

## 430 MANAGEMENT AGENT CHANGE POLICY

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### Purpose of Management Agent Change Policy

This policy provides guidance regarding submitting and processing changes to the Agent managing a development in the MSHDA-financed portfolio.

### Notification of a Change

Per the Authority’s Management Agreement, the Mortgagor must provide a management agent with at least a 30-day notice of termination of the Management Agreement. The Mortgagor should copy the Authority on the termination notice. At a minimum, the Management Agreement requires the Mortgagor to promptly provide written notification of the termination to the Authority.

- The written notice must also include the proposed new management agent and should be sent to the assigned Asset Manager and the AM Coordinator.

Since there are a number of documents to be completed and reviewed prior to Authority approval, a **60-day notice of change** should be given to the Authority and the management agent, when possible. A management company that does NOT currently manage any MSHDA-financed development must be approved by the Authority before being selected as a proposed Management Agent. New management agent must complete the Authority's new management agent approval process. The new Management Agent application can be found on the Authority's website at: [http://www.michigan.gov/mshda/0,4641,7-141-8002\\_47708-315888--.00.html](http://www.michigan.gov/mshda/0,4641,7-141-8002_47708-315888--.00.html) or by contacting Maureen Carden at [cardenM1@michigan.gov](mailto:cardenM1@michigan.gov).

### Emergency Changes

If an emergency termination occurs and an agent is terminated or resigns with less than 30-day notice, the selected replacement management agent must be an Authority-approved agent who is currently managing other MSHDA-financed developments.

### Effective Date

The proposed agent will not be considered the agent of record until a conditional or full approval has been granted. Management fees may not be paid to the proposed management agent prior to MSHDA's full approval of the agent change. Therefore, all required documentation must be completed by the proposed Authority-approved management agent and the development owner, and submitted to the Authority prior (preferably 30 days prior) to the proposed change effective date.

Management Agreement Effective Date – Section 14 (Term of Agreement) of the Management Agreement identifies the effective date of the Management Agreement, but the agreement cannot take effect until it is approved by an Authorized officer of the Authority. In addition, the following apply:

- When possible, the outgoing agent should continue to manage until the new agent has been approved and is under contract.
- Section 15 (Compensation of Agent) of the Management Agreement (MSHDA Mgmt. 401) sets the maximum management fee an approved agent can collect for services. The owner and agent may set a variable amount (e.g. fees based on rent collected) by adding the Fee Addendum to Management Agreement (MSHDA Mgmt. 401A) to the Management Agreement submission.
- Management fees may not be taken prior to the Authority's full approval of the proposed Management Agent and the Management Agreement. Retroactive management fees are not allowed.
- A conditionally approved management agent **may not take management fees** until the agent has successfully completed all the necessary items in the agent change process and received full approval from the Authority.
- Reserve funds cannot be disbursed to a proposed agent until at least conditional approval of the agent has been granted by the Authority. A proposed agent can submit information to

MSHDA; however addresses will not be changed until the agent change receives at least conditional approval.

## Where to Submit Agent Change Packages

If you have questions or concerns while completing Agent Change documentation, contact Kathy Pung at:

Phone: (517)335-4411

E-mail: [Pungk@michigan.gov](mailto:Pungk@michigan.gov)

Submit complete Management Agent change packages to the Asset Management Coordinator at:

Kathy Pung  
Asset Management Coordinator  
Asset Management Division  
P.O. Box 30044  
Lansing, MI 48909

## Required Documentation

In order to initiate a change in management agent for a MSHDA-financed development the proposed Management Agent must submit all the applicable forms and documents listed:

### Management Agent Termination Notice – or – Letter of Intent to Hire

A copy of the owners' 30-day notice to terminate the current management agent and/or a letter from the owner naming the management agent they intend to hire. The new agent must be approved to manage MSHDA-financed developments prior to requesting the Management Agent change.

