


MANAGEMENT PLAN

Owner: **Mason County Housing Authority**
 Contact: **Merrill Wallace**
Chair Person
Mason County Housing Authority
411 5th Street
Shelton, WA 98584
P: 360-~~479-3694~~ 225-5700 
mwallace@donobi.net

Proposed Management Agent's
 Name Address and Zip Code:

Cascade Management Inc.
13221 SW 68th Pkwy #310
97223

Name and Location of
 Proposed Facility:

Cove Apartments
940 Fairmont Ave. Portland OR
Shelton, WA 98584

Targeted Population: Family

Number of Apt. Units					
Studio	1 BDRM	2 BDRM	3 BDRM	4 BDRM	Other
	20	32	8		
		60 Total			

ATTACHMENT 3-A

MANAGEMENT PLAN REQUIREMENTS

1. The role and responsibility of the owner and the relationship and delegations of authority to the management agent. A management agreement must be provided where a management agent is to be used. If there is no management agent, the management plan should supply the equivalent information concerning the management staff assigned to day-to-day operation of the project even when the owner provides direct management.
 - a) Describe and fully justify any identity of interest as described in 7 CFR 3560.
 - i. As the owner of Coves Apartments, Mason County Housing Authority is ultimately responsible for operation and obligations of the project; for assuring that requirements of all loans and grants are met; for assuring that program and agreement requirements are complied with; and for assuring that Mason County Housing Authority staff and Management fulfill their duties. No identity of interest relationship exists between Mason County Housing Authority and Cascade Management.
 - b) Identify the supervisory relationships, and to whom the incumbent of the position responsible for the day-to-day operation of the project is accountable.
 - i. The Community Manager shall be responsible to Management on a daily basis and report directly to the Portfolio Manager.
 - c) Describe the conditions when the management agent must consult the owner before taking any action.
 - i. Mason County Housing Authority delegates management responsibilities to Cascade Management in accordance with this Management Plan and the Management Agreement. Except as otherwise stated in this Plan or in the Agreement or as determined by the Manager(s), Cascade Management may make all decisions regarding day-to-day management of Coves Apartments.
 - ii. In matters where expenditures for non-emergency maintenance and repair items exceed \$1,000, authority must first be granted by the Mason County Housing Authority Chair Person, or Board of Directors.
 - d) Identify the person or position in the owner's organization that is the key contact for the management agent.
 - i. Merrill Wallace, Chair Person
 - e) Describe the type of decisions to be made by this contact person.
 - i. Overall responsibility for the operation of Mason County Housing Authority is vested with the Chair Person. The Chair Person has the authority to hire such staff as appropriate and has the authority to select, hire and evaluate the Management.
 - f) Describe the fundamental responsibilities and duties of the owner and the managing agent. Identify any areas of overlap and describe how the overlap will be handled.

ROLE OF MASON COUNTY HOUSING AUTHORITY

- i. As the owner of Coves Apartments, Mason County Housing Authority is ultimately responsible for operation and obligations of the project; for assuring that requirements of all loans and grants are met; for assuring that program and agreement requirements are complied with; and for assuring that Mason County Housing Authority staff and Management fulfill their duties. No identity of interest relationship exists between Mason County Housing Authority and Cascade Management.

Chair Person

1. Overall responsibility for the operation of Mason County Housing Authority is vested with the Chair Person. The Chair Person has the authority to hire such staff as appropriate and has the authority to select, hire and evaluate the Management.
2. The Chair Person reports to the Mason County Housing Authority Board of Directors.

Asset Management

3. Responsible for all operational aspects of housing properties owned or managed by Mason County Housing Authority, including oversight of property management agent and property management functions such as leasing, meeting compliance obligations, building maintenance and repairs.

MANAGEMENT RESPONSIBILITIES

Management

- ii. Mason County Housing Authority delegates management responsibilities to Cascade Management in accordance with this Management Plan and the Management Agreement. Except as otherwise stated in this Plan or in the Agreement or as determined by the Manager(s), Cascade Management may make all decisions regarding day-to-day management of Coves Apartments.
- iii. In matters where expenditures for non-emergency maintenance and repair items exceed \$1,000, authority must first be granted by the Mason County Housing Authority Chair Person, or Board of Directors.
- iv. Management shall not be so closely associated with Mason County Housing Authority as to create a possible conflict of interest. Management shall provide to Mason County Housing Authority and periodically revise a qualifications statement.
- v. Management shall retain a valid, current Real Estate Property Management License.
- vi. Ongoing training will be provided by internal Compliance Staff and Portfolio Managers. Corporate and Site staff will attend annual industry training provided by organizations such as AHMA, IREM and MMHA to maintain an up to date working knowledge of current regulations.

Portfolio Manager

- vii. Portfolio Manager will be Management's key person for contact with Owner and will make regular reports to the Mason County Housing Authority Program Manager. The Portfolio Manager oversees project operation on a daily basis and is responsible for all activities performed by the Community Manager.
- viii. The Portfolio Manager reviews the Tenant selection and eligibility determinations of the Community Manager and serves notices or directs the Community Manager to serve notices as appropriate. The Portfolio Manager also is responsible for ensuring all reporting requirements are met, compliance with program regulations and federal, state and local laws and arranging for and/or conducting training of staff.
- ix. The Portfolio Manager will arrange for all inspections, will bid and contract maintenance and repair services and will regularly visit Coves Apartments on a monthly basis or as needed.

