the proper procedure and that you are following it. Written agreements I also mentioned we're an essential cornerstone management tool that HUD relies on in the HOME program. You have to have written agreements with all partners that use or distribute the assistance and all the program beneficiaries but ultimately receive assistance. It's a regulatory requirement, but they also serve the purpose of documenting and disclosing all the compliance requirements to your partners and beneficiaries. So it's an important disclosure document, not just a legal requirement. File documentation of course is key, the record keeping that you do. The files need to contain various documents demonstrating compliance. Remember, as I like to say in training in the world of federal grants if it isn't documented, it didn't happen.

Failure to document can result in finings and also possibly repayment. And then you'll want to look at properties, project sites and units. Of course these are the ultimate documentation of the effective use of the HOME funds and they're ultimately your metric of success in the program, that you provided assisted units that are occupied, that meet property standards and are affordable. To monitor your program properly you've got to be looking at all of these items. When must activities be monitored? You can see up there that the general or overarching concept here is that you have to monitor everything at least annually. There's going to be some variations across the different types of activities, but that is the general rule as a starting point. So your



general program administration, you're required to monitor all those subrecipients, state recipients and contractors that you use at least annually.

And when I use the term contractor there I'm talking about somebody that you've hired to administer a program. I'm not talking about general contractors that are out developing projects. For the projects themselves during implementation you've got a requirement that you're supposed to conduct progress inspections according to the needs and schedule of the project, and a final inspection to be conducted upon completion to document compliance with property standards. Completion and occupancy must occur by certain deadlines and progress needs to be monitored more carefully. And as indicated in other places, you also need to keep an eye on the financial disbursement and use of funds to make sure that they are properly used. For rental projects we not only have the implementation that I just discussed, but then we have the ongoing period of affordability.

And really there's an annual cycle of oversight monitoring for rental projects. That would include your annual approval of rent and utility allowances and rental occupancy review that you do each year with the report that your owners submit. And then you're required to go do rental on site monitoring. That includes inspections and file reviews. This is required in the first year of occupancy and every third year thereafter during the period of affordability. And finally there is a financial review required for projects with 10 or more HOME assisted units. For homebuyers the ongoing monitoring is a little less onerous, a little less of a burden, but it still requires you to ensure two things. First, that the homebuyer maintains the unit as their principal residence during the period of affordability, and you determine the method to do that. And resale recapture provisions must be enforced on any voluntary or involuntary sale or transfer.

And so you may need to get involved as those things occur whenever they occur within the period of affordability. So again, most things occur on an annual cycle. Some things such as ongoing inspections ultimately revert to an every three year minimum requirement, but most things remain in annual obligation at a minimum. Again, let me stress that monitoring is not just about compliance or just making findings. It's not a game of got you. The goal of monitoring is to ensure compliance certainly, but it is also about improving program performance. So while the focus of this series will be primarily on regulatory compliance as was specified in the monitoring exhibits we're going to cover. PJ monitoring should also be about gaining feedback on how the program is performing and how it might be improved.

So you want to be able to use your monitoring to look at productivity, to evaluate whether the program or individual projects are meeting their production goals, projected output goals. You also want to be able to evaluate the timeliness of implementation. Are the programs and projects that you fund performing according to a schedule and will they be completed within the regulatory deadlines for the particular project? You also want to be able to evaluate results and outcomes. Is the program or individual projects accomplishing what was intended in terms of the persons served, the community impact that it had? And you want to look at the administration, the administrative delivery systems that you use. Are your activities being implemented efficiently and effectively, or is there a better way to implement them more efficiently, a more effective way to get them out of there, out to the production that you want to accomplish?

This has you looking at whether you should be administering things in-house versus using subcontractors, sub recipients and contractors, or whether there are others that can administer the activities better than your current set of partners. You always want to be looking at program efficiency. We've got a very limited program administration budget in this program so we've got to make the best use of those limited funds to be able to serve our residents. So as you monitor your program for compliance, also be sure to think about how the monitoring information can help you improve your program going forward. Now, before I turn it over to Kris to talk more specifically about the HUD monitoring there's one other topic that I want to go into with you as background and that's getting into the topic of risk based monitoring. First, let's go back to our regulatory anchor point of 92.504(a) as I had mentioned earlier.

PJ's must have written policies and procedures that include a system for assessing risk and a system for monitoring entities annually. Those are the elements that you have to have. Some of you refer to this as your risk based monitoring strategy and your risk based monitoring plan. The strategy is what you use to determine the risk and identify things to be monitored while the plan outlines the annual schedule for conducting your monitoring. Risk-based monitoring systems can be designed in many ways as I mentioned earlier. You're mandated to have a risk-based monitoring system but it is up to you to design and to determine what you can do. There are a lot of things that would comprise the system. Some of the key ones are the risk categories and factors that you want to consider, the conditions, characteristics of the activity or the participant that might predict or affect the likelihood of proper or improper implementation.

You also want to have a system or methodology for classifying risks. Sometimes the measures are objective and produce specific scores and rankings, and other times systems allow for more subjective overall assessments. An example might be using a low, moderate, or medium and high risk categorization. And depending upon how you either score or rank or rate the risks, you might have different monitoring methods that you use to monitor that particular recipient depending upon the risk level. The example I put on the screen here is just one example. It's not a recommendation, just an example, a simple example to help explain this point. A low risk recipient or project might only require a remote review. A moderate risk might require a more enhanced approach with some remote and some follow-up or high risk might be the ones that trigger onsite monitoring, technical assistance, and even more frequent monitoring.

It's up to you to keep in mind that there are minimum frequencies in the rule, as I've mentioned earlier, but that the risk assessment is the thing that helps you decide what methods to apply to each activity and project based on the risks that it presents to you. And not only different methods but also the frequency of monitoring might be affected by your ranking or rating of the risk associated. The risk based systems can be used in two ways. They can be used to guide pre-award assessments of proposed programs or projects, either as part of your application review or as a pre-commitment exercise to identify issues that need to be addressed prior to commitment or closing or become a condition of the award in closing. Also the, obviously, risk-based monitoring strategies and plans can be used to determine the monitoring methods that you'll use during the project's implementation and also for the ongoing period of affordability.

