



# Homebuyer Maintenance Responsibilities

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# 1 Homebuyer Maintenance Responsibilities

## 1.1 Section B – Responsibilities of the Home Buyer

1. The home buyer shall be responsible for all maintenance of the home, including all repairs and replacements (including those necessitated by damage from any cause, less damage from fire or other insurance covered items).
2. The Home buyer is responsible for the repair and/or replacement of all items, interior and exterior, including but not limited to the following:

(a) Interior: Painting, all plumbing fixtures and lines, shutoff valves, range and oven, refrigerator, water heater, furnace (or other space heater) and filters, exhaust fans, counter tops, doors and hinges, drapery hardware, light fixtures and bulbs, light switches, electric outlet plates, circuit breaker switches, closet doors, clothes poles, locks and jambs, cabinet hardware, flooring (or carpeting), medicine cabinet mirror, bathroom accessories (toilet paper holder, towel bars and shower curtain rod), smoke detector, attic and crawl space insulation, sewer piping, fireplace and flue.

(b) Exterior: Painting, *siding*, doors and associated hardware, windows and screens, roofing, landscaping (grass, trees and shrubs), *fascia* and trim, foundation and attic vents, circuit breaker switches, hose bibs, septic tank, leach field, rain gutters (or diverters) and downspouts, splashblocks, light fixtures, storage building, parking pad, garage, television antenna, fencing.

(c) Failure by the Home buyer to perform *his* maintenance obligations constitutes a breach of the MHO Agreement. In the event that this occurs, the Authority shall require that the Home buyer develop a plan to resolve the breach and complete the maintenance work within a reasonable time. If the work is to be done by the Authority, the costs of reparation shall be charged to the Home buyer-s Monthly Equity Payments Accounts (MEPA). If the Home buyer fails to agree to a reasonable plan or to implement the agreed to plan the provisions as stated in Section 9.1 and 9.2 of the MHO Agreement shall apply.

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(d) If outside workman or contractors are needed to make necessary repairs, it shall be the responsibility of the Home buyer to obtain their services.

3. If any defects are found during the warranty period of an appliance or equipment, the Home buyer shall promptly notify the Housing Authority in order that proper action can be taken to correct them

(a) A warranty is written guarantee of the integrity of a product and the good faith of the maker given to the purchaser. It generally specifies that the maker, for a period of time, *is* responsible for the repair or replacement of defective parts and will sometimes also provide periodic servicing. That time span is known as the warranty period.

(b) Warranty cards for appliances are usually included in a package given to a Home buyer when he signs the Mutual Help and Occupancy Agreement and occupies the home. The Housing Authority shall also maintain master warranty cards for all applicable appliances. Typical warranty periods are one year for house construction, refrigerators, ranges, furnaces and coolers.

## **1.2 SECTION C - RESPONSIBILITIES OF THE ALEUTIAN HOUSING AUTHORITY**

1. The Authority shall be responsible for coordinating counseling programs to train and advise potential Home buyers of their maintenance responsibilities prior to occupancy.
2. The areas to be covered will include:
  - (a) Operation of appliances and equipment in the home
  - (b) Preventive Maintenance Programs
  - (c) Energy Conservation
  - (d) Routine Maintenance and Housekeeping Techniques

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### 1.3 Article VII – Homebuyer Payments

The amount of the required monthly payment for a homebuyer limited to occupancy in an existing or convened project *is* determined in accordance with Section 7.2 through 7.4 below.

#### 1.3.1 Establishment of Payment

- (a) Each home buyer shall be required to make a monthly payment ("required monthly payment") as determined by the IHA and approved by HUD. The payment will provide that the minimum required monthly payment equal the administration charge.
- (b) Subject to the requirement for payment of at least the administration charge, each home buyer shall pay an amount of required monthly payment computed by:

(1) Multiplying adjusted income by a specified percentage; and

(2) Subtracting from that amount the utility allowance determined for the unit. The specific percentage shall be no less than 15 percent and no more than 30 percent, as determined by the IBA and approved by HUD.

- (c) The IHA's schedule shall provide that the required monthly payment may not be more than a maximum amount. The maximum shall not be less than the sum of:

(1) The administration charge; and

(2) The monthly debt service amount shown on the homebuyer's purchase price schedule.