Community Manager

- x. The Community Manager will be responsible for the day to day operation of Coves Apartments including minor repairs and maintenance, overseeing landscape maintenance and other maintenance activities, recordkeeping, marketing, distributing and collecting rental applications, showing units, maintaining the waiting list, providing tenant orientation and executing lease documents, completing move in/out inspections, collecting and depositing rents, arranging for turnover of units, and maintaining tenant relations.

- xi. The Community Manager will determine Applicant eligibility and tenant selection with review by the Portfolio Manager.
- xii. The Community Manager shall be fluent in English, have appropriate written and verbal communication skills and have the ability to establish rapport with Applicants, Tenants and the community.
- xiii. The Community Manager shall be responsible to Management on a daily basis and report directly to the Portfolio Manager. The Portfolio Manager shall be responsible for training the Community Manager to meet the requirements listed in this Plan and for assuring the Community Manager is familiar with applicable program requirements.
- xiv. Community Manager will be well versed and receive ongoing training in Lease provisions and prohibitions. Ongoing training will be provided by our Legal Counsel, Portfolio Manager and Compliance staff.
- xv. The Community Manager is not required to live on site

Controller

- xvi. Management's Controller is responsible for all financial records, reports, bank accounts, accounts payable and accounts receivable and payment of the management fee from the project account to Management. The Controller will prepare and submit annual reports. Management will submit monthly reports to Mason County Housing Authority.

g) Describe any pro rata divisions of singularly incurred operating expense that is common to the management agent and the owner (project) (i.e., fidelity coverage that may be divided between both).

- i. There are currently no pro rata divisions, i.e. the fidelity coverage is paid by Cascade Management per the Management Agreement.

2. Personnel policy and staffing arrangements.

a) Describe hiring practices of management and their conformance with equal employment opportunity requirements.

- i. All hiring decisions shall not discriminate in any way and will be made pursuant to Equal Employment Opportunity guidelines. Spanish-speaking and bicultural applicants for staff positions will be encouraged.

b) Include a staffing plan for the project.

- i. 1 Community Manager, 1 part time maintenance supervisor, 1 part time maintenance tech

c) Describe the lines of authority, responsibility, and accountability (internal controls) within the management entity.

- i. The lines of authority within the management entity are clearly defined. A current employee directory is attached.
- ii. Management will establish personnel policies on responsibilities, duties, assignments and supervisory relationships for Coves Apartments. Job descriptions for each position will be included in the policies.
- iii. All hiring decisions shall not discriminate in any way and will be made pursuant to Equal Employment Opportunity guidelines. Spanish-speaking and bicultural applicants for staff positions will be encouraged.
- iv. Management will develop a training plan for all personnel, including regular training on USDA Rural Housing Service program requirements, HOME program requirements, this Management Plan and compliance with federal, state and local laws. Ongoing training regarding unauthorized rental assistance will be provided by internal Compliance Staff and Portfolio Managers. Trainings will be both internal as well as relevant training offered by other entities. All responsible personnel shall be familiar

with USDA Rural Housing Service guidelines including occupancy guidelines and eligibility criteria. Employment candidates will be expected to have a basic knowledge of working in an office environment including but not limited to; mathematical and problem solving skills and customer service skills.

- v. All persons entrusted with receipt, custody and disbursement of funds or custody of negotiable or readily saleable property shall be covered by a fidelity bond. The minimum amount of fidelity coverage will be the amount calculated by multiplying an exposure index by a coverage factor. When the calculated amount is less than \$10,000, minimum coverage of \$10,000 will be provided. To be calculated per Handbook2 of the 3560, chapter 3.11.
- d) Describe the standards and plans for training and familiarizing employees with their job related responsibilities and applicable Rural Development program requirements. Describe how such training will generally be achieved.

Article 10. INTERNAL TRAINING

Ongoing training will be provided by internal Compliance Staff and Portfolio Managers. Corporate, and Site staff will attend annual industry training provided by organizations such as AHMA, IREM and MMHA to maintain an up to date working knowledge of current regulations.

The Portfolio Manager (PM) and Occupancy Specialist (OS) will be trained as follows:

- The PM and OS will when available and feasible complete a course in Rural Housing Service compliance resulting in a certification designation.
- At least every two (2) years, the PM and OS will obtain 8 hours of Rural Housing Service compliance training from an outside source.
- At least every two (2) years, the PM and OS will obtain 8 hours of training on State Landlord Tenant law.
- At least every two (2) years, the PM and OS will obtain 8 hours of training on fair housing issues.
- At least every two (2) years, the PM and OS will obtain 8 hours of training on compliance with other low-income housing programs (HUD, HOME, etc)
- The Management Agent will maintain records to verify that the above training has been received and will make these records available to Rural Housing Service upon request.
- The PM is responsible for ensuring site staff are properly trained and completing their duties in accordance with Agent's and Rural Housing Service's requirements. PM will:
- Visit the site at least every other month. At least one time per year, the visit will be unscheduled (a surprise visit). During these visits, the PM will:
 - Review applications and wait list to ensure that applications are properly logged, processed, and selected for processing in accordance with agency regulations.
 - Review applicant eligibility decisions for adherence to written selection policies.
 - Review some tenant files to ensure files are up to date and organized.
 - Review some recent certifications if certifications are performed on site.
 - Review rent payment log and receipt book, looking for any irregularities.
 - Review maintenance requests to ensure timely response.
 - Walk the project grounds to ensure project is adequately maintained.

