

# Missouri Housing Development Commission Certified Property Management Agent Program

## History

Over the past few years, MHDC has been working towards establishing a management certification program that fairly assesses the overall portfolio performance for each management company. With the help of our Asset Management Advisory Committee and through MHDC's research of programs in other states, MHDC believes this newly established certification program will help in our continued effort to meet our mission of maintaining safe, sound, and quality affordable housing.

## Goal

Our goal for this certification program is to sanction the most capable and competent professional management agents in the industry to manage properties in Missouri, in order to reduce processing inefficiencies where possible. Following the construction or renovation of a multifamily rental community, the most important factor of a property's success is quality management. This process is intended to identify those owners and management agents who perform in an exemplary manner.

## How it Works

All existing and/or new management companies seeking to manage properties in Missouri will be required to submit an application to be approved as a "Certified Property Management Agent." The application addresses a number of items relative to the management agent including, its principals, the company's operations, and qualifications of its management staff; as well as agent's performance in managing multifamily properties. MHDC staff will review applications and make recommendations for approval, or disapproval, to the Asset Management Committee, which includes the Compliance and Financial Asset Managers; the Project Based Contract Administration Coordinator, and Program Compliance Administrator.

Properties with five (5) or more units should choose management companies that are able to demonstrate experience with affordable housing management. Otherwise, properties must choose from existing MHDC "Certified Property Management Agents."

Properties with four (4) or less units may be owner-managed as long as evidence of appropriate affordable housing program training is submitted and approved by MHDC.

**Note:** MHDC will assign a submission quarter to all existing management companies.

Once a management company is approved as an MHDC "Certified Management Agent," MHDC will specify the length of time for the certification, and will place the property on an approved "Certified Property Management Agent" list that will be made available on MHDC's website at [www.mhdc.com](http://www.mhdc.com). Interested parties are encouraged to

review the list to ensure that the chosen management agent is included, as the list may change periodically.

Certifications will be valid for up to a three-year period. Actual certification period length will be determined by MHDC's Asset Management Committee. Certified Agents must reapply 90 days prior to their existing agreement expiring to be considered and approved for re-certification. This will allow the agent sufficient time to submit any new information that may be relevant and allow MHDC the opportunity to review any changes, as well as evaluate the agent's performance since the last management review. During the certification period, should any concerns arise that could adversely impact the agent's ability to be re-certified, MHDC will document the concerns, and notify the agent that failure to address the concerns in a manner acceptable to MHDC could jeopardize re-certification or result in an unsatisfactory rating.

**Note:** All management companies applying to manage properties in Missouri for the first time will be restricted to a one-year certification. After the first year, the management company must reapply prior to their existing agreement expiring to be considered and approved for re-certification; and if approved, approval is conditional annually for the next two years. The management company will receive full certification after its second conditional year.

Additionally, MHDC will approve or reject a new application, but the first year of conditional approval will not begin until the property is placed in service.

### **Application Requirements**

1. All properties with five (5) or more units must be managed by an agent listed on MHDC's Certified Property Management Agent Listing.
2. The following requirements must be met to obtain and maintain certification as a "MHDC Certified Property Management Agent":
  - a. The management entity must be organized and existing in the state of Missouri or if organized and existing in another state, must be authorized to do business in Missouri.
  - b. The management entity, or its principals and staff, must have experience with affordable housing.
  - c. A current representative of the management entity who is responsible for compliance or an individual holding a higher position in the management entity for low income housing credit properties managed or to be managed by the management entity must have attended Tax Credit Compliance Training within the previous two (2) calendar years.
  - d. The management entity must demonstrate that appropriate training has been provided to its staff to ensure compliance with MHDC requirements and with other state or federal requirements.

- e. The management entity must complete an application in the form and with the substance of the “Certified Property Management Agent Application” *Exhibit A-5*.
  - f. Out of state management entities must complete the Exhibit A-6 (Authorization to Release Compliance Status Information) and submit a copy to MHDC before sending copies to all pertinent agencies in the states the entity has operated in before. It is the management entity’s responsibility to ensure that the forms are returned to MHDC in a timely manner.
  - g. Individuals are not eligible to become a MHDC Certified Property Management Agent.
3. Applications must be submitted no later than 90 days prior to the start of the assigned Management Agent Certification Effective Quarter. MHDC will assign submission quarters to all existing and new management companies. Once approved, management companies will continue to re-submit in their initially assigned quarter.

