

NEW YORK STATE HOUSING FINANCE AGENCY

APPLICATION REQUIREMENTS FOR NEW CONSTRUCTION AND PRESERVATION/REHABILITATION FINANCING

REQUIREMENTS FOR MANAGING AGENTS AND LEASING AGENTS

I. Outline of HFA Review and Approval of Managing Agent

HFA requirements state that Developers/Owners are required to obtain HFA approval of the managing agent and/or leasing agent prior to engaging these services, either at initiation of a proposed project or for a change of entity on an existing project. In order for HFA to consider an entity for approval, the Developer/Owner is required to submit the list of items outlined below. The managing agent may be a third-party entity, the Owner/Borrower or a corporate entity that is controlled by the general partner of the Owner/Borrower. Regardless of the type of managing agent structure, proposed managing agents must demonstrate the necessary experience and capacity to successfully manage the project, as well as a commitment to professional and ethical standards. The due diligence outlined below for the initial approval of managing agents will also apply for any proposed replacements of managing agents in the future. For the initial selection of a proposed management entity, the information listed below should be forwarded to the HFA Underwriter assigned to the project. For the replacement of the initially approved management entity that may occur after mortgage closing, the information listed below should be forwarded to the HFA Asset Manager assigned to the project.

As part of its review process, HFA will visit the management company's corporate office and will visit other developments managed by the management company. In addition, prior to financing approval HFA will schedule an interview with the Owner/Borrower (or assigned representative), principal(s) of the proposed managing agent, the regional manager and the site manager responsible for the day-to-day operations of the project. For projects proposing separate leasing agents, the leasing agent would also be required to attend this interview.

The Owner/Borrower must advise the Agency of any changes to a managing agent and/or leasing agent or for a replacement of the initially approved managing agent and/or leasing agent that may occur prior to mortgage closing.

Following a review of the information provided by the Owner/Borrower and completion of the due diligence review by HFA staff, a final determination will be made by HFA on the proposed managing agent and, if applicable, the proposed leasing agent.

II. Management Entity Profile Guidelines

The Management Entity Profile Guidelines describe the qualifications/requirements/criteria required by HFA to evaluate the acceptability of a proposed managing agent. The Management Entity Profile must include the following information. (In order to expedite HFA review and/or approval, please submit the profile

in a format that addresses all of the issues below in the order they appear).

1. Provide the proposed managing agent's corporate resume/profile. This document is to include a complete, current list of properties managed by the proposed managing agent, type of property, number of units, location, type of subsidies (Section 8, Section 202, Section 236, LIHTC, Housing Trust Fund, etc.) and any relationships with any government entities. Form "[Schedule A](#)" will be sufficient for this request.
2.
 - A) For proposed projects that are or will be assisted by HUD/FHA and/or local Housing Finance Agencies (Section 8, Section 202, Section 236, LIHTC, Housing Trust Fund, etc.), please complete the [HUD Previous Participation Certification \(HUD Form 2530\)](#).
 - B) For proposed projects that will not be assisted by HUD/FHA and/or local Housing Finance Agencies, please complete the [HFA Previous Participation Certification](#).
3. Evidence of industry designations (e.g., CPM, AMO, RAM, etc.).
4. A copy of a current New York State real estate broker's license in the name of the management entity itself, or a member of the management entity.
5. Provide a resume of the site manager and regional manager assigned to the project, including their relevant training/experience/certifications Low Income Housing Tax Credit (LIHTC, HUD-based programs, etc.) and any industry designations.
6. Organizational chart of the proposed management company, clearly identifying the personnel assigned to the project and their supervisors, together with reporting lines to the principals of the management company.
7. The most recent audited financial statements for the management entity.
8. Operational capacity of management company staff, computers, acceptable accounting system, etc.
9. A list of Client/Owner references and a list of government agency references.

In addition to the above list, the HFA underwriter will independently obtain and review the following prior to approval:

10. TRW report
11. Lexis/Nexis report
12. Background check with other government agencies.

III. Outline of HFA Review and Approval of Leasing Agent

For projects proposing the use of a leasing agent separate from the managing agent, the following documentation regarding the leasing agent is required for approval by HFA:

1. New York State Real Estate Broker's License.
2. Resume of the leasing agent and personnel that will be responsible for the project's lease-up, including their relevant training/experience/certifications Low Income Housing Tax Credit (LIHTC, HUD-based programs, etc.) and any industry designations.
3. List of all subsidized or assisted properties that the leasing agent has leased and is currently leasing, including the type of property, number of units, location, type of subsidies (Section 8, Section 202, Section 236, LIHTC, Housing Trust Fund, etc.), and any relationships with any government entities.