The Community Manager (CM) will be trained as follows:

- Upon initial hire and prior to taking on site duties, the CM will receive sixteen (16) hours of "in-house" training. This training will cover Rural Housing Service compliance, job orientation, fair housing issues, basic landlord tenant issues, and program compliance for other government programs as applicable.
- During the employee's first 3 months of employment, the PM or other qualified staff member will provide an additional eight (8) hours of on-the-job training on: Federal, State, and local fair housing laws and regulations and in the requirements of fair housing marketing and in those actions necessary to carry out the marketing plan. The training will also include program compliance and landlord tenant issues; additional training beyond the eight hours will be provided if necessary to assure the CM is properly trained for their duties.

There after:

- At least every two (2) years, the CM will complete a course in Rural Housing Service compliance resulting in a certification designation.
- At least every two (2) years, the CM will obtain 8 hours of Rural Housing Service compliance training from an outside source.
- At least every two (2) years, the CM will obtain 8 hours of training on State Landlord Tenant law.
- At least every two (2) years, the CM will obtain 8 hours of training on fair housing issues.
- If the PM finds during their site visits that the Community Manager is not performing as required, the PM will take immediate steps to correct the problem. This may include a training plan to increase job skills or the Community Manager's removal from their position.
- Community Manager will be well versed and will receive ongoing training in Lease provisions and prohibitions. Ongoing training will be provided by our Legal Counsel, Portfolio Manager and Compliance staff. This includes procedures for handling unauthorized rental assistance.

The Management Agent will maintain records to verify that the above training has been received and will make these records available to Rural Housing Service upon request.

All other site staff will be trained as follows:

- Upon hire, the PM or other qualified staff will provide a detail job description and on the job training. The job description will become a part of this management plan.
- Within 12 months of hire the other site staff will obtain 8 hours of training on fair housing issues.

3. Plans and procedures for marketing units, achieving and maintaining full occupancy, and meeting HUD Form 935.2, "Affirmative Fair Housing Marketing Plan," requirements.

- i. Attached AFHMP
- ii. MARKETING

Management is responsible for complying with the Affirmative Fair Housing Marketing Plan (AFHMP) to encourage applications for occupancy from all potentially eligible groups of people in the housing marketing area regardless of race, color, religion, sex, age, familial and marital status, national origin, or physical or mental handicap. Management will maintain records reflecting efforts

to fulfill the AFHMP and will make the AFHMP available for public inspection at the Management office at Coves Apartments or any place where applications are received. Management will instruct all persons responsible for renting units about the procedures and requirements of the AFHMP and those actions necessary to carry out the AFHMP. Management will provide HUD form 935.2a to document minority groups that advertising efforts will be directed towards.

Ongoing and continued advertising will occur annually. Notice will be given of the status of occupancy at Coves Apartments via monthly rent rolls.

Advertisements will be culturally appropriate to appear in local newspapers and/or announced over local radio stations. Outreach to potential applicants may utilize brochures or flyers distributed through local social service agencies, employers, schools, churches, social agencies or businesses.

All advertisements, notices, brochures and/or flyers will be available English, and will use the Fair Housing Logo and Equal Housing Opportunity statement on all outreach in accordance with USDA Rural Housing Service regulations. The Fair Housing Poster shall be posted per USDA Rural Housing Service regulations

- b) Describe how affirmative marketing practices will be used. Describe the outreach and marketing efforts that will be used to reach those low-income and minority persons who are least likely to apply for such housing without special outreach efforts.
 - i. attached AFHMP
- c) Describe the methods that will be used to achieve and maintain the highest possible level of occupancy. When applicable, indicate any additional compensation or incentives that may be allowed management agents for early initial rent-up. (If this area is not covered in the management plan, it will not be allowed at a later date.)
 - i. We will follow the AFHMP.
 - ii. Marketing will be conducted using various digital media, print advertising, property flyers, and physical outreach.
 - iii. We will use additional compensation and incentives with prior approval from Rural Development when necessary to maintain the highest possible level of occupancy.
- d) Describe how the units will be advertised. Indicate minimum levels planned regardless of occupancy levels.
 - i. Advertising will be conducted using various digital media, print advertising, property flyers, and physical outreach on an annual basis.
- e) Describe the appropriate communication system, auxiliary aids, or other assistance that will be used to ensure effective communication with applicants, tenants or members, and members of the public that have sight or hearing impairments.
 - i. A telecommunication device for the deaf (TDD) or an equally effective communication system shall be available for use when communicating by telephone with Applicants and Tenants.
 - ii. Appropriate auxiliary aids (electronic, mechanical, or personal assistance) shall be available for the sight impaired.
- f) Describe the kinds of reasonable accommodation the project can readily provide such as changing water faucets, kitchen equipment, doorknobs, assigning handicap parking spaces, etc.
 - i. Maintenance staff will accommodate making basic modifications for reasonable accommodations such as: changing water faucets, kitchen equipment, doorknobs, assigning handicap parking and other modifications needed by disabled tenants to have full access to all facilities.

