

Understanding the Interim PHAS Rule

Tips for optimizing your
PHAS score

Interim Rule

- On February 22, 2011, PIH Notice 2011-2013 announced the implementation of the PHAS Interim Rule.
- PHAs with a FYE of March 31, 2011 and forward will be assessed according to the Interim Rule.
- PHAs with a FYE of December 31, 2010 will be scored in accordance with Transition Year Two Guidance.

Systems used to Obtain Scoring Data:

- The Financial Data Schedule (FASS)
- The Inventory Management System (PIC)
- Electronic Line of Credit Control System (eLOCCS)

Why were changes implemented?

The interim rule makes two sets of amendments to improve the evaluation and oversight of the Public Housing Program.

- PHAS regulations have been amended and consolidated.
- New regulations specify the actions in which a PHA can be determined to be in default.

Specific Goals of the Interim Rule

- **Consolidation** of the rules assessing PHAs to only one section of the Code of Federal Regulations.
- **Elimination** of the necessity for PHAs to self certify scoring
- **Alignment** of the scoring model with the asset management model assessing individual projects.

New items...

- Eliminations of...
 - Self-certifications
 - RASS component
- Additions...
 - CFP component
 - 3-2-1 Physical Inspection Incentive
(PCNE adjustment is no longer applicable)

PHAS scores are based on the public housing program only and not agency wide.

Interim Rule (Management Reviews)

- Onsite management reviews will not be used as a scoring indicator, but may assist in diagnosing the nature of management problems.
- During this interim, HUD and PHAs will have time to develop a more objective management review tool for future use.

Interim Rule

- Mixed-finance projects will not receive financial or management scores.
- MTW agencies will be subject to their individual agreements.
 - - The agreements allow the PHA the option to carry over their Pre-MTW PHAS score.

PHAS score (Required Elements)

- Management
- Financial
- Physical
- Capital Fund Indicator

Final PHAS Score and Designation

- The PHA must post its PHAS score and final designation in an appropriate, conspicuous, and accessible place within 2 weeks of its receipt.
- Each PHA's PHAS score and designation will be posted on the HUD website.

Scoring Changed by Category

Previous PHAS Rule		Current Interim PHAS Rule	
Management	30	Management	25
Financial	30	Financial	25
Physical	30	Physical	40
Resident	10	Capital Fund Program	10

Management Operations Indicator

- The performance of management operations will be measured through the management performance of each project.
- Data will be collected from the Financial Data Schedule (FDS) that is submitted to REAC.
- Individual project scores will be combined using a weighted average calculation.

Management Sub-Indicators At a Glance

Sub-Indicator	Value
<p>Occupancy Rate-</p> <p>Measures the occupancy for the project's fiscal year</p>	<p>98% or greater 96%-98% 94%-96% 92%-94% 90%-92%</p> <p>16 Points 12 Points 8 Points 4 Points 1 Point</p>
<p>Tenants Accounts Receivable Value</p> <p>Measures the tenants accounts receivable of a project against the tenant charges for the fiscal year</p>	<p>Less than 1.5 % 1.5%-2.5% Greater than 2.5%</p> <p>5 Points 2 Points 0 Points</p>
<p>Accounts Payable</p> <p>Measures the amount a project owes at the end of the fiscal year compared to average monthly operating expenses</p>	<p>Less than .75 Between .75-1.5 Greater than 1.5</p> <p>4 Points 2 Points 0 Points</p>

Management Sub-indicator Calculations

Occupancy Rate

$$\frac{\text{Leased Unit Months}}{\text{Unit Months Available}}$$

* Unit months Available= Total Unit months available minus HUD approved vacancies.

Tenants Account Receivable

$$\frac{\text{Accounts Receivable Tenants (FDS Line 126)}}{\text{Total Tenant Revenue (FDS Line 70500)}}$$

* Total Tenant Revenue includes Dwelling Rent and Other tenant Charges

Accounts Payable Computation

Step One:

$$\text{Avg. Monthly Operating Exp.} = \frac{\text{Total Operating Expenses}}{12 \text{ months}}$$

Step Two: $\frac{\text{Accounts Payable}}{\text{Monthly Average Operating Expense}}$

* Use chart to determine point values for this computation .

Management Score Calculation

Occupancy Rate	_____ pts
Tenants Account Receivable	_____ pts
Accounts Payable	_____ pts
<hr/>	
Total	_____ pts

A Closer look at the Occupancy Rate

HUD approved vacancies pursuant to 24 CFR 990.145 are exempted by reducing the number of units available on FDS Line **11190**.

Exemptions:

Units undergoing modernization

Special Use Units

Litigation

Disasters

Casualty Loss

Changing Market Conditions

Exemptions

1) Units undergoing modernization (Either/Or)

- The modernization contract has been awarded or force account has started and the unit must be vacant to perform the work and construction is on schedule per the approved PHA Annual Plan.
- The units must be vacant to perform the work and treatment of the vacant unit is included in a HUD approved PHA Annual Plan, but the time period for placing the vacant unit under construction has not expired.

2) Special use units

- These are units approved and used for:
 - Resident Services
 - Resident Organization Offices
 - Related Activities, such as self-sufficiency and anti-crime initiatives

Exemptions

3) Litigation Units

- Units that are vacant due to court orders or settlement agreements that are legally enforceable.
- Units that are vacant according to a HUD approved PHA annual plan in order to meet regulatory and statutory requirements as to avoid potential litigation.