What I'm trying to convey here are two important points. One is you determine the methods and the factors, the risk categories, the methods that you will use to monitor your projects and

activities, as long as you meet the minimum requirements. And the other thing about risk based systems that I want to stress is that risk based assessments might lead you to a more proactive TA approach, proactive technical assistance rather than post-implementation monitoring. You'll hear me use this phrase so many times in this series that you'll be sick of it, but I really do believe in proactive monitoring and like to emphasize that monitoring is about ensuring compliance, not making findings for non-compliance. In some respects, I consider having to make a finding for non-compliance to be a failure on our part. If we can just have everything complied and we can document that then we have achieved our goals.

So doing monitoring is a proactive way to identify risks, to correct them before they become serious problems, to more proactively provide technical assistance to your various participants along the way. Now, what kind of risk factors do you want to use? I said it was up to you to decide I'm going to share three things with you that I think you might want to look at. If you have not already done a risk based system or if you want to go back and tweak something that was done years ago perhaps before your involvement with the particular program. There are many risk factors that you might include in your monitoring plan. I'm going to suggest some in the next slide, but first I want to mention three things that you might want to look back at as you make decisions. The first one is, again, going back to 2 CFR Part 200.332(b) that's the requirement, the general requirement that you monitor the entities to whom you provide funds.

And the risk factors that are recommended in Part 200 include prior experience with similar awards and results of previous audits, whether they're new personnel or newer change systems that might need to be monitored and the extent and results of previous monitoring and what findings were made. A second thing I'm going to mention you might want to look at is the HUD CPD, which is community planning and development notice that they put out on how they do risk assessments. The current one is CPD 14-04. It talks about things that they look at to identify risk exposure, the likelihood that the participants failed to comply with program requirements and evidence that there are instances where the participant has performed unacceptably. You might want to get a sense of that. Looking at that might also help you understand why HUD has determined you to be monitored in a particular year and how they perceive the risks of your program.

And then finally for those of you that like to go back more into the researcher data side of it, there was a study done by the office of policy development and research at HUD back in 2009 that looked at CPD formula glance and the risk factors that were being used in the program at that time. They did an analysis to see which of them were the most important predictors of potential compliance risk. And they came up with three major categories. One is staff capacity, another one's program complexity, and another one is past performance. These are background things for you to look at while you're designing or modifying your current risk-based plan. Now, I'm going to suggest a few that I've found important over the years and might want you to consider and incorporate as you go along. And they do actually correspond quite a bit to the PDR study that I just mentioned.

And those three are complexity, capacity and performance. Complexity, the first factor, gets into things like the size of the program, the amount of funding. Essentially the bigger the funding the more public funds that are at risk, and this can influence your level of monitoring. The other

funding sources required to implement. Well, I know that leverage is generally encouraged. We all know that additional sources of funding must be coordinated and it adds a layer of complexity the more different funding sources that you have that are necessary to make the program work. And then audits and prior management findings on repeat activities. If they've done it before and they've had problems in the past, if they've had problems with implementing the project or financial management controls, on ongoing management and compliance concerns, those previous problems that they've had with the type of project they're doing is part of the analysis of complexity.

The second category then is capacity, and I call it organizational capacity but that runs into three different things. The staff, what is their prior experience and skills? Do they have the experience and skills to do what it is that you are having them do? And again, I'm referring to staff both in your own shop and also those subrecipients and contractors and other partners that you use to implement. So the second one then is, has there been any recent staff turnover or vacancies or have there been any significant organizational changes, reorganizations or any major changes in their financial or management systems that might indicate that there's something that hasn't been tried and tested and proved to be a good system that you would want to look at? So recent change becomes a flag for you to consider that there could be a risk there.

And then finally, the extent to which you use other partners, consultants, subcontractors, subrecipients, state recipients, things of that nature that may or may not have prior program experience. Working with the new subrecipient, for example, that hasn't done work with you before. The third category then is prior and current performance. For prior contracts where they completed on schedule and within budget, the prior contract monitorings were their findings or concerns? Were those findings resolved? Are there any that still remain open? The application or the administrative plan that they submit in order to get funded, are there any deficiencies or concerns that came up in those documents that may indicate an issue with either the operator's understanding of our commitment to compliance and things that you can address as conditions of the agreement with that particular recipient?

And then participation in trainings, briefings and other programs start-up activities. Many of you like to conduct pre-closing briefings or orientation sessions for the entities that you fund. Are they showing up and participating in those? Are they gaining the information and help that you're offering them? This demonstrates -- this is not only making sure that they understand what's required but it also demonstrates a level of professional commitment on their part to be responsive to you.

So to be clear, these are things that I have found to be relevant, but it's up to you to decide which of these and how -- not only which of these you'll use, but also how you might include them in a rating or ranking system, or another way of determining high, medium, and low risks. You can adopt whatever framework or methodology is appropriate to each program and the capacity of that program as the operator or implementer.

But the system should enable you to identify projects that present a greater risk to your program in terms of potential non-compliance with the rules and projects that are at risk of not being completed on time or failing prior to completion of the affordability period. So just to get some

examples of this, if there are two CHDOs and one is continuing to do the same homeowner or homebuyer activities it has done successfully for you while the other one is taking on a rental development project it has not done previously, then all else being equal your risk rating might point to a more frequent or more intensive monitoring of the second one that I mentioned, because it is something new that they haven't done before. If you have two non-profits subrecipients and one's experiencing issues with staffing and financial viability, you might want to rank that as a higher risk for increased monitoring beyond the minimum requirements and possibly tactical assistance.

Or if one of your for-profit developers has a history of non-compliance on occupancy issues, based on previous monitoring the risk analysis might highlight that owner, identify them for more frequent monitoring in the required three-year schedule. These are just some examples of how you would use a risk assessment system to tweak both the intensity and the frequency of your monitoring. Bottom line is you want a risk assessment system that makes sense for you given your program and your ability to implement. I'll add one final comment and that is don't design a system that you can't implement. HUD expects you to implement what it is that you designed so make sure you're designing something that's within your capacity and ability to implement.

Now, in terms of your annual monitoring plan or procedures, these are the things that you would want to address and have documented for HUD, that you have some annual monitoring activities scheduled, that you've identified staffing and roles and responsibilities for the monitoring, that you have some procedures for conducting both your onsite and your remote monitoring, that you have a way of categorizing the monitoring results, findings and corrective actions, management concerns and response.