- g) Describe the process management will follow in reviewing and determining whether structural modification of an apartment unit is practical and feasible to reasonably accommodate a tenant or household member who has a disability.
 - i. Management will make reasonable accommodation of rule, policy or procedure or modify a unit specifically if requested by a Tenant or Applicant in accordance with Section 504 of the Rehabilitation Act of 1973. Tenant must submit a written request specifying the proposed modifications to Management, establishing that they have a disability that substantially limits a major life function and that the accommodation or exception is necessary because of his/her disability. Management will provide a response approving or disapproving the request after conferring with the Mason County Housing Authority Program Manager. Requests will be considered on a case-by-case basis consistent with all federal, state and local laws, statutes and program requirements. A copy of the request and response will be provided to the Owner.
- h) Provide a sample waiting list.
 - i. Attached sample waiting list
- i) Attach copies of sample forms that will be used to record unit condition, and indicate who will receive copies of the inspection forms.
 - i. Attached sample unit inspection report
 - ii. Unit inspection report copies will be given to; the tenant, site staff, and corporate staff
- j) Describe any orientation services to be provided tenants or members to acquaint them with the project and care of the units. Indicate what printed project information will be given to applicants.
 - i. Each Tenant household will receive a copy of the lease, the occupancy rules, Tenant Grievance and Appeal Procedures and a copy of the completed move-in inspection form. The Community Manager will acquaint the Tenant with the unit including its maintenance, operation of appliances and measures to conserve energy and will ensure that the Tenant understands his/her rights and responsibilities, including unauthorized rental assistance. Site Staff will pro-actively educate residents on energy efficiency as it pertains to electricity and water usage and conservation. A copy of each of these documents will be available for review in the Management office at Coves Apartments.
 - ii. Tenants will be instructed to test the smoke detector at least once each six months and should notify Management if the smoke detector does not work. Tenants will also be advised that tampering with or disconnecting the smoke detector is illegal and may be cause for eviction and/or a fine as allowed by state law.
- k) Identify the person or staff position responsible for determining tenant or member eligibility and their location on the waiting list.
 - i. The Community Manager will make all determinations regarding Applicant and Tenant eligibility, subject to review the Compliance Officer and as provided in the grievance procedure. Eligibility shall be determined in accordance with this article and in accordance with the Handbook 2-3560. Management shall assure that Management staff is familiar with these requirements. Management will adhere to the regulations found in the Handbook 2-3560 and HUD 4350.3.
- l) In projects receiving tax credits, explain if special waiting lists will be required when eligible tenants with incomes higher than tax credit limits will be considered for occupancy and how this waiting list will be maintained.
 - i. Not Applicable

4. Procedures for determining eligibility and for certifying and recertifying incomes.

- a) Describe how applications and other records relevant to this function will be kept. If application fees are used, describe them.
- i. All persons desiring to submit an application will be allowed to do so. Interested persons will be given a written list of required information and will be offered assistance in completing the application. Application forms and assistance will be available in English. An application fee will be charged per adult related to processing, such as for screening services by a third party firm, this fee will be in accordance with Washington law.
 - ii. If additional information is needed after the application has been submitted, Management will notify the Applicant within 10 days. This notification will be documented in the application file.
 - iii. To be complete, the application must contain all information requested including the Applicant's name, address, household income, and number of household members and must be signed by at least one member of the household who meets the qualifications. Sex, race, and ethnic group will be requested on a voluntary basis for statistical purposes only.
 - iv. Management may not inquire whether an Applicant or any member of the household has a handicap or disability or make an inquiry as to the nature or severity of a handicap or disability. Applicant will make a self-determination regarding their need for an accessible unit. When appropriate, Management may ask all Applicants if they wish to have priority for a handicap unit or if they wish to claim a deduction from their income based on a member of the household having a handicap or disability.
 - v. If there are few or no vacancies and sufficient active applications to fill expected vacancies, Management may postpone verification of eligibility for new Applicants. In such cases, the applications will be considered complete for notification purposes, even though eligibility is not verified.

- b) Describe the level of knowledge, skill, and ability that management official(s) will be expected to possess BEFORE assuming rental related duties such as application processing, eligibility determination, selection, unit assignment, certification, recertification, rent or occupancy charge collection, and record keeping. This discussion should mention training and testing to be provided or obtained to achieve and maintain the level expected.

The Community Manager will be trained as follows:

- i. Upon initial hire and prior to taking on site duties, the CM will receive sixteen (16) hours of "in-house" training. This training will cover Rural Housing Service compliance, job orientation, fair housing issues, basic landlord tenant issues, and program compliance for other government programs as applicable.
- ii. During the employee's first 3 months of employment, the PM or other qualified staff member will provide an additional eight (8) hours of on-the-job training on program compliance, fair housing, and landlord tenant issues; additional training beyond the eight hours will be provided if necessary to assure the CM is properly trained for their duties.

5. Leasing and occupancy policies.

- a) Describe the occupancy standards for the project. (This could be shown as an annex to the management plan.)