4) Disaster and Casualty Losses Units

- Vacant units due to federal, state or other declared disasters.
- Casualty loss units are those units that remain vacant due to delays in settling insurance claims.

Exemptions

5) Vacancies Due to Changing Market Conditions

- Units that are vacant due to market changes after the PHA has aggressively taken outreach and marketing measures to rent the available units. (This may be due to population loss or economic dislocation.)

** To be eligible, the units should be approved by HUD in the Operating Fund Calculation.**

Let's Calculate: Occupancy Rate

Occupancy Category	Units Months
Units Occupied	1,090
Vacant Units Under CFP Repair	40
Vacant Units Being Turned	66
Police Unit (1 unit)	12
Units under Litigation	2

Calculation

$$\text{Occupancy rate} = \frac{\text{Leased Unit Months}}{\text{Units Months Available}}$$

$$\frac{1,090 \text{ Leased Unit Months}}{\text{Unit months available (1,200-40CFP units months-12 special units- 2 litigation units)}}$$

= 95.1% that will earn 8 points

Occupancy Rate-	98% or greater	16 Points
	96%-98%	12 Points
	94%-96%	8 Points
	92%-94%	4 Points
	90%-92%	1 Point

Tips for Optimizing Occupancy Rate Scores

- Units leased should be tracked monthly and supported by underlying data, whether it be a rent roll or rental register.
- Track, document and report the number of HUD approved vacancy unit months.

A Closer Look at Tenant Accounts Receivable

This sub-indicator measures the tenant accounts receivable of a project against the tenant charges for the fiscal year.

Tenant Accounts Receivable Value	Point Value
Less than 1.5%	5 Points
Between 1.5% and 2.5%	2 Points
Greater than 2.5%	0 Points

Let's Calculate: Tenant Accounts Receivable

This sub-indicator measures the tenant accounts receivable of a project against the tenant charges for a fiscal year.

Calculation

Account	Amount
Tenant Accounts Receivable	\$2,200
Tenant Prepaid Rent Balance	\$1,000
Dwelling Rent	\$126,420
Other Tenant Charges	\$7,200
Collection Losses	\$4,200

Accounts Receivable Tenants (FDS Line 126)

Total Tenant Revenue (FDS Line 70500)

$$\frac{\$2,200 \text{ (FDS Line 126)}}{\$133,620 \text{ } (\$126,420 + \$7,200)}$$

= 1.6% will earn 2 points

<u>Tenant Accounts Receivable</u>	<u>Point Value</u>
Less than 1.5%	5 Points
Between 1.5% and 2.5%	2 Points
Greater than 2.5%	0 Points

Tips for Optimizing Tenant Accounts Receivables

- Write off all vacated tenant accounts receivable before the end of the fiscal year.
- Separate any fraud receivable balance accrued from tenants that have committed fraud and owe additional rent from prior periods (retroactive adjustments) from tenant accounts receivable balances.
- Report additional tenant income such as misc. charges, late fees, excess utilities on FDS line 70400 Tenant revenue, NOT on FDS Line 71500 Other Revenue.

A Closer Look at Accounts Payable Computation

This measure compares the amount that a project owes to vendors at the end of the fiscal year to the project's average monthly operating expenses.

Accounts Payable Category	Point Value
Less than .75	4 Points
Between .75 and 1.5	2 Points
Greater than 1.5	0 Points

Let's Calculate: Accounts Payable Computation

Account Category	Amount
Accounts Payable	\$4,782
Total Operating Expenses	\$248,752
Depreciation Expense	\$98,452

$$\text{Step One: } \frac{\$248,752}{12 \text{ months}} = \$20,729$$

$$\text{Step Two: } \frac{\$4,782}{\$20,729} = 0.23$$

* .23 = 4 points

Calculation

Step One:

$$\frac{\text{Total Operating Expenses}}{12 \text{ months}} = \text{Monthly Average Operating Expenses}$$

Step Two: Divide

$$\frac{\text{Accounts Payable}}{\text{Monthly Average Operating Expenses}}$$

Accounts Payable Category	Point Value
Less than .75	4 Points
Between .75 and 1.5	2 Points
Greater than 1.5	0 Points

Tips for Optimizing Accounts Payable Computation

- Make sure that all CFP liabilities have been paid by the end of the fiscal year.
- Separate and report accrued liabilities like utilities and employee benefits to FDS Line # 346 Accrued Liabilities- Other

Physical Condition/Neighborhood Environment

- The Management Indicator will be adjusted upward due to conditions that are beyond the project's control, such as:
 - Poor physical condition of the project
 - Depressed condition of the census tract in which the project is located (40 % of families have income below the poverty level)
- The Physical Condition adjustment applies to projects that are at least 28 yrs old. The maximum adjustment will be one point added to the management sub-indicator.

Physical Condition (Required Minimum Scoring)

- PHAs are required to achieve a score of 15 out of 25 (60%).
- PHAs scoring fewer than 15 points will be categorized as substandard for management operations.

Financial Condition Indicator

- The objective of the financial condition indicator is to measure the financial condition of each project within the PHAs portfolio.
- The financial condition previously consisted of 6 indicators with a score of 30 points.
- There are now 3 sub-indicators representing 25 points.

Financial Reporting Requirements

- Financial