You know, HUD uses the term "finding" to mean non-compliance with the statutory or regulatory requirements, while a management concern is something that is not a violation or non-compliance with the statute and regulations but it raises an issue in terms of the ability to perform. So how do you classify those things that you look at and how do you address them? What corrective actions and what response do you require?

I also want to stress that monitoring is sometimes looked at as if we don't hear from you you're fine or we're fine. And I think it's important when you monitor to acknowledge what's done properly, not just identify what's not done well or what doesn't comply. It's important for you to recognize performance, positive performance, and make sure you do so in the letter or follow up that you do, all the monitoring that you conduct. It's important that people know that you've noticed that they're doing things correctly. You also want to have the documentation that you conducted the monitoring. Usually it's common to have some sort of checklist or forms that you use to go through. And you'll be meeting the monitoring exhibits of HUD in this webinar series and you'll have an idea of exactly what they're going to be looking at. So it's important for you to have it to follow along as you do it, to make sure you treat people consistently but also to be transparent and let those you're monitoring know what it is that you are going to be looking for.

You'll also want to have letters, monitoring letters, and report formats to follow up with any findings or concerns that you have or acknowledgements of good performance. And all of that

should be in the documentation to show HUD that you have conducted the monitoring that's required. So make sure you keep track of communications, the technical assistance, the follow-up and the findings and resolution. With that I've covered an overview of the monitoring requirements and the elements of a risk-based monitoring strategy. What I've tried to convey to you is that yes. It's a requirement, but it's also to me a good management practice that should be an integral part of your operations not just something you're trying to document because HUD requires it. Before we turn our attention to preparing for HUD monitoring I'm going to pause and open it up to Kris to see what she's been monitoring in terms of your questions and what she thinks we should discuss before he goes into her part of the presentation.

Kris Richmond: Great. Thanks, Monte. Just a couple questions that came in, just some really basic general underlying itch question. Somebody asked what a PJ was. That's a participating jurisdiction. I smiled when that question came in because the very first training I ever went to I remember the HUD person talking and talking about PJs and I had no idea what they were talking. Are they talking about clothes you wear when you sleep? So the participating jurisdiction has a state, a county or a city that receives home funds directly from HUD. That's what we mean by a PJ. And then someone asked about what is IDIS. Well, IDIS is the integrated disbursement and information system. This is a database that HUD uses for PJs, and PJs will go into that IDIS system and they set up their projects, they report on projects and they conduct financial draws on their HOME funds from that IDIS.

So we'll be referring to the term PJ and IDIS throughout this session all of these series. So that's really important for you to know what those are. Yeah. Go ahead Monte.

Monte Franke: Oh, I was just going to say we're going to come up with a lot more acronyms than just PJs and IDIS. You know, as HUD consultants we're afflicted with acronym-itis [sic] and we use them regularly. So thanks for backing me up and clarifying that.

Kris Richmond: Of course. Yeah. And another one that I use interchangeably, and Monte and when Les joins us you'll hear him say the same thing too, desk monitoring, remote monitoring, those mean the same things. So when Monte was talking about remote monitoring, he means you're still in your office. Now your office might be your home right now like me. I haven't got to go to my office for over a year now. But if I was doing remote monitoring I'd be pulling in a report, I'd be contacting my partners, can you send things to me? That's what we mean by remote, anything you're doing from your own office. Versus onsite when you actually go to where the project site was or your partner's office, maybe you're doing a review of your nonprofit or one of your CHDOs and you're doing onsite monitoring. So we use that term remote and desk monitoring interchangeably.

Monte Franke: That's how we've been living our life this last year in the pandemic. Everything's been remote, right?

Kris Richmond: Yes. And there were some questions people were asking, "Well, is HUD actually going to come monitor us when it's safe?" And I said, yes. You know, when it's safe to do so, when we all come out of this pandemic HUD is going to resume business as usual. A lot of people asked, well, you know, we've had to do remote monitoring, we haven't been able to go

onsite, we don't think it's safe, and I said just continue to document that. HUD understands that. We're not really focusing on any of the waivers or anything right now, we want to try to focus on how these requirements would be moving forward. But there were some waivers that have been published, and maybe we can later on put that in the chat so folks can go back and look at some of those notices if they need more information about that. Monte, anything else you want to add?

Monte Franke: No. The waivers that we have currently on monitoring run through the end of September and there was an April field memorandum that issued the COVID waivers and they can be linked. If you go to the homepage on the HUD exchange, there you'll see an orange link there. It's for COVID-19 waivers. So if you're wanting to look at what you don't have to do right now that would be the place to check. But those currently just run through the end of September.

Kris Richmond: That's great. Thank you. Also questions coming in, "Are there examples of monitoring forms or checklists?" I'm so glad you asked that because that's what we're going to be showing. Monte referred to them as exhibits. I might call them the checklist, meaning the same thing. So HUD updated their checklist, their monitoring exhibits, and that's what we're really using to drive this training series. But we'll be referring back to those when we get into each individual session. And we also have a self-assessment that we put together as well. People are asking about risk-based monitoring templates. I know we had one years ago with the old monitoring guidebook, but I'd have to look a little more and see if there's anything still available and accessible. So I'll do that and report back to Les and Monte and they'll be able to let you guys know the next couple of questions. Monte, anything else before I dive into preparing for HUD monitoring or self-assessments?

Monte Franke: No. I think they've had enough of me and they probably want to hear from you about the HUD monitoring.

Kris Richmond: Okay. All right. Thanks so much. So now we're going to shift our focus to HUD monitoring of the PJ and how the PJ should get ready for HUD monitoring. A guide into that. So we're going to outline the steps you may want to follow in getting ready for HUD monitoring. So the first step is to assemble all the documents and the items that you need for your own review. So that's that document assembly.

And then the second step is the one that we're calling self-assessment. And so the self-assessment is going to help you prepare for the HUD monitoring. So we prepared a self-assessment tool to help guide you through this process. It's downloadable. It's available now where you got the slide. So if you printed the slides out in advance or if you just have them alongside of you, if you're still home and don't want to print everything, that self-assessment tool is also available there for you.

We're going to provide a summary in the next couple of slides on what's actually in this tool, but we put it all together in the tool for you as well so that you could go back later and just use the tool rather than have to open up all the slide materials and go through all the training materials. And we're going to refer back to the self-assessment tool for each of the sessions as we go through the different webinars. So if you didn't get an opportunity to download it for this session please try to make sure you have it available for you for the next couple of sessions. And I will

just click on here so you can see. This is the actual self-assessment tool. So we have it up here as an attachment.