- (d) If the "required monthly payment" exceeds the administration charge, the amount of the excess shall be credited to the homebuyer's Monthly Equity Payments Account (MEPA) (see Section 9.2(a))

#### 1.3.2 Administration Charge.

Administration charge should reflect differences in expenses, adjustable to different sizes or types of

units. It is the amount set by the IHA as defined in Section 1.2.

#### 1.3.3 Adjustments In the Amount of the Required Monthly Payment.

- (a) After the initial determination of the homebuyer's required monthly payment, the IHA shall increase or decrease the amount of such payment in accordance with HUD regulations to reflect changes in adjusted income (pursuant to a reexamination by the IHA), adjustment in the administration charge or in any of the other factors affecting the computation of the homebuyer's required monthly payment.
- (b) In order to accommodate wide fluctuations in required monthly payments due to seasonal conditions, an IHA may agree with any homebuyer for payments to be made in accordance with a seasonally adjusted schedule which assures full payment of the required amount for each year.

#### 1.3.4 Homebuyer Payment Collection Policy.

- (a) Each IHA shall establish and adopt written policies, and use its best efforts to obtain compliance to assure the prompt payment and collection of required homebuyer payments. A copy of the policies shall be posted prominently in the IHA office, and shall be provided to the homebuyer upon request.

### 1.4 Article VIII – Maintenance, Utilities, and Use of Home

- (a) Each IHA shall establish and adopt, and use its best efforts to obtain compliance with. Written policies to assure full performance of the respective maintenance responsibilities of the IHA and homebuyers. A copy of such written policies shall be posted prominently in the IHA office, and shall be provided to an applicant or homebuyer upon entrance into the program and upon request.

#### 1.4.1 Provision for MH projects.

For a MH Project, the written maintenance policies shall contain provisions on all least the following subjects:

- (a) The responsibilities of home buyers for maintenance and care of their dwelling units anti common property;
- (b) Procedures for providing advice and technical assistance to home buyers and to enable them to meet their maintenance responsibilities;
- (c) Procedures for IHA inspections of homes and common property;
- (d) Procedures for IHA performance of homebuyer maintenance responsibilities (where homebuyers fail to satisfy such responsibilities), including procedures for charging the homebuyer's proper account for the cost thereof;
- (e) Special arrangements, if any, for obtaining maintenance services from outside workers contractors; and
- (f) Procedures for charging homebuyers for damage for which they are responsible.

#### 1.4.2 IHA Responsibility In MH Project.

(a) The IHA shall enforce those provisions of this Agreement under which the homebuyer is responsible for maintenance of the home. The IHA has overall responsibility to HUD for assuring that the housing is being kept in decent, safe, and sanitary condition and that the home and grounds are maintained in a manner that preserve their condition, normal wear and tear excepted. Failure of a homebuyer to meet the obligations for maintenance shall not relieve the IHA of responsibility in this respect. Accordingly, the IHA shall conduct a complete interior and exterior examination of each home at least once a year, and shall furnish a copy of the inspection report to the homebuyer. The IHA shall take appropriate action, as needed to remedy conditions shown by the inspection, including steps to assure performance of the homebuyer's obligations under this

Agreement. The IHA may inspect the home once every three years, in lieu of annual inspection where the homebuyer:

(1) Is in full compliance with the original terms of this Agreement including payments, and

(2) The home is maintained in decent, safe, and sanitary condition, as reflected by the last inspection by the IHA. However, if at any time the IHA determines that *the* homebuyer is not in compliance with this Agreement, it must reinstitute annual Inspections.

#### 1.4.3 Homebuyer's Responsibility in MH Program.

- (a) The homebuyer shall be responsible for routine and non-routine maintenance of the home, including all repairs and replacements (including those resulting from damage from any cause). The IHA shall not be obligated to pay for or provide any maintenance of the home other than the correction of warranty items repaired during the applicable warranty period.
- (b) Homebuyers Failure to Perform Maintenance.
  - (1) Failure of the homebuyer to perform the maintenance obligations constitutes a breach of *this* Agreement and grounds for its termination. Upon a determination by the IHA that the home buyer has failed to perform its maintenance obligations the IHA shall require the homebuyer to agree to a specific plan of action to cure the breach and to assure future compliance. The plan shall provide for maintenance work to be done within a reasonable time by the homebuyer with such use as the homebuyer's account as may be necessary, or to be done by the IHA and charged to the homebuyer's account. If the homebuyer fails to carry out the agreed-to plan, this Agreement shall be terminated in accordance, with Sections 12.1 and 12.2.
  - (2) If the IHA determines that the condition of the property creates a hazard to the life, health or

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safety of the occupants, or if there is a risk of damage to the property if the condition is not corrected, the corrective work shall be done promptly by the IHA with such use of the homebuyer's accounts as the IHA may determine to be necessary, or by the homebuyer with a charge of the cost to the homebuyer's accounts in accordance with Section 9.3(a).