- i. Occupancy may not exceed two persons per room (not including kitchen, bathroom, hallway, dining area or storage area). An additional person may be allowed if a room is at least 50 square feet.
- ii. Occupancy guidelines for the Project are as follows:
1 bedroom 1-3 occupants

2 bedroom 2-5 occupants

3 bedroom 3-7 occupants

Tenant shall be permitted to select the unit size they deem appropriate to their needs insofar as underutilization or over housing of the unit does not occur. Management will not make arbitrary decisions on assignment of unit size based on these.

- ii. The above guidelines may be waived by Management, when appropriate, to make temporary use of available vacant units or to accommodate the makeup of a particular household.

- b) Describe the project admissions and leasing/occupancy policies and procedures, and criteria for selecting tenants/members for occupancy. (This could be shown as an annex to the management plan.)

- i. The Community Manager will make all determinations regarding Applicant and Tenant eligibility, subject to review the Compliance Officer and as provided in the grievance procedure. Eligibility shall be determined in accordance with this article and in accordance with the Handbook 2 – 3560. Management shall assure that Management staff is familiar with these requirements. Management will adhere to the regulations found in the Handbook 2 – 3560 and HUD 4350.3.
- ii. Applicant is eligible for occupancy if:
- iii. Applicant's adjusted annual income is defined as very-low, low or moderate and meets the income eligibility requirements.
- iv. Applicant signs a completed USDA Rural Housing Service Form 3560-08 "Tenant Certification" prior to initial occupancy;
- v. Applicant meets occupancy standards
- vi. Applicant passes screening requirements
- vii. Applicant is required to be a legal U.S citizen or qualified alien.
- viii. An Applicant is not eligible for occupancy if:
- ix. Any of the requirements of the above section are not met; or
- x. there is a history of unjustified and/or chronic nonpayment of rent and financial obligations; or
- xi. Applicant or member of the Applicant's household has a history of violence and harassment of neighbors, or criminal history within the last 7 years that potentially threatens the safety of other residents or property, or history of any sex related crimes, or disturbing the quiet enjoyment of neighbors, or drug convictions, or of violating the terms of previous rental agreement(s), such as the destruction of a unit or failure to maintain the unit in a sanitary condition.
- xii. Rejection of Applicants on an arbitrary basis (for example, race, color, religion, sex, age, marital or familial status, national origin, physical or mental handicap, receiving welfare, or working for a particular farmer) is prohibited.

- c) Describe the level of knowledge, skill, and ability that management official(s) will be expected to understand and apply regarding project lease provisions and prohibitions, occupancy standards, and admissions policies.

The Community Manager will be trained as follows:

- i. Upon initial hire and prior to taking on site duties, the CM will receive sixteen (16) hours of "in-house" training. This training will cover Rural Housing Service compliance, job orientation, fair housing issues, basic landlord tenant issues, and program compliance for other government programs as applicable.
- ii. During the employee's first 3 months of employment, the PM or other qualified staff member will provide an additional eight (8) hours of on-the- job training on program

compliance, fair housing, and landlord tenant issues; additional training beyond the eight hours will be provided if necessary to assure the CM is properly trained for their duties.

- d) Describe special procedures that will be used where the marketing area includes non-English speaking or reading persons to assure that such persons will understand leases or occupancy agreements and established rules.
- i. Site staff are bi-lingual English and Spanish. Also documents are available in multi-languages. Corporate staff are available to help translate in these languages; Spanish, Chinese, German, Russian
 - ii. A translation service is available when needed.

6. Rent and occupancy charge collection policies and procedures.

- a) Describe the project rent/occupancy charge collection policy and procedure, covering such matters as where the collection point is, which staff position handles the collection, provisions for collection after normal office hours, recording, and safeguarding of collections.
- i. Rent is due on the first day of each month and is payable at the Coves office. A secured lockbox will be available at the rental office for afterhours payments. The Community Manager will be responsible for collecting payments made in this manner.
 - ii. Rent is considered late if not paid by the 10th day of the month. If rent is still not paid within that time, the Tenant will be charged a late fee of \$10 or 5% of the tenant's Gross Tenant Contribution, whichever is higher [HB-2-3560 Chapter 7, Section 3, Paragraph 7.10 B (1 & 2)]. On the 10th day, a 3 day notice to pay or vacate due to nonpayment will be delivered to the Tenant and sent by first class mail. Management will obtain a certificate of mailing from the post office.
 - iii. Nonpayment of late fees or damage charges as well as other tenant responsibilities as defined in the lease may be cause for eviction.
 - iv. A form of serially numbered rental receipts will be used and Community Manager shall be accountable for every receipt.
 - v. If a Tenant receives rental assistance benefits to which he/she is not entitled, Management shall provide the Tenant with a notice of intent to recover improperly advanced rental assistance benefits. Such a notice must inform the Tenant of the amount improperly advanced and the monthly amount that will be added to the Tenant's rent to recover the improper rental assistance.
 - vi. Management Company funds will be used to pay for any overage when due through fault of Management Company.
- b) Describe the project security deposit/ membership fee policy and procedure covering matters similar to the preceding item. Include discussion on handling of any interest earned on such deposits.
- i. The security deposit will be equal to the basic rent. If it is determined by Mason County Housing Authority that paying the deposit would be a hardship, the tenants may pay in 3 payments – 1/3 at move in, 1/3 with the second month's rent and 1/3 with the third month's rent.
 - ii. Fair and reasonable charges may be assessed to the security deposit for damage and loss caused or allowed by the Tenant beyond reasonable wear and tear. An itemized written accounting must be provided to the Tenant within 30 days of move-out, as stipulated by Washington law, along with any refund. If the Tenant's whereabouts are unknown, the itemization and refund, if any, shall be mailed to the last known address with "please forward" written on the envelope.
 - iii. The interest earned is transferred to the operating account monthly.