Application Submission Schedule (example)

<b>Quarter Effective Date</b>	<b>Application Due Date</b>
1/1/2019	9/30/2018
4/1/2019	12/31/2018
7/1/2018	3/31/2018
10/1/2018	6/30/2018

Applications must be returned via email and all forms requiring original signature mailed in paper form to the following address:

Missouri Housing Development Commission  
 Asset Management  
 505 N. 7<sup>th</sup> Street, 20<sup>th</sup> Floor  
 Suite 2000  
 St. Louis, MO 63101  
 managementapp@mhdc.com

- 4. Applications must be complete at submission (i.e., all required information completed on the application form and all required documentation included in the package). Applicants will have five (5) business days to correct incomplete applications once notified by MHDC. Notice will be provided to the individual submitting the application.
- 5. Once received, applications will be reviewed by the Asset Management Division. The review committee will consist of the Compliance and Financial Asset Managers, the Project Based Contract Administration Coordinator, and

Compliance Supervisor. This committee will determine whether the application is sufficient to meet the qualifications for designation as an MHDC Certified Property Management Agent.

If an application for certification is denied, an appeal may be made in writing to the Director of Asset Management, at the address specified above for the submission of applications, within fourteen (14) calendar days of the denial. Within thirty (30) days of MHDC's receipt of an appeal, the Director of Asset Management will review and respond to the appeal. Management Agents must wait a full year to submit a new application if denied. At MHDC's discretion, a conditional certification may be granted to allow the management agent the opportunity to resolve any concerns. This conditional certification will be granted over for one (1) year and an additional review will take place after the initial year to determine further certification approval.

6. Only an authorized contact of a management company may submit an application for MHDC Certified Property Management Agent; however, all employees of the company may adversely affect management's standing within MHDC.

Certification as a Certified Property Management Agent by MHDC will be valid for up to three years from the date of MHDC's certification. Re-certification is required prior to the expiration of the certification effective period by submitting an application in the form and with the substance of the "Certified Property Management Agent Application" *Exhibit A-5*. The re-certification process will also involve MHDC evaluation of the compliance performance of the Certified Property Management Agent over the effective period of the prior certification. As noncompliance issues arise that adversely impact the management company's certification, MHDC will notify the affected management company. Portfolio reviews will consist of, but will not be limited to the following areas:

- Portfolio occupancy
- Portfolio financial performance
- MHDC compliance history
- Agent responsiveness to MHDC policies
- Unsatisfactory/below average inspection ratings
- Uncorrected 8823's
- Project Based Contract Administration reporting and compliance

### **Reasons for Rejection, Revocation or Non-Certification**

A management entity's initial application for certification or a Certified Property Management Agent's application for re-certification may be rejected, and a management entity designated as a Certified Property Management Agent may have its certification revoked for the following reasons, as determined by MHDC in its sole discretion:

- A pattern of declining portfolio occupancy, financial performance, inspection ratings, and repeated violations of MHDC policy; or
- A pattern of uncorrected IRS form 8823s for any Housing Credit Property or Properties managed; or
- The management entity has been removed from any Housing Credit Property for misappropriation of funds; or
- The management entity has managed Housing Credit Property or Properties that have a pattern of Fair Housing violations; or
- The management entity is listed on Federal or State Debarment listings; or
- Lack of affordable housing experience.

**Note:** The list above is not all inclusive. MHDC reserves the right to reject an initial application or an application for re-certification or to revoke a certification based on facts and circumstances discovered during the review and approval process. All management agents whose certification is revoked will have 90 days to transfer their portfolio to an approved MHDC Certified Property Management Agent.

If an owner attempts to circumvent the process by retaining a certified management agent to obtain access to these programs only to release the agent shortly thereafter, the owner may be jeopardizing his/her ability to participate in MHDC programs in the future.

### **Documentation**

MHDC will provide a certification stating the name of the management entity that has been designated as a MHDC Certified Property Management Agent, together with the date the certificate was issued, and the expiration date. **The Certified Property Management Agent must renew the application at least ninety (90) days prior to the expiration of the current certification period.**

**Example:** If your current certification period ends March 31, 2019, you must make application to renew your designation prior to December 31, 2018. If your current certification period ends September 30, 2020, you must make application to renew your designation prior to June 30, 2020.

If at any point during the certification period, a change in management is required for a property or properties, approval will be granted as long as the new management company is listed on the approved MHDC Certified Property Management Agent list. A new management agent application is not required to be provided since it is already on file with MHDC. Submit the following documents, along with a copy of your letter of termination to the current management company:

**Exhibit L:** Property Information Sheet

**Exhibit J:** Authorized Representative Designation

**Exhibit J-1:** Management Authorized Representative Designation

**Exhibit A-2:** Project Owner's Management Agent Certification

**HUD 935-2A:** AFHMP (Multifamily)  
**HUD 935-2B:** AFHMP (Single Family)

October 11, 2018