(3) Any maintenance work performed by the IHA shall be accounted for through a work order stating the nature of and charge for the work. The IHA shall give the homebuyer copies of all work orders for the home.

#### **1.4.4 Homebuyer's Responsibility for Utilities.**

The homebuyer is responsible for the cost of furnishing utilities for the home. The IHA shall have no obligation for the utilities. However, if the IHA determines that the home buyer is unable to pay for the utilities for the home, and that this inability creates conditions that are .dangerous to life, health or safety of the occupants or threatens Damage to the property, the IHA may pay for the utilities on behalf of the homebuyer and charge the homebuyer's accounts for the costs in accordance with Article IX. When the homebuyer's accounts have been exhausted, the IHA shall pursue termination of the homebuyer Agreement and may offer the homebuyer a transfer into the rental program if a unit is available.

#### **1.4.5 Obligations with Respect to Home and Other Persons and Property**

- a) The homebuyer shall agree to abide by all provisions of this Agreement concerning homebuyer responsibilities, occupancy, and use of the home.
- b) The homebuyer may request IHA permission to operate a small business in the unit. An IHA shall grant this authority where the homebuyer provides the following assurances and may rescind

this authority upon violation of any of the following assurances:

- (1) The unit will remain the homebuyer's principal residence;
- (2) The business activity will not disrupt the basic residential nature of the housing site; and
- (3) The business will not require permanent structural changes to the unit I that could adversely affect a future homebuyer's use of the unit. The IHA may rescind such authority whenever any of the above assurances are violated.

#### **1.4.6 Structural Change**

(a) Homebuyer shall not make any structural changes in and/or additions to the home unless the IHA has determined that such change would not:

- (1) Impair the value of the home, or surrounding homes, or the project as a whole; or
- (2) Affect the use of the home for residential purposes.

(b) Additions to the home include but are not limited to energy conservation items such as solar panels, wood-burning stove, flues and insulation. Any changes made in accordance with I section shall be the homebuyer's expense and in the event of termination of this Agreement the homebuyer shall not be entitled to any compensation for such changes or additions.

(c) If the homebuyer is in compliance with the terms of this Agreement, the IHA may agree to allow the homebuyer to use the funds in the MEPA for betterments and additions to the *MH* home. In such event, the IHA shall determine whether the homebuyer will be required to replenish the MEPA or if the funds are to be loaned to the homebuyer at an interest rate determined by the IHA. The homebuyer cannot use MEPA funds for luxury items, as determined by the IHA.

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## 1.5 Article IX Homebuyer Reserves and Accounts

### 1.5.1 Refundable and Nonrefundable MH reserves ("Reserves").

The IHA shall establish separate refundable and nonrefundable reserves for each homebuyer effective on the date of occupancy.

- (a) The refundable MH reserve represents a homebuyers interest in funds that may be used to purchase the home at the option of the homebuyer. The IHA shall credit this account with the amount of the homebuyer's cash MH contribution *or the* value of the labor, material or equipment MH Contribution.
- (b) The nonrefundable MH Reserve represents a homebuyer's interest in funds that may be used to purchase the home at the option of the homebuyer. The IHA *shall* credit this account with amount of the homebuyer's share of any credit for land contributed to the project and the homebuyer's share of any credit for non-land contributions by a terminated homebuyer.

### 1.5.2 Equity Accounts.

(a) Monthly Equity Payments Account ("MEPA"). The IHA shall maintain a separate MEPA for each homebuyer. The IHA shall credit this account with the amount by which each required monthly payment exceeds the administration charge. Should the homebuyer fail to pay the required monthly payment, the IHA may elect to reduce the MEPA by the amount owed each month towards the administration charge, until the MEPA has been fully expended,. The MEPA balance must be comprised of an amount backed by cash actually

received in order for any such reduction to be made.