7. Procedures for requesting and implementing a rent or occupancy charge change.

- a) Describe the process to be followed for preparation and request of a change of rents/occupancy charges and/or utility allowances, and to notify tenants of such change, to meet Rural Development requirements.
 - i. The Portfolio Manager will provide the appropriate government agency with facts demonstration the need and justification for a rent increase.
 - ii. Rent increase request will typically be made, if possible, to be effective on the first day of the properties fiscal year. Changes in past actual expenses or anticipate future expense will be noted on the proposed budget for the coming year as the rationale for raising rents.
 - iii. Notification of a proposed rent change will be accomplished by mailing copies of USDA, Rural Development's required "Notice to Tenants of Proposed Rent and Utility Allowance Change" to all effected tenants at least 90 days prior to the anticipated effective date of the rent change. The notice will also be posted in common areas around the property, such as the office, laundry rooms and community room. The notice will inform tenants that during a 20-day comment period, they will have an opportunity to inspect, copy, and make written comments or objections to all materials submitted to USDA, Rural Development to support the rent change. All affected tenants will be informed of USDA, Rural Development's approved rent increases in writing at least 30 days prior to the effective date of the rent change.
 - iv. Rent changes will typically be requested 90 days prior to the end of the fiscal year. Under special circumstances, such as properties receiving project based section8 or where a change is necessary to preserve the financial integrity of the property, a rent change may be requested at times other than 90 days prior to the end of the fiscal year.
- b) Identify which staff position or person will process change requests.
 - i. Management is responsible for annually reviewing pertinent information to determine if any changes in rents or utility allowances are needed. If so, the Portfolio Manager will commence the process no later than 90 days prior to the end of the fiscal year to implement any project-wide rent and/or utility allowance changes in accordance with state law and program requirements. Management shall follow the procedure for project-wide rent changes set forth in Section 4 of the Handbook 2 – 3560, including the procedure for notification of Tenants. Prior to commencing the procedure, Management shall confer with the Mason County Housing Authority Executive Director and obtain the approval of the Board and obtain USDA Rural Housing Service approval prior to implementing changes to rents and utility allowances.
- c) Describe when such change requests will normally be made in terms of economic need and timing within a fiscal year of operation.
 - i. Management is responsible for annually reviewing pertinent information to determine if any changes in rents or utility allowances are needed. If so, the Portfolio Manager will commence the process no later than 90 days prior to the end of the fiscal year to implement any project-wide rent and/or utility allowance changes in accordance with state law and program requirements. Management shall follow the procedure for project-wide rent changes set forth in Handbook 2 – 3560, including the procedure for notification of Tenants. Prior to commencing the procedure, Management shall confer with the Mason County Housing Authority Executive Director and obtain the approval of the Board and obtain USDA Rural Housing Service approval prior to implementing changes to rents and utility allowances.

8. Plans and procedures for carrying out an effective maintenance, repair, and replacement program.

- a) Describe the project objective and general plan for preventive maintenance.
 - i. The objective for preventative maintenance is to perform maintenance in such a way as to

- avoid the development of unexpected deferred maintenance conditions.
 - ii. Preventative Maintenance, cash flow allowing, is to repaint, reroof, re-carpet and respond to other typical wear cycles so as to avoid unexpected expenses.
 - b) Describe where the project's as-built plans and specifications will be located and identify the staff position responsible for updating it as modifications occur.
 - i. If available the project's as-built plans and specifications will be located at the property in the manager's office. The Community Manager will be responsible for updating the plans as modifications occur.
 - c) Describe the general maintenance procedures and schedules or cycles to: (this list could be attached as an addendum)
 - i. Attached is Addendum 1 – General Maintenance Procedures
 - d) Describe the project policy and procedure for tenants/members to prepare and submit maintenance requests.
 - i. Tenants may request maintenance or repairs by contacting the Community Manager either by phone or at the Property Management office. The Community Manager will complete a request form to be forwarded to the Maintenance Department. Non-emergency items will be scheduled within 48 hours. Emergency items will be responded to as soon as possible but no later than 24 hours after learning of the emergency. Tenants will be provided with a 24-hour emergency phone number. A copy of all maintenance requests and records will be placed in the tenant file.
 - e) Describe the general timing for handling purchase orders and payments.
 - i. Invoices for purchase orders will be entered in the Project's book of accounts by the Controller upon receipt and paid within 30 days of receipt. If invoices cannot be paid within 30 days of receipt, Cascade Management, Inc., will notify Mason County Housing Authority to make arrangements to extend the timeline for payment or make other arrangements for payment.
 - f) Describe the project policy for budgeting for and/or requesting use of reserve funds for funding major maintenance or replacement items.
 - i. Requests for use of replacement reserve funds will be submitted to the Mason County Housing Authority Chair Person for concurrence prior to submitting the request to USDA Rural Housing Service.
 - ii. Representatives of Mason County Housing Authority, USDA Rural Housing Service, Washington State Housing Finance Commission or any duly authorized representative shall have access to any books, documents, papers and records that are pertinent to Coves Apartments for the purpose of making audits, examinations, excerpts and transcripts.
 - g) In migrant or seasonally occupied labor housing (LH), describe the above items in terms of season opening and closing dates.
 - i. Not Applicable
9. Plans and procedures for providing supplemental services.
- a) Describe the types of supplemental services such as laundry and vending machines that will be provided to benefit occupants.
 - i. Laundry Machines are provided as a supplemental service to the tenants. The laundry machines are located in the laundry room.
 - b) Explain whether this equipment will be owned and operated by the owner or a consignee.