### Management Agreement (MSHDA Mgmt. 401)

*Three* completed Management Agreements for the program type (MSHDA-financed/Section 8/Section 236) in effect at the development. The management agreement forms may be found on the MSHDA webpage [http://www.michigan.gov/mshda/0,4641,7-141-8002\\_47708-339001--00.html](http://www.michigan.gov/mshda/0,4641,7-141-8002_47708-339001--00.html).

### Marketing Addendum to Management Agreement (MSHDA Mgmt. 401B)

If the new agent is being assigned a development currently in initial rent up, submit *three* copies of the Marketing Addendum to Management Agreement. The addendum can be found under the same link as the Management Agreements above.

### **Certificate of Compliance (MSHDA Mgmt. 430B)**

One completed Certificate of Compliance form must be completed and submitted by the proposed agent. The certification acknowledges the proposed agent will use the existing budget at the development(s) and requires the agent to identify all the items submitted for the agent change process approval. These items may include:

- Affirmative Fair Housing Marketing Plan
- Employee Dishonesty/Crime Coverage
- Tenant Selection Plan
- Lease (if non-MSHDA approved)
- Pet Rules, if applicable

### **Affirmative Marketing Plan (MSHDA AFHMP Form 440A)**

A completed copy of the Authority-approved Affirmative Fair Housing Marketing Plan form for each development to be managed. A copy of the current AFHMP(s) will be forwarded for your reference until your AFHMP is approved. Adoption of another management company's AFHMP is prohibited. The Affirmative Fair Housing Marketing Plan form and instructions can be found under the same link as the Management Agreements above.

### **Employee Dishonesty/Crime Coverage Requirements (MSHDA Policy 425)**

An acceptable Employee Dishonesty/Crime Coverage policy insurance policy for each development to be managed. The Employee Dishonesty/Crime Coverage requirements can be found under the same link as the Management Agreements above.

### **Tenant Selection Criteria**

An acceptable tenant selection plan with eligibility criteria and waiting list procedures for each development to be managed. Tenant Selection Plan requirements can be found under the same link as the Management Agreements above.

### **Lease & House Rules**

If the management agent intends to use their own lease, a copy of the lease (including house rules and other addenda) must be submitted for Authority approval. The differences between the management agent's proposed lease and the Authority's lease must be highlighted. If the agent has previously submitted a lease that has been approved by the Authority, please provide the name of the development. MSHDA's model lease agreement associated with the Section 8 and Section 236 programs can be found at the MSHDA website at [http://www.michigan.gov/mshda/0,4641,7-141-8002\\_47708-177124--,00.html](http://www.michigan.gov/mshda/0,4641,7-141-8002_47708-177124--,00.html).

### **Brokers License and Real Estate Sales License**

Provide copies of the:

- a. Current broker's license for the management company and
- b. Real estate sales license for the person responsible for leasing at this development.

### **Organizational Chart**

The most recent organizational chart for your company highlighting any changes from previously submitted organizational charts.

### **HUD 2530 Clearance (Section 8 and Section 236 developments only)**

A copy of the most recently approved HUD 2530 Previous Participation Certification for each applicable development. The HUD process and 2530 form can be found under the following link:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsg/4065.1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsg/4065.1)

### **Tax ID Number (Section 8 and Section 236 developments only)**

A copy of the Tax ID Number for the management company.

### **Pet Rules (Section 8 and Section 236 developments only)**

If pet rules are applicable to the development, a copy of the existing Pet Rules and the Pet Regulation Compliance Certification form (MSHDA Mgmt. 430B) for each applicable development to be managed. HUD Regulations regarding pet ownership in federally assisted rental housing designed entirely for elderly, mixed elderly/family, and/or disabled households can be found at the following link:

[http://portal.hud.gov/hudportal/documents/huddoc?id=DOC\\_35713.pdf](http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35713.pdf) .

### **Identity of Interest**

If applicable, complete an Identity of Interest disclosure form (MSHDA Mgmt. 450B) for each related party vendor and/or company that the management agent uses for products or services related to property management.

## **Forms**

- 430A – Agent Change Compliance Certification
- 430B – Pet Regulations Compliance Certification
- 430C – Document Submission Checklist