(b) Voluntary Equity Payments Account ("VEPA") The IHA shall maintain a separate VEPA for each homebuyer. The IHA shall credit this account with the amounts of any periodic or occasional voluntary payments (in excess of the required monthly payment) that the homebuyer may desire to make to acquire ownership of the home within a shorter period of time. The IHA may amend an individual homebuyer's MHO Agreement to permit a more flexible use of the VEPA for alterations of the unit, cosmetic changes, additions, betterments, etc.

(c) Investment of Equity Funds.

Funds held by the IHA in the equity accounts of all homebuyers in the project shall be invested HUD-approved investments. Income earned on the investment

## 2 Chapter 16: Unit Maintenance

### *This Chapter Includes:*

- NAHASDA maintenance requirements as described Section 203(b). ,
- Maintenance program functions

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- *Developing Maintenance Policies and establishing maintenance standards in compliance with NAHASDA.*
- *Budgeting*
- *Staffing*
- *Inventory Control*
- *Implementing Work Order Systems*

## 2.1 What is Maintenance [NAHASDA Section 202(b)]

- Maintenance is the upkeep of property and equipment so that it is kept in decent, safe and sanitary condition, as required by Title II, Section 203 (b) of the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, and detailed in NAHASDA Guidance 2000-09T.
  - It also prevents the recipient's housing stock from deteriorating or declining into disrepair and is the most important day-to-day aspect of on-site management.
  - Other than recipient-paid utilities, it is the largest single area of expense in housing management.
- Without an effective maintenance program, a recipient's expenses can soar and even go out of control.
  - This is especially true since a recipient spends approximately 75 percent to 80 percent of its management budget on the labor to repair or replace an item and 20 percent to 25 percent on the item itself.
  - The time it takes to replace an item could be as much as three (3) times the cost of the item.
  - Consequently, the recipient could spend a considerable amount on labor costs when units begin to deteriorate as a result of poor maintenance.
- Many residents define good management as good maintenance.
- Maintenance is most critical in establishing good resident relationships.
- Developing a good maintenance program is an essential ingredient in a recipient's successful operation.

## 2.2 What are NAHASDA Maintenance Requirements [NAHASDA Section 203(b)]

- The recipient is responsible, under NAHASDA, to maintain its owned and managed units. Title II, Section 203 describes some of the program requirements recipients are expected to comply with, and Section 203 (b) describes and defines maintenance responsibilities as follows:

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- **Maintenance and Efficient Operation:** Each recipient who owns or operates (or is responsible for funding any entity that owns or operates) housing developed or operated pursuant to a contract between the Secretary and a recipient under the U.S. Housing Act of 1937 shall, using amounts of any grants received under this Act, reserve and use for operating assistance under section 202 (1) such amounts as may be necessary to provide for the continued maintenance and efficient operation of such housing.
  - ⇒ This subsection may not be construed to prevent any recipient from demolishing or disposing of Indian housing referred to in the subsection, pursuant to regulations established by the Secretary.
  - ⇒ This means that a recipient must take care of existing units that are under management developed with 1937 Housing Act funds.
- Maintaining existing units must be one of the top priorities outlined in its Indian Housing Plan (IHP). In addition, the recipient must allocate adequate funding to maintain its units in accordance with NAHASDA and the related applicable regulations.
- This may mean allocating Indian Housing Block Grant (IHBG) funds to maintain existing units rather than develop new units.
- Failure to maintain 1937 Housing Act units may result in sanctions authorized under Section 401 of NAHASDA and 24 CFR 1000.532 and 1000.538. Section 102(c)(4)(D) of NAHASDA requires that recipients identify the manner in which it will protect and maintain the viability of its owned and operated housing inventory, which was developed under a contract between HUD and an Indian Housing Authority (IHA) pursuant to the U.S. Housing Act of 1937. It is also required under Section 203(a)(2)(b) of NAHASDA that recipients of IHBG funds who own or operate housing developed under the '37 Act shall provide for the continued maintenance and efficient operation of such housing.

### **2.3 Maintenance Management Plan**

- The size of the TDHE will determine the extent and complexity of the management plan, but all recipients should have one whether they are small or large.
- Developing a maintenance plan is useful in several ways: the planning process may result in improved maintenance operations and more effective use of resources, and the plan will ensure that the recipient maintenance requirements are being met in a systematic manner.