- i. This equipment is owned by MacGray.
 - c) Describe the safekeeping and recording practices (internal control) of any cash collections from use of the equipment.
 - i. MacGray collects the money from the machines and writes the property a check.
 - d) Describe who will be responsible for maintaining the equipment and stocking any vending machines.
 - i. The Community Manager will ensure that all machines are maintained in good working order, report any problems immediately to MacGray and keep the laundry room clean
 - e) When a consignee will operate the equipment, describe the general terms of the consignment contract.
 - i. Attached laundry contract
10. Plans for accounting, record keeping, and meeting Rural Development reporting requirements.
- a) Briefly describe the type of project accounting methods (i.e., cash or accrual) and records that will be used, how will they be maintained, and which staff position will prepare and maintain them.
 - i. Bank accounts shall include operations and maintenance account, a security deposits account and a replacement reserve account. Currently accounts are not setup for taxes or insurance. The operations and maintenance account and the replacement reserve account shall be interest bearing with all interest held in the account and identified with a code specific to the Project. All bank accounts shall be at a federally insured institution. All USDA Rural Housing Service required reports shall be prepared in accordance with the HB-2-3560 Chapter 4 Financial Management.
 - b) Describe how interest earned on project reserve funds will be prorated and accounted "separately" if such funds are deposited jointly with funds of another project owned by the same borrower.
 - i. Not Applicable
 - c) Describe whether the project bookkeeping chart of accounts and bank accounts is compatible with *Form RD 3560-7, "Multiple Family Housing Project Budget,"* requirements, and if not, what adjustments will be made when reporting actuals on the form.
 - i. The account numbers are consolidated at year-end to conform to the USDA, Form RD 3560-7, *Multiple Family Housing Budget/Utility Allowance.*
 - d) Identify which staff member or position will be responsible for the preparation and submission of the quarterly and annual reports required by Rural Development.
 - i. The Controller will be responsible for the preparation and submission of the quarterly and annual reports

- e) Provide assurance or explanation that the person or firm who will perform and prepare the annual audit, or verification of review, is not associated with the project, other than to perform the audit or review.
 - i. Annual audit of Coves Apartments will be conducted at the end of the fiscal year by an accounting firm not associated with the project or Mason County Housing Authority. Services will be secured by MASON COUNTY HOUSING AUTHORITY
- f) Discuss the proposed tenant or member record maintenance system including retention of records and identify which person/position will handle and maintain the records.
 - i. The Community Manager will be responsible to maintain tenant records. A file shall be maintained for each Tenant household. This file will include the application form, verification and certification forms, lease, inspection reports for moving in and subsequent inspections, correspondence, notices to the Tenant, and any other necessary information. The file shall be kept for a period of not less than 3 years after the Tenant vacates the unit.
- g) Identify where records subject to Rural Development review will be kept and which person/position Rural Development will contact to review the records.
 - i. Records will be kept at the Property's Management office. The Portfolio Manager or Compliance Specialist will be the contact person for any scheduled review.

11. Energy conservation measures and practices.

- a) Describe the plan to inform and encourage tenants/members in use of energy conservation practices they can use in their unit to save utility expense (and thus minimize utility allowances and conserve rental assistance).
 - i. Management is responsible for assuring that the units are operated in an energy efficient manner, and that Tenants abide by any energy conservation rules established for Coves Apartments.
- b) Describe the plan to utilize energy conservation practices in the common areas of the project (to conserve operating expense and help minimize rent/occupancy charge levels).
 - i. A plan for utilizing energy conserving practices in common areas (e.g. automatic thermostats, community building night lighting plan, use of high efficiency lights) will be development and maintained by the Portfolio Manager.
- c) Describe the project objective in implementing energy conservation measures.
 - i. Management will pro-actively educate residents on energy efficiency as it pertains to plumbing, electricity, and water conservation.

12. Plans for tenant participation in rural rental housing (RRH) project operations and tenant's relationship with management.

- a) Describe any plans for a tenant organization and how management and staff will work with the organization.
 - i. Management will work with Owner to support a tenant organization if established by tenants. The Community Manager will serve as contact a between the Tenants, Management and the Owner and provide materials (e.g. program rules, regulations, project documents) and arrange use of the community room.