I'll be coming back here and looking at it again. And when we look at attachments you can see the page online, but when I want to scroll down you're not going to see my page change so you're going to need to scroll down yourself. Okay? So let's go back to our slide. All right. So the first step is to assemble all the documents and the items that you're going to need for conducting your own pre-HUD monitoring review. In the next couple of slides, we're going to go into details about all of these different items. So what can and should you do to prepare yourself for HUD monitoring?

Monte Franke: Kris? Kris?

Kris Richmond: Yeah. Go ahead.

Monte Franke: Kris, there have been a flurry of questions since you showed them that as to how they link to that self-assessment tool.

Kris Richmond: Okay. So this is available where -- Paul, when you guys sent the link and the reminder for training there should have been a link on where you went to download the slides. It should be available right there on the class page. Is that correct, Paul?

Paul: That's correct. I just sent a link to all attendees in the chat, so you should be able to open that link, open the class page and scroll down and towards the bottom there should be two links for the slides handout and this handout here.

Kris Richmond: Great. Thank you so much, Paul.

Monte Franke: [Inaudible].

Kris Richmond: And like I was saying -- yeah. Sure. Like I was saying, all of these items that we're going to talk about are in the self-assessment tool and we're going to go over them in the slides, but later on you can go back and have it all in one nice little area for yourself. Okay. So what should you be doing to help get yourself ready? Well, we suggest that you do all these different items. Assemble and review your program performance, assemble and review your program document, look at HUD's handbook. These are some things that we are suggesting that you do in preparation to get ready for HUD. We are talking about doing your own self-assessment, almost like your own mini-monitoring so you can figure out how are you doing, what's going on, and fix anything before HUD comes to monitor you. So let's look at the first one; assemble and review program performance and status.

So this is your program documents that are reflecting your program status inner performance. So the first one that's consolidated plan for annual action plans, that's going to identifying what you intended to do. So you want to look at that, what did you intend to do, and then compare it against your CAPER, your consolidated annual performance evaluations reports, and what did you actually accomplish? You want to look at that for program performance. You also want to



look at past monitoring reports and findings. You want to make sure that you responded fully to any past findings, any concerns that came up when HUD came to monitor you. You also want to be looking at IDIS reports. This is going to give you a status of the program activities as they were reported in IDIS. And then you want to look at your citizen complaints, any public comments, any social media, any press reports and inquiries.

This is really going to indicate how the public perceives your programs. So that's really the first number of items that we recommend that you assemble. Then you want to look at your written program documents. So especially the policies and procedures. I chuckled when Monte mentioned about the drum beat because we are going to be beating that drum. Policies and procedures, policies and procedures. So HUD is going to be checking the policies and procedures and they're going to look at those. If they're looking at a file and they see something is mistaken or it's an error, they're going to go back and look at your policies and procedures and see was this a one-time error or is it not even mentioned in the policies and procedures? Is this more of a systemic problem and maybe the policies and procedures are deficient? So policies and procedures are really the key to true compliance.

When you're assembling your written program documents you also want to be looking at your marketing and your application materials as well as any written agreement or other templates that you have in place. And then you may want to download the CPD, that's the community plan and development monitoring handbook. And as Monte said before, this is chapter seven in the exhibits. And the exhibits, I'll call them checklists but they're the exhibits, those are all the monitoring questions that HUD is going to use when they come to monitor you. To get ready for this preparing in advance, we just are going to be looking at 7-24. 7-24 is written explicitly for HUD and it's a pre-monitoring checklist for HUD. So you can see what has HUD been told to assemble in advance in preparation to come monitor you the PJ. So you know, go ahead and take a look at that.

That would be helpful for you to know at this assembly stage what's HUD going to be looking at before they come to see me. All right, let's go to the next slide. Oops, clicked too fast. All right. Now the community planning and development publishes its monitoring handbooks so that grantees are aware of what HUD will be monitoring. And the handbook monitors a range of community planning and development programs and also cross cutting requirements. But the HOME program is found in chapter seven. And there were a number of changes and updates that were done in 2019 so it definitely was done to reflect the 2013 rule changes. It took a little while but that was incorporated into that. It combines a lot of the different exhibits together. We used to have 23 exhibits, now we're down to 13. They separated the homebuyer development from the down payment assistance exhibits.

So CPA that sends your down payment assistance, maybe you're giving funds for somebody to put a down payment on to buy an affordable home unit versus developing homebuyer, developing a home unit. So, you know, they split those apart. They also separated rental development from the ongoing monitoring compliance. That I think was really helpful. This one I found super helpful especially this week when I was working on a project, they incorporated not only the owner beneficiary written agreements but also developer agreements all within the project specific activity. So for example, this week I'm working with a city and I'm looking at

their written agreement for their home buyer program as a developer written agreement. And I only had to go to one exhibit this week. I've downloaded 7-27 and I was able to find all the requirements for the new buyer as well as the developer all within 7-27.

So incorporating that written agreements requirement into the project specific exhibits I hope that you'll find as helpful as I did. And then, like I mentioned on the last side, they did add a pre-monitoring checklist for HUD field staff to prepare, but I always think you should use whatever HUD is using to monitor yourself as well. Right. So the current exhibit, these new exhibits that came out in 2019 are now numbered 7-25 to 7-36. So if you have monitoring exhibits that you're using in your office that have different numbers, those are the old ones. So you're going to want to replace those with these new updated exhibits. So the first six exhibits. Over here you'll see these first six, and they address the overall or general program administrative issues. Three of which pertain to all PJs. There's another three that may or may not pertain to your program depending on how you're administering your program.

And then we have an additional six activity specific exhibits. Over here you see these six. And again, you're only going to use the exhibits that apply to your program. So if you think your home fund, your homeowner rehab, then you'd want to look at the homeowner rehab one. If you're doing down payment assistance, then you want to look at the down payment assistance programs and so on.

So now that we talked about document assembly, let's move on to this middle area here called self-assessment. So in addition to getting ready for HUD, it can be an important element of your own monitoring plan to conduct this self-assessment. So, as we said, the policies procedures review, this is done to ensure that your policies and procedures are complete, that they're in compliance. HUD is also going to be conducting a thorough review of your policies and procedures for the topic or the activity that's being monitored.