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- Such a plan will also help in the budgeting process: both in justifying and getting needed resources to conduct maintenance activities. A maintenance plan will also help avoid a crisis management approach to maintenance.
- Such a comprehensive plan must also be supported by a staffing plan, inventory and procurement plan, contract schedule, leave schedule, resident input and approved budget.

## 2.4 What is the Function of a Recipient’s Maintenance Program

- A recipient's most important maintenance function is to manage and maintain its current assisted housing stock. Two programs that are common to almost all recipients and require continual commitment to maintenance are the low-income rental housing program and the homeownership program. Some recipients may also have Turnkey III and Section 8 programs. Responsibilities for each program are described as follows:
  - Maintenance for a low-income rental program:
    - ⇒ The recipient may design its own maintenance program that will include defining who is responsible for maintenance and repairs when tenants cause the damage.
    - ⇒ In most cases, damages caused by the tenant are to be repaired by the tenant at their own expense.
    - ⇒ If, however, the tenant fails to make such required repairs, the recipient's maintenance policies and Dwelling Lease mayor may not require the recipient to make sure that the repairs are made and bill the repair charges to the tenant
    - ⇒ If applicable, failure of the tenant to pay such repair bills is usually grounds for termination of the Dwelling Lease.
  - Maintenance for a homeownership program:
    - ⇒ The recipient may elect to include the following elements in their homebuyer's contracts:
      - ✓ Under existing Mutual Help & Occupancy Agreements, if the homebuyer fails to maintain the unit in good repair, the recipient must see to it that the repairs are made and bill the repair charges to the home buyer.
      - ✓ Failure of the homebuyer to pay such repair bills is usually grounds for termination of the homebuyer agreement.
  - Maintenance for the Turnkey III Homeownership Opportunities Program: The recipient may elect to include the following elements in. their homebuyer contracts:
    - ⇒ As with the homeownership programs, homebuyers are responsible for all maintenance.

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- ⇒ If the homebuyer fails to maintain the unit in good repair, the recipient must see to it that the repairs are made and bill the repair charges to the homebuyer.
  - ⇒ Failure of the homebuyer to pay such repair bills is grounds for termination of the homebuyer agreement. (HUD started this program in the 1970's and recipients are encouraged to convert Turnkey III homes to either the homeownership or rental program.)
- Maintenance for the Section 8 Program:
    - Under the Section 8-voucher program, the private landlord is responsible for maintenance not caused by the tenant. Damages caused by the tenant are to be repaired by the tenant at their own expense.

## 2.5 How Do You Develop Maintenance Policies and Procedures

- The recipient's governing board is responsible for adopting maintenance policies and procedures.
- The recipient's executive director is usually responsible for developing maintenance policies and procedures, along with implementing the policies and procedures as adopted.
- A policy or procedure is a definite course of action chosen from various alternatives and is a guide to determine present or future decisions.
- Maintenance policies and procedures set the ground rules or "Standard Operating Procedures" for operating a maintenance program that will comply with the Federal government's regulations.
- Following is a sample outline of Maintenance Policy and Procedures:

### 2.5.1 Sample Outline of Maintenance Policies and Procedures

- I. Purpose and Objectives
  - A. Applicability
- II. Resident Responsibilities
  - A. Homebuyer maintenance
  - B. Renter maintenance
  - C. Failure to maintain home
  - D. Hazardous conditions
- III. Types of Maintenance
  - A. Routine maintenance
  - B. Preventive maintenance
  - C. Schedule for preventive maintenance
  - D. Non-routine maintenance
- IV. Recipient Responsibilities