- b) Describe where the Tenant Grievance and Appeals Procedure will be posted in the project and otherwise made available to tenants. Identify which person or staff position will be responsible for responses to and consideration of a tenant/member grievance.
 - i. The Tenant Grievance and Appeals Procedure will be posted in all common areas of the project. The Community Manager will initially provide a written response within 5 working days of receipt to any grievance submitted in writing by a Tenant. If the grievance involves the Community Manager or if the Tenant is not satisfied by the response of the Community Manager, the Portfolio Manager will intervene, providing a written response to the Tenant within 5 working days of receipt or referral of the grievance.
13. Plans for member participation in rural cooperative housing (RCH) project operations.
- i. Not applicable
 - b) Describe who will explain to the members the types of committees the cooperative will be using.
 - c) Describe what the cooperative will do to attract member participation on committees.
 - d) Describe how the board members will participate with the committee.
 - e) Describe where the cooperative will post, and otherwise make available to members, the Tenant Grievance and Appeals Procedure. Identify which person or staff position will be responsible for response to and consideration of a member grievance.
14. Plan for carrying out management training programs.
- a) Describe the standards of training and proficiency that management or board members will be expected to attain and maintain to perform their duties and responsibilities in carrying out project objectives, including compliance with applicable Federal, State, and local laws.
 - i. Community Manager will be well versed and will receive ongoing training in Lease provisions and prohibitions. Ongoing training will be provided by our Legal Counsel, Portfolio Manager and Compliance staff. This includes procedures for handling unauthorized rental assistance.
 - b) Describe the plan to conduct internal training and to otherwise use external training sources to maintain levels of attained proficiency.
 - i. Ongoing training will be provided by internal Compliance Staff and Portfolio Managers. Corporate and Site staff will attend annual industry training provided by organizations such as AHMA, IREM and MMHA to maintain an up to date working knowledge of current regulations.
 - c) For RCH, describe the actions the board will take if a board member(s) does not participate in training.
 - i. Not applicable
 - d) For RCH, describe the role the board will assume in making sure the RCH membership as a whole understands its role and functions in the cooperative.
 - i. Not applicable
15. Termination of leases or occupancy agreements and eviction.
- a) Identify which person or staff position is responsible for knowing and administering State and local laws and Rural Development's requirements regarding termination of leases or occupancy agreements and evictions.
 - i. It is the responsibility of the Portfolio Manager to handle all lease terminations and evictions in accordance with applicable state and federal law, program requirements and the Coves Apartments Management Plan.

- b) Identify which person or staff position is responsible for knowing and administering State and local laws and Rural Development's requirements regarding the notification that must be given to a tenant or member when termination of lease or occupancy agreement is proposed and subsequent eviction procedures through the State or local judicial process.
 - i. It is the responsibility of the Portfolio Manager to handle all lease terminations and evictions in accordance with applicable state and federal law, program requirements and the Coves Apartments Management Plan.

16. Insurance.

- a) Identify which person or staff position is responsible for knowing and complying with Rural Development requirements for fidelity coverage and acquiring such coverage.
 - i. Cascade Management's Vice President of Business Operations
- b) Identify which person or staff position is responsible for knowing and complying with Rural Development's insurance coverage requirements and acquiring such coverage.
 - i. Cascade Management's Vice President of Business Operations

17. Management agreement. Attach a copy of the management agreement, when applicable. (If an initial loan, attach a copy of the proposed management agreement, when applicable.)

- i. Attached Management Agreement

18. RCH board of director/adviser relationship. Discuss the relationship of the adviser and its effect on decisions made by the board.

- i. Not applicable

19. Management compensation.

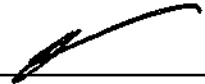
- a) If management is provided directly by the owner, describe the amount of management fee, how it will be determined, and how it will be paid.
 - i. Not applicable
- b) In the case of a cooperative, describe the amount of compensation to be paid to the adviser by the board.
 - i. Pro rata division of operating expenses common to the Management Agent and the Owner are described as follows: Currently there are not any shared expenses.

20. On-site management.

- a) Describe who (owner, Community Manager, caretaker, board) will perform on-site management duties and responsibilities.
 - i. Community Manager
- b) Describe the duties and responsibilities of the on-site management staff.
 - i. The Community Manager will be responsible for the day to day operation of Coves Apartments including minor repairs and maintenance, overseeing landscape maintenance and other maintenance activities, recordkeeping, marketing, distributing and collecting rental applications, showing units, maintaining the waiting list, providing tenant orientation and executing lease documents, completing move in/out inspections, collecting and depositing rents, arranging for turnover of units, and maintaining tenant relations.

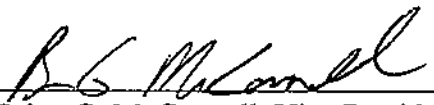
- c) Identify whether the Community Manager will live in the project in a rent-free unit, pay rent, or live off-site.
 - i. The Community Manager will not live on site.
- d) Describe established office hours and indicate where they will be posted.
 - i. Office hours are posted on the door to the office. Established office hours are Monday thru Friday 8 am to 5 pm.

21. Validity of the management plan. The plan must provide space at the end for the date, title, and signature of borrower or borrower's authorized representative.



Merrill Wallace, Chair Person
Mason County Housing Authority

02/04/2015
Date



Brian G. McConnell, Vice President
Cascade Management, Inc.

2-3-2015
Date