And HUD is anticipating many findings related to policies and procedures because some PJs do not have very comprehensive policies and procedures. So now is the time start pulling out those policies and procedures, start doing a thorough review, make sure that those are complete and compliant. You also want to be doing a documentation review to ensure that they're also complete, and you want to start to answer some monitoring questions in advance to make sure that you're ready for HUD's monitoring. So while doing the self-assessment, PJ should make any collections that they find prior to the monitoring visit if there are any deficiencies found during that self-assessment. And like we said, we recommend that you review your policies and procedures, but you also might want to do a sample of a project review.

So pull out a couple homeowner rehab files and use that exhibit and go through the files and see if you can do your own self-assessment that way. So the self-assessment questions fall into three different categories. We're going to talk about regulatory compliance, we're going to talk about program performance, and we're going to talk about monitoring and evaluation. And the next couple of slides are going to provide overarching self-assessment questions that you might want to consider to prepare as we go through each of these three different categories. So let's look at the preparing questions under the regulatory compliance assessment area. So the first section is policies and procedures. So there we're asking ourselves, do you have comprehensive policies

and procedures and are they meeting the home requirements? Are all the tools that you have in place, like your worksheets that you're using, any type of income calculations worksheets you're using, any inspection form, are they all up to date? Are they compliant?

Do you have any additional policies and procedures that are effective for program operations? Are those in place? Is staff familiar with your policies and procedures? Are they being followed consistently? Were these policies and procedures written clearly? Do they reflect the local housing goals? Do your policies and procedures state the documentation? Like what is that piece of paper, what is that a document to be able to show that you met that requirement? Are those in the files to show that they're being compliant? Do those files reflect the documentation standard? When we get into the other session you will see on the slides we'll go through the questions but we'll also say what is the document that you need in that file to be able to show evidence, meaning not compliant? You also want to be looking at your written agreement in any legal documents.

So are your written agreements being followed? Are they dated? Are they signed? Are the terms being enforced? Are the written agreements being executed with each program partner as well with each beneficiary? So beneficiary is someone who benefits from the HOME program like your owner, your homeowner rehab or your buyer for your homebuyer program. Someone who's receiving kind of based rental assistance or [inaudible] deposits. Those are our beneficiaries. Or do we have written agreements with all of our program partners and our beneficiaries prior to setting them up in IDIS and disbursing any home funds? And does each written agreement meet the 92.504 requirements? So I'm going to go over to our self-assessment tool because we didn't put this on the slide. But I'm going to go to page six if you have it out in front of you as well for the self-assessment tool.

I'm going to scroll down. So you might need to take your cursor to scroll down to about halfway down the page. And on our slide our question was asking does each written agreement meet the 504(c) requirements? So remember, for written agreements we have different requirements depending on the type of entity that we have provided home funds to.

So we have state recipients, subrecipients, owners, developers, sponsors, contractors. Here's our beneficiaries again. We have our CHDO, or community housing development organization, that might be receiving operating expenses. We have CHDOs that might be receiving TA. And if you a brand new PJ you could provide technical assistance to a CHDO as well. And so you can see there's all different regulatory sites for requirements for these different written agreements. Monte, I bet somebody asks where's the CHDO written agreement?

So remember our CHDOs, those are owner developer sponsors and so that's where you would look for that written agreement there. Right. So a couple of questions to assess your program performance. Too far. No. There we go. We want to look at our IDIS activity. So is the IDIS data current and reliable or is there a missing data because the PJs not up to date with putting their IDIS data input in there. I remember hearing a HUD person talk a long time ago about, you know, it's like your laundry. You don't want your laundry to pile up. You know, you want to make sure you're doing your laundry on a regular basis. And then I remember another HUD person saying, well, it should be more like walking your dog. So you want to get an IDIS

multiple times a day. So depending on how you're running your program you do want to make sure your IDIS data is up to date and it's current.

You want to be looking at your IDIS to see if there's any flags that are coming up because there's different reports that can be run that'll show different flags, are there any approaching deadlines? Is there any situation where you may end up losing funds? That's never a situation where you want to be in. You don't ever want to be called down by the mayor to find out why you're going to lose funds. So monitoring your IDIS activities is just one way for you to be able to get ahead of that, to see that. You want to look at the different IDIS reports to look at your program performance. Are your projects moving slow? Do you have lots of money lost? As we mentioned, having lots of money lost could run into losing some funds. We don't want that to happen. Are your projects moving on schedule? So you can use IDIS in a number of different ways.

And when we get into the different activities and the different webinars we'll identify what the different IDIS reports are. So this is really an overarching review. And then as we get into each of the other webinars we're going to go much more into detail on, well, what do we mean by production for homeowner rehab? What do we mean by -- which IDIS report do I look at? We'll talk about that when we get into each different activity and program area. So you also want to look at your production and your goals, versus your goals. So has your program produced the units that you said you were going to do? So remember in our consolidated plan and our annual action plan we're identifying what we want to do so we're able to produce that. And did you serve those beneficiaries, the people that are receiving the home funds directly? Are we serving the beneficiaries that we identified that we wanted to try to help in those planning documents?

And if our goals were not met, you know what actions did the PJ take to get back on track, and were there sound reasons in place for making any of those changes? So the third category is monitoring and evaluation assessment. So Monte talked earlier about that risk based assessment monitoring plan. So you want to make sure that you have a monitoring plan in place and that you're going to be able to follow that, that you have a risk-based assessment set up for yourself.

Are you looking at your partners at least annually? Do the program files and documentation, are they showing that your partners are actually in compliance? Are their files in compliance? Do the units that are being produced are those meeting all the HOME requirements and all the HOME elements? HUD is going to come and monitor you. You also want to make sure that you've pulled, remember we're doing our self-assessment, we've pulled any old HUD monitoring reports that came to us.

So we are looking to see has HUD monitored us in recent years, and were any of those areas relevant to the self-assessment? Have any of those findings or concerns, have they all been addressed and has the PJ implemented all corrective actions to prevent a re-occurrence? That's really helpful to pull out those old reports and make sure that we're still not following that habit as we fix these issues. And then you want to look at your beneficiary, your citizen and your media comments. So has the PJ received comments from citizens either directly or through the press or through social media? Did the PJ consider this feedback seriously and where it was valid were corrective actions or policy modifications taken? So these are all different things you can

do yourself as a self-assessment to help figure out what state you're in, where are you and what can you do to improve?