IV. Marketing and Tenant Selection Plans

Although HFA does not approve or take part in the formulation of the marketing and tenant selection plans, management agents are required to submit copies to HFA for review. The submitted plans should state they conform with all fair housing regulations and should not make reference to HFA approving or taking part in either the marketing or tenant selection process.

V. Management Agreement/Plan Guidelines

Borrowers/Owners are required to submit a Management Agreement/Plan for HFA review and approval. The Management Agreement/Plan will be used by HFA in evaluating the feasibility of the project from a management, leasing and program compliance perspective. If the project is to be self-managed, meaning that the Ownership and Management are the same entity, then the Management Agreement should be in the form of an Operating Plan which describes how the project will be managed by the Ownership. At a minimum, the Agreement/Operating Plan must address the items listed below. Developers/Owners are strongly encouraged to provide other relevant information in addition to the minimum requirements listed below.

The Management Agreement/Plan is an executed contract between the Ownership and Managing agent which must be written in narrative form, not simply as a response to the following questions and comments. Any future revisions to an approved Management Agreement or Operating Plan must be submitted in writing to HFA for review and approval.

All Management Agreements/Plans must be signed by a principal of the Developers/Owners and by a principal or officer of the Managing Agent. Operating Plans must be signed by a principal of the Borrower/Owner.

1. Basic Information
 - A) Identify the development, ownership entity, management agent, number of affordable units and provide a brief description of the project including commercial space, if any.
 - B) Indicate what programs the project is financed under (i.e., tax-exempt bonds, taxable bonds, HTF, LIHTC, etc.).
2. Term of Agreement
 - A) Description of term of agreement.

- B) Description of causes for termination by Owner, Agent, and HFA with a minimum of 30 days notice.
3. Ownership / Management Relations
- A) Describe the role and responsibility of the owner and the delegation of authority to the managing agent.
 - B) Indicate the chain of command from all site staff to senior management.
 - C) State conditions which would require the managing agent to consult the owner prior to taking action (i.e., maximum amount agent can spend).
 - D) Specify site office hours and frequency of visits by senior management and/or ownership.
4. Marketing and Tenant Selection Plans
- A) Indicate that management will market the affordable units in accordance with the Affirmative Fair Housing Marketing Plan.
 - B) Indicate that management will select tenants in accordance with the approved Tenant Selection Plan.
5. Personnel Policy and Staffing Arrangements
- A) Statement that management's hiring practices will conform to the standards set forth by the Equal Employment Opportunity Commission.
 - B) Description of staffing requirements and job titles.
 - C) Indicate that staff is familiar with LIHTC program and/or has had recent training in the program.
 - D) Statement that management is committed to ongoing staff training in areas of LIHTC (and HUD, if applicable) compliance and professional property management techniques.
6. Plans for Carrying Out Preventive Maintenance and Repair Programs
- A) Description of the preventative maintenance and repair program. Indicate what repairs will be made by site staff, independent contractors or identity-of-interest contractors.
 - B) Schedule for interior and exterior painting.
 - C) Schedule for PM on all operating systems (heating, security, waste disposal, etc.).
 - D) Description of procedures for inspecting residential units (including move-in, move-out and interim inspections).
 - E) Description of a work order system that will be employed to address resident service/repair needs and requests during normal business hours and after hours. (The description should include how service requests will be handled.)
 - F) A statement confirming that HFA will be notified by a management or ownership representative within 24 hours in the event of damage to the property and/or liability insurance claims.
7. Rent Collection Policies and Procedures
- A) Description of rent collection procedures.
 - B) Description of actions to be taken against tenants in arrears.
 - C) Description of the process for writing off bad debts.
8. Books of Account and Administrative Records
- A) Explanation of how books are to be kept (i.e. paid bills, unpaid bills,

insurance policies, tenant security deposit accounts and other documents pertaining to the project). Include statement that management shall make this information available to HFA upon request.

- B) Submission of all reports required by HFA (including but not limited to occupancy, financial/budget and tax credit) in HFA-required format.
9. Low Income Housing Tax Credit Compliance and Record Keeping
- A) Description of procedure for maintaining tenant files as required by the LIHTC program, including but not limited to 3rd party verification, etc..
 - B) Description of procedure for tracking next available unit rule.
 - C) Description of lease renewal and annual recertification procedures.
10. Fidelity Bond
- A) Statement that managing agent will maintain fidelity bond insurance equal to at least two months gross potential rental income.
11. Management Compensation
- A) Description of management fee, and any additional fees.