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- A. General inspection requirement
- B. Annual inspections
- C. Insurance claims
- D. Personnel responsibilities
- E. Instructional materials
- V. Maintenance Program
  - A. Work order procedures
  - B. Procurement
  - C. Counseling
  - D. Inventory control
  - E. Vacant unit turn around
  - F. Charges to residents
- There are four important documents needed in order to write a comprehensive maintenance management policy. They are:
  - Applicable sections of NAHASDA;
  - HUD's Code of Federal Regulations or "24 CFR 1000";
  - Dwelling Lease;
    - ⇒ A Dwelling Lease is a contract between the recipient and the resident. It guarantees that the recipient will provide certain services to the resident, and that the resident will maintain the property in the same condition in which it was rented.
    - ⇒ The dwelling lease is particularly important in developing a maintenance policy because it specifically outlines the recipient's responsibility to its residents and vice versa.
    - ⇒ Homeownership Agreement (and the Turnkey III Homebuyer Agreement, if applicable);
    - ⇒ The Homeownership Agreement is an agreement signed between the recipient and the homebuyer.
    - ⇒ Under NAHASQA, many recipients are editing the original Mutual Help and Occupancy (MHOA) from the HUQ Mutual Help Homeownership Program for use as their homeownership agreement.
    - ⇒ On page 5 of the MHOA, Article VIII, entitled "Maintenance," the MHOA outlines who will maintain the unit and how it will be done. If homebuyers have an MHOA dated November 1991, maintenance is addressed in Article IV.
    - ⇒ Both versions of the MHOA state that the homebuyer shall be responsible for all maintenance of the home, including all repairs and replacements and replacements necessitated by damage from any cause.
    - ⇒ On the other hand, the recipient is responsible for "assuring that the housing is being kept in decent, safe and sanitary condition, and that the home and grounds are

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maintained in a manner that will preserve their condition." It also lays out the terms under which the home will be inspected. Whatever type of homeowners hip agreement you use, make sure that it describes the maintenance responsibilities of both the homebuyer and the recipient.

## 2.6 What About the Maintenance Budget

- For a recipient's maintenance program, the budget is the financial picture of plans and activities that the maintenance staff should undertake in the next fiscal year, as described in their Indian Housing Plan (IHP).
- The recipient's administrative or financial departments usually prepare the overall budget.
- A maintenance department director or supervisor must work closely with whomever is preparing the budget, informing that person of all the plans and activities the maintenance department wants to undertake in the upcoming plan year.
  - The first consideration in preparing the maintenance department's budget is to be realistic.
  - Look for guidance in last years' budget.
- Be careful to consider the likely occurrence of price increases. Also, keep in mind that properties age, and some older units may need special maintenance.
- The budget must reflect any replacements that may be needed.
- The budget must also include any maintenance supplies and materials that may be needed.
- Having accurate supply management records will help determine the items that will need to go into the department's budget.
- In preparing your maintenance budget, the following categories should be funded:
  - Emergency Maintenance
  - Ordinary Maintenance
    - ⇒ Labor,
    - ⇒ Supplies/Materials, and
    - ⇒ Contract Costs
  - Non routine Maintenance
    - ⇒ Extraordinary (and perhaps non-recurring) Maintenance, and
    - ⇒ Casualty Loss (Net after settlement)

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- Capital Expenditures
  - ⇒ Equipment Replacement, and
  - ⇒ Betterments and Additions
  
- Salaries and Benefits (the following items should be included in this line item)
  - ⇒ Current salary or hourly rate for all maintenance staff,
  - ⇒ Overtime,
  - ⇒ Seasonal/Temporary Workers,
  - ⇒ Staff Additions,
  - ⇒ Benefits, and
  - ⇒ Training and Travel Expenses

Here is a typical maintenance budget format:

**SCHEDULE OF MAINTENANCE OPERATIONS & REPAIRS EXPENSES**

Line	Account	Description	Total
1.	01-4410.001	Security	0
2.	04-4410.002	Janitorial Services	0
3.	01-4410.003	Elevator Service	0
4.	01-4410.004	Upkeep of Grounds	0
5.	01-4410.005	Necessary Maintenance	0
6.	01-4410.006	Normal Repairs & Alterations	0
7.	01-4410.007	Maintenance Materials	0
8.	01-4410.008	Vehicle Fuel	0
9.	01-4410-009	Vehicle Maintenance	0
10.	01-4410-010	Equipment Repairs	0
11.	01-4410.011	Contracts	0
<b>Total 01-4410 Maintenance Expenses</b>			<b>0</b>

## 2.7 What are the Components of a Good Maintenance Program

A comprehensive maintenance program includes various types of maintenance activities.