So the last couple of areas include staff and organizational or community changes. So looking at our staff, does the staff receive periodic training? Are they receiving training to help stay current on the home regulations and requirements? Individually is each staff member able to carry out their job obligations? If not, can the PJ correct these deficiencies? Can they correct these deficiencies may be to hiring new staff?

Can they do a reorganization of functions or can we do staff training? Like what can we do to try to make sure that our staff has the capacity to undertake the activities and make sure our programs are compliant? And then you also want to be asking yourself about any significant changes to your program. And so significant changes may be design, they might be needing scale. It might be administrative changes. So you want to look at any significant changes of the PJ or the partners, and have any of these changes affected compliance or performance?

So, as I mentioned at the beginning we did put the self-assessment tool together. This is another page that shows you this is where you can find it. Thank you, Paul. He put this link in the chat as well, but this is where you can actually find the link for the self-assessment. So let me erase this. I'm going to go back and you'll see this really talks through how you use the tool. Again, I'm going to scroll down. It goes over the different process that we talked about. This should look really familiar to you. It reminds you that chapter seven exhibit, so the actual HUD exhibit that you can use. You can link to that directly from that site. It talks you through the document assembly that we just went through. I'm going to scroll down again. It goes through the three different categories that we just reviewed, the regulatory compliance, the program performance, the monitoring and evaluation.

And then what I want to show you too, I'm going to go to the last page is where we have the monitoring handbook. I'm going to scroll down. I'm on page nine of the assessment tool. I'm taking my cursor and I'm scrolling down, and this is where it lists out all of the different exhibits. So if you need a quick reminder of which exhibit deals with which type of activity, you can find that in the self-assessment. So self-assessment is really an overarching way for you to get ready, but we really want you to rely on the HUD exhibits. We were not going to re-write another document when there's amazing great information in the actual HUD exhibit. So we give you some general background on how to get started, how to pull these materials together, but then we point you to go to these different HUD exhibits to actually do a full review of each of your different activities as well as program oversight and match as well.

All right, so let's do a real quick temperature check of everybody because they know we've gone through a lot of material in the last hour and a half. So it's helpful for Monte and I just to get a sense of how do you feel? Are you ready for monitoring? So if you want to go in and click on the poll and make sure that you hit the submit button after that. Like, I feel like I'm ready for HUD to come monitor me today. I think I need to organize some documents but I know I have them all, or I have a lot of work to do but I'm ready to learn how to get ready. So if you're in that seat category don't worry, Monte, Les and I will make sure that you have the right tools in place that

you at least are aware of all the requirements for monitoring and we'll help you get through that as we go through the next couple of stages.

Monte Franke: Right. The poll is open and the results are coming in and it will be closing shortly. Be sure that you hit the submit button after you've selected your response so that way your answer can be recorded.

Kris Richmond: Great. Thanks Paul. So these polls in this first training session are really more of how are you feeling, how are you doing? When we get into the other training sessions we'll actually ask you some knowledge assessment questions that you'll have to think a little harder on some of those other ones, but we wanted to make this one easy for you. So we really have a mix. I actually have 47 people who say come on today. Come here HUD, we're ready for you. And then it's about half and half in between. I need to organize some documents and the other half are saying I have a lot of work to do. So we won't tell anybody but hopefully these training sessions will help you get ready for that. All right, let's move back. All right, resources and tools. So the next couple of slides we're going to highlight a few resources and tools to help with your monitoring and your self-assessment.

So the first tool or resource we want to point out to you are the CPD monitoring handbook. This is the community planning and development monitoring handbook. These are the exhibits. And sometimes we'll refer to them as checklists. We'll use that term exhibit and checklist interchangeably. Remember for the HOME program these are chapter seven. And the link is right here where you can access these. The official location is on HUD clips but you can access them through the HUD exchange. All right. So that sort of resources I'm going to show you can be found on the HUD exchange. And we are showing you the main page for the HOME program. So you would get to this by following this link that's identify here. You could also get to the HUD exchange; you could pull down under programs under the programs link. You could click on HOME program and it would get you to the same place.

So this is the top part of the HOME program page. It's a pretty lengthy page but it's got some really great information and some helpful and some really critical links. So it has links to the rules, notices, the limits such as the income limits and rent and then a lot of other HOME guidance. And then as you scroll down the page you'll see these a collection of HOME topics. We call these tiles. When you click on something it'll move over and show you into another page. So if you clicked on this one down here, this monitoring one, this is what would actually open for you. So when you clicked on HOME monitoring it'll move you over to this page. And on this page you'd be able to find different topics about HOME monitoring and if you went to the tool, this little link down here, that's another way you can access the CPD monitoring handbook to find the HUD exhibits or the HUD checklist.

So another way for you to be able to get to those. Another great resource for those of you who need additional home background on HUD specific regulatory requirements that are covered in that handbook is the building HOME online training. Sometimes you'll hear Les or Monte and I refer to this it's e-building HOME. So if you are brand new to the HOME program your first job is doing home monitoring but you really don't know that much about the HOME program, this is the place that you want to go to. This is a free online training but it's self-paced so you can start

it. And if you only have an hour that day you can go back to it another day. It keeps track of where you are. It's an amazing training. We took a three-day course and we turned it into this online training. There's avatars, there's CHDO, there's someone who works for state, there's someone who works for city.

You know, their stories go out throughout the different sessions of the training. So it's really interactive and I highly recommend if you're fairly new to the HOME program that you check out the resource for you. Let's see. I did want to point out. I think I skipped over that where we said -- here, this was also on the HUD exchange. So if you found yourself in the situation where you had a lot of work to do and you didn't even know where to start to get ready for home monitoring you can request technical assistance as well on the HUD exchange. And if you download the slides you should be able to click on that link and be able to get to that as well. Or you can, when you're on a HUD exchange you can do a search for request for TA and that page will show up as well. Monte, any questions that we should address now before we go into what the other sessions will look like?

Monte Franke: Yeah. There are a couple of questions that came in. Two of them ran to issues with specific partners in terms of the monitoring. The one question came in, it was about CHDOs and if they funded a CHDO for operating funds but they don't have a current project, they wondered if they had to monitor them in a particular year. And I think the generic response to those kinds of questions would be that you are supposed to monitor annually any entity that has an open contract with you. So if you don't currently have a contract with them then they wouldn't have to be monitored. However, CHDOs might have an ongoing rental project obligation and a period of affordability and they're supposed to maintain CHDO status through that period so there might be something that occurs in there.

But if they've completed their projects, if they don't have current operating, there's no active contracts, then you don't have a monitoring obligation that particular year. Another question came in and said will HUD let us know what files they're going to monitor. I don't know how you would answer this one, Kris, but what I say to people is that generally speaking HUD will -- the field offices take different approaches to the monitoring and how they set them up but generally they will tell you what program years and what activities they're looking at. Whether or not they would tell you specific projects is something that would be up to them but it's not generally something that's in practice.

Kris Richmond: I had a colleague who used to joke about looking for the thinnest and the thickest file. So if you're still running on a full paper system that, you know, so sometimes are flags, the really thin files and the super thick files when you're pulling files. But asking what are they going to look at, I mean, we are giving you the roadmap. I moved back to slide 46. These are all the exhibits. This is what HUD uses when they come to monitor you. And so that's why we want to teach you exactly what HUD is monitoring for you so that you can make sure you're monitoring yourself in preparation for that.

Monte Franke: And actually what you said a moment ago is another question that asked about whether files had to be paper or could be electronic.

Kris Richmond: Yeah. So -- you go ahead, Monte.

Monte Franke: No. I was just going to say in the Part 200 updates that were done back about five years ago or so they made it clear that electronic data is recommended over time. But the thing is that you have to make the files accessible to the person doing the monitoring and so you'll want to work with the CPD rep of your particular field office to see what they expect to see and in what form just to make certain you're ready for them.

Kris Richmond: Yep. Great point. Other questions we should address now?

Monte Franke: No. I think that some things are asking about the, again, the risk assessment templates and the policies and procedures. Templates and things like that are things we're going to have to do some searching for.

Kris Richmond: Great. And I see some requests asking if the slides could be posted two per page. We can't do that today but I can ask our support staff to help do that for us for the future ones. I totally get it; I have a hard time seeing things too. We can ask to make sure the other ones are set up two per page to make it a little easier to see.

Monte Franke: Yeah.

Kris Richmond: All right, let's move on. So this is really the introductory or the foundational webinar. We're just trying to give you some building blocks on how to get ready. And then as we go through each of these other sessions we are going to be splitting them into these different categories. So when we look at homeowner rehab we're going to look at the regulatory requirements. We're going to go through the different exhibit, either the HUD checklist, and we are going to be going through topic area not question by question but the question numbers are going to be at the top of the slide. So if you want to download the exhibits in advance you can do that and maybe have that as a companion for yourself if you want to go back. But we will also list on the slides what the question numbers are. But when we developed this we struggled a little bit on what's the best way to present this information, because we all know monitoring is a super exciting topic.

And we thought, well, you know, PJ's really think in the way a project happens. So we tried to set up these different materials as a project happened and then we relate the questions that are relevant through that. So during, through those different stages. So we're going to talk about the regulatory requirements, we're going to talk about the different questions as we go through the different stages and then different program design considerations. So this may go beyond the strict regulatory requirements. They could be considered as part of the program evaluation aspect of monitoring. And then helping to get yourself ready for HUD monitoring. So there is a specific list of questions within each webinar to help prepare you for HUD monitoring, as well as using that self-assessment tool. And then within each monitoring topic area, again, like I said, we're going to go over the requirements.

We're going to talk about the documentation. Like what is that a particular piece of paper or document that need to be identified in that file to make sure that we had income compliance or to



make sure that we were following the required property standards, or to make sure that we can show HUD that somebody went and inspected these units. So how do we document that? So we're going to refer and identify each of those items as well.

And then as needed, like I said, you know, what else besides the basic file documentation needs to be reviewed? Maybe there's certain design elements that you have set up and so you need to make sure that you're in compliance with that. And how does that affect your program as well? We'll go back to questions in a minute but I just want to show people the upcoming schedule. So this session that we're doing today, this training will be set up and available.

The recording will be available to you within a couple of days, I was told, because we said, you know, we have a thousand people registered, it was closed out. We couldn't get any more folks in because we have a limited number of lines. But we did want people who might be coming to any of these other sessions to still be able to listen to the understanding monitoring. So that should be up within the next 24 to 48 hours. And then all of these other sessions will be recorded within a week of being presented.

So if you haven't had an opportunity yet to register for other sessions and you want to, please go back to the training page and you can click on these links and be able to register for these other sessions. And you can see we have the different gates. Again, if you have a conflict with the date though they will be recorded and they will be available for you to access. So Monte, other questions that have come up or other areas that you think we should expand upon a little bit before we close? You might be on mute, Monte.

Monte Franke: I was on mute, yes. Just had one question come in. It was running to single family homeowner rehab which is a later session we'll do, but the question was, is there ongoing monitoring related to that? That was not on the screen here when we went through when things had to be monitored and that's because the single family homeowner rehab program does not have a regulatory period of affordability. So there's not an ongoing monitoring obligation, but if the PJ elects to have a note and mortgage or any ongoing compliance requirements for that program, then they would have to monitor anything that they are enforcing locally and HUD might look at that.

Kris Richmond: Great. Thanks.

Monte Franke: We also had a question about the monitoring home guide book back from 2010 that you did Kris, and whether there's been an update for that. Is there -- can you make any comments about that or if that's still available to people?

Kris Richmond: I'd have to look. I don't know if you do a Google search if you can find it or not. It's not been updated so if you do have a copy of that in your offices just know it was not updated with the 2013 rule and so there are some really critical changes like the definitions of income and how you do on-site monitoring. There were some really critical changes underwriting that have since been put in place from that old guidebook.

I think what that old guidebook can still help you with is our risk-based analysis. There were some really helpful pages in there [inaudible] that, but we'll do some research and dig around. But I do warn you if you have it be careful because a lot of rules have changed and that it has outdated guidance in it. Other questions we should handle today, Monte, or is most of it we'll get into that when we get into another webinar session?