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- Individually, these activities serve to keep the recipient's housing stock in good condition and collectively, they provide residents with comprehensive maintenance and makes them feel the recipient is responsive to their needs.
- There are ten components to a good maintenance program. They are:
  - Emergency Maintenance
    - ⇒ These are tasks include such things as gas line leaks, exposed electrical lines, broken water pipes, lack of heat, etc. These are items that, if not repaired properly, could cause injury, loss of life, threaten resident health or cause serious property damage.
  - Preventive Maintenance
    - ⇒ Regular inspections, monitoring and care of facilities and equipment will help prevent future emergency maintenance and/or major failures.
  - Routine Maintenance
    - ⇒ Routine maintenance tasks are recurring in nature and include minor repairs and replacements.
  - Non-Routine Maintenance
    - ⇒ These tasks entail major repairs and/or improvements to a property, or equipment or the replacement of an item, usually at a substantial cost to the recipient or homebuyer.
  - Inspections
    - ⇒ Inspections are a very crucial part of preventive maintenance and include move-in, move-out, annual, warranty and special inspections. Inspections are also very helpful in developing a risk management plan. Typically, the recipient will state how often, when and what types of inspections are required in their Maintenance Policy. Annual inspections are not required by NAHASDA or by HUD but may be a requirement in existing Dwelling Leases or homebuyer contracts. Most recipients inspect their owned and managed rental units at least annually and their owned and managed Mutual Help Homeownership Units developed under the 1937 Housing Act periodically as necessary, depending upon the condition of the homes and with the administrative capability of the recipient.
  - Resident Maintenance
    - ⇒ These tasks are the obligations of the resident, in accordance with the lease or homebuyer agreement.
  - Deferred Maintenance
    - ⇒ Simply put, it is maintenance that is not undertaken due to a lack of funds, inadequate staffing or poor planning.

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- Inventory Control
    - ⇒ Knowing what you have on hand, and knowing what you are going to need.
  - Work Order System
    - ⇒ Using forms that are beneficial for scheduling, prioritizing and charging Tenants or homebuyers for work completed by the recipient.
  - Vacant Unit Turn-around
    - ⇒ The recipient's system for turning over vacant units to prepare them for occupancy is an important component of a maintenance program. Some recipients include vacancy turn-around in their work order system.
      - The recipient's Occupancy Department usually contacts the Maintenance Department to let them know that a unit is vacant or will be vacant at the end of the month.
      - The Maintenance Department should then schedule an inspection of the unit to determine what repairs are needed.
      - This action will determine the turn-around time (amount of time from move-out inspection to becoming available for occupancy).
      - Turn-around time is typically anywhere from three days to two weeks depending on the condition of the unit and the length of time it takes the maintenance staff to complete the work.
      - Once the unit is repaired, the Maintenance Department usually contacts the Occupancy Department, and then the unit is put back on the market to rent.
- An effective maintenance program must work to provide decent, safe, sanitary and affordable housing.
  - If the recipient's units are not maintained, they will wear out, become obsolete or perhaps totally destroyed.
  - Operating and maintaining your current assisted stock should be your top priority when you are putting together your budget for your IHP.

## 2.8 Why is Maintenance Program Staffing SO Important

[\$1000.16(b), §1000.42, §1000.48, §1000.50]

- Staffing a maintenance program is one of the most, if not the most, essential component of a maintenance program.

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- The level of management ability depends on the maintenance manager's aptitude in a wide variety of skills.
- Maintenance managers or coordinators must be able to:
  - Organize;
  - Communicate;
  - Solve problems; and
  - Relate to others.
- For supervisors, management skills are as important as technical skills. A problem often encountered in finding staff to run an effective maintenance program is the lack of well trained applicants with the technical expertise necessary to do the job.
- That is why it is so important to "hire the right person for the right job."
- When hiring staff, the recipient must comply with Section 3 of the HUD Act of 1968 described at 24 CFR 1000.42, along with other Indian preference requirements described at 24 CFR 1000.48 and 1000.50. In addition, a recipient must pay HUD-determined wage rates as required at 24 CFR 1000.16(b).
- All maintenance employees must have job descriptions.
  - The title of the job is not enough to define the position's varied duties.
  - A statement of the job's duties and the basic skills that are the two main elements of a maintenance employee's job description.
  - The job description establishes the rules by which an employee's work is judged.
  - A job description also ensures that employees know their assigned duties and responsibilities, and the standards against which his/her performance will be measured.
  - When a maintenance staff member does not have an accurate job description, he/she could be confused about what is expected of him/her, and that affects performance.'
- In-house vs. outside contracting
  - One of the many responsibilities of the maintenance program is to determine the best and most cost effective way to get the work done. In most cases, this can be accomplished by assigning the work to a member of the maintenance staff. In other cases, it may be better to contract with an outside source to do the work. Sometimes, there may not be a choice. All outside contracting must be secured through proper procurement procedures. This is to insure that the recipient is getting the best service for the lowest price. There are both advantages and

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disadvantages to using in-house or outside contractors, all of which must be explored in the course of conducting the maintenance business of the recipient.