Monte Franke: Yeah. There are some -- there's a question that came in about remote video inspections and there are things that we're allowed to do under the pandemic with those labors. But long term there's not been guidance put out about video inspections and when they're permitted. I also know that the HOME program has not gotten an answer from the lead office about whether remote video kinds of assessments for the visual assessment for lead paint would be acceptable. So for now they're not able to say that that will be an ongoing thing. That couldn't be permitted and in fact even during the waiver that HOME is granted they've not been able to grant it for the visual assessment for paint maintenance.

Kris Richmond: And I saw a question that came in that says, "Do these new requirements apply to group homes?" So I just want to clarify that we're not talking about new home requirements, we're just talking about updated monitoring checklist that HUD is using. So these home requirements have been in place. They were updated in 2013 so they're not really new, and if you were using group homes, your home funding for group homes they would apply.

So you want to look at your rental exhibit. There's a rental development exhibit and then there's a long-term compliance rental exhibit. Let's see if I can find the exhibit numbers. Yeah. So here we go. So here's 7-29 if you did any type of rental development, and for long-term rental compliance you want to be looking at 7-30 if you used your home funds for a group home.

Monte Franke: There's a ques --

Kris Richmond: Somebody else has already confirmed -- I was just saying somebody confirmed that the 2010 guidebook is still available online at hud.gov.

Monte Franke: Yeah. Good.

Kris Richmond: Go ahead, Monte.

Monte Franke: Somebody just asked, "How often will HUD be conducting their monitoring?" As I said in the first part of the presentation, HUD monitors you on an ongoing basis with the desk review or the remote and the monitoring of IDIS and your submissions and complaints received in terms of they're doing in-depth onsite reviews. That is based on their annual risk assessment that they conduct of their recipients or grantees.

So whether or not you're selected for this year or a subsequent year will depend upon the results that come up from that risk assessment. So I can't predict a schedule for HUD to actually be out there doing the in-depth assessments that are the subject of these exhibits. I know some people have been contacted this year for visits or for monitoring this year but the method is still to be determined.

Kris Richmond: All right. Any other questions that we can address today?

Monte Franke: Some of these will have to go into the specific webinar on the topic.

Kris Richmond: Yeah. So don't be worried, we will go into these when we get to those specific topics. And if it isn't addressed during the session, there are Q&A times during each session so just re-type your question again if it isn't trained during that time for you. Go ahead.

Monte Franke: That question just came in, a comment about the 2013 updates that you mentioned, they said are these the only program updates? There have been three or four rule changes or amendments since then covering various topics. So you should review the -- look at the current rule it's on the website and there will be some minor things. Most of what we're talking about are really are not affected by those more recent changes.

Kris Richmond: Yeah. And on the website, when you get to the website you can find all parts of the notices. I've heard people asking where do I find the rule? This is how you get to the homepage on the HUD exchange, and then -- I'm just trying to circle it, but the link is listed there. And then on the page you can find community planning and development notices, the CPD notices.

So if there was an update you will find that in the CPD notices there that's by year so you can click on the link there. There's also frequently asked questions, some documents there that are helpful as well. If you need the income limits or the rent limits, any of these types of limits, these are all available here as well. Go ahead, Monte.

Monte Franke: Right. And also the COVID-19 waivers that we mentioned are in that orange link, just above laws and regulations. You can link to those to get to the memos that came out last April and in December.

Kris Richmond: Great. Anything else that's coming in? I know we're coming close to our end of our time.

Monte Franke: Yeah. The question just was that regulations [inaudible] the most updated, and yes. Those are -- the notices are clarification or guidance that is based on the rules. So the notice itself is not the rule but the notice explains what's in the rule for a particular topic. And so Kris mentioned that you should look for notices because that will help identify something that had changes but it will end up being -- you'll want to go back to the actual rule to look at what's the requirement.

Kris Richmond: Somebody who's asked me for remote home monitoring should we record the sessions? Well, I always think that the road to compliance is documentation. So I don't know if you actually have to record it, but I would document on this date this is what we did and on this date, we reviewed this, and this is the analysis of what we reviewed.

I'm not quite sure if you mean -- what you mean by record besides using like an iPhone to record your actual talking to somebody but I would just make sure there's documentation so that when HUD comes to monitor they can open up the file and see what was actually done. I always say to different PJs like I should be able to look at your files and not have to have you sit next to me to explain what happened. Everything should be self-explanatory in the file.

So you want to make sure that there's proper documentation however you end up doing that to make sure that that file can tell a full story to show that you've done whatever you need to requirement wise to be able to make it HOME eligible for that particular project.

Monte Franke: [Inaudible] that HUD provides sample letters or emails for monitoring visits and HUD doesn't provide samples like that. Kris, are there -- did you do some of those in the monitoring home guide book? Did you have any samples in there? Sample monitoring letter.

Kris Richmond: I don't think we had sample monitoring letters but I think we might've had that component that you wanted to have in a monitoring letter, the date, who was there, what was reviewed? I always highly recommended having an entrance and an exit conference because when you leave people should not be surprised when they get the letter of what was found. So, you know, just some general elements of what you're going to cover, what you found while you were there. All of that should be in the letter.

Monte Franke: Okay.

Kris Richmond: Somebody is asking about IDIS changes. I am not an IDIS expert but I know there's an ask a question for IDIS. So if you have specific IDIS questions I really recommend that you go to the HUD exchange and go to the ask a questions and click on the IDIS and you can ask your questions there. There's some really strong IDIS experts working that help desk that can help you out. And then HUD staff is also really familiar with IDIS too, they can probably help you as well.

Monte Franke: And we should mention Kris, we'll go back through the Q&A and look at all the questions. A lot of came in, we weren't able to respond to all of them and we're out of time now. So I think people should feel free to post questions and know that we will be looking for them and figure out a way to answer in future webinars or receipts or HUD guidance.

Kris Richmond: Great. Fantastic. Well, with that Monte I think we can probably close. I just do want to say thank you to my development team. We had a team of four people that put all these materials together and it's 10 different sessions we joked about we're giving birth to an elephant. And the HUD staff that reviewed all the materials gave us back feedback. We changed things. We made a lot of edits, a lot of changes to make sure that this training is effective and helpful as possible to help you all to do self-assessments as well as run complainant home programs. So thank you Monte for training today and we look forward to seeing everybody in our next nine sessions that we're offering.

Monte Franke: Including this Thursday.

Kris Richmond: Yes. All right. Well, thanks everybody and have a great afternoon.

Monte Franke: Bye now.

Kris Richmond: Bye.

(END)