- Advantages of outside contracting:
  - Will get the specialized skills and expertise for the job;
  - Able to utilize just for the duration of the job or at peak operating times;
  - May reduce overall personnel costs and administrative time; and
  - May reduce inventory size and equipment costs.
- Disadvantages of outside contracting:
  - May lose general flexibility and control;
  - Resident relationships with staff may deteriorate;
  - May lose scheduling control; and
  - Administrative costs may increase with complicated bidding and monitoring activities.

## 2.9 Why is Inventory Control Necessary

[§1000.26J]

- In accordance with 24 CFR 1000.26 entitled Administrative Requirements required under NAHASDA and the Procurement Regulations at 24 CFR 85.32, Equipment, a recipient is required to conduct a physical inventory at least once every two years.
  - An inventory of capitalized maintenance equipment and tools must be conducted to provide a status of the inventory and the dollar amount of the inventory for financial and accounting purposes.
  - This information, including the purchases and disposition of equipment and tools, must be available in order for the recipient's auditor to prepare an accurate financial statement of the recipient.
- Nothing will undermine the success of your maintenance operation quicker than the failure to supply items when needed. Simply put, a good inventory system requires only two things--knowing what you have on hand, and knowing what you are going to need.
- In developing an inventory system, it's probably best to start with what you need. Using a planned maintenance schedule as a guide, you can begin to estimate the supplies and materials needed to maintain the recipient's projects.

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- First, ask the maintenance staff. The staff works with the supplies and materials every day and will be able to provide a wealth of information about what is needed.
- Second, look at what needs to be on hand.
- Finally, look at the purchasing records to see what was purchased over the last two (2) years. These figures will also come in handy when beginning to estimate what is actually needed.
- This is the basic information required for a good inventory system.
- It is equally important to be involved in the development stage of the construction of new units. Work with the architects and contractors and advise them not to use hard to replace items. They must design the construction that will use parts that are readily available and are the same existing properties already use. This will cut down on high overhead and unnecessary inventory.
- A good inventory system must include reorder points, reorder quantities and storage facilities. This would be comprised of 3 parts:
  - Method of tracking the number of items remaining at any given time,
  - Making a decision to reorder a certain quantity of items when the stock reaches a certain level, and
  - Having adequate space for storing equipment, materials and supplies.
- The executive director should develop a capitalization policy and procedures to account for all non-expendable equipment.
- All non-expendable equipment, as determined by the limits set by the recipient within regulations, must be properly inventoried as property of the recipient.
- Non-expendable equipment includes all non-attached equipment in project units, such as ranges and refrigerators. Other examples are equipment owned and used by the recipient, including such equipment as vehicles, desks, file cabinets, typewriters, computers, large tools, lawn mowers, etc.
- A capitalization policy should include:
  - The dollar limit at which capitalized purchases must receive board approval;
  - The method to be used to conduct an annual non-expendable equipment physical inventory;

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- The procedure for reconciliation of the annual physical inventory to the general ledger accounts;
  - The procedure for correcting any errors.
  - All capitalized recipient equipment should be identified, numbered and inventoried at the time of purchase.
  - Disposition of inventory:
    - Whenever the recipient determines that inventories have become obsolete or are more than is needed, it is advisable to dispose of the obsolete or excess stocks immediately.
    - Keeping these items results in unnecessary warehousing, inventory control and paperwork, as well as possible deterioration and theft of items.
- ⇒ Prior to disposing of property, the recipient should adopt a disposition policy that requires the maintenance staff to:
- ⇒ Get authorization to dispose: The maintenance staff should review the recipient's supply management policy and procedures that specify disposition. In most cases, the policy authorizes the executive director or another staff member to dispose of obsolete or excess property within stated limits.
- ⇒ Try to sell: The items should not be destroyed, abandoned or donated until every reasonable effort has been made to sell them. If the items have no scrap or salvage value and a purchaser cannot be found, the recipient must record the names of prospective purchasers solicited, and the time and manner in which the property was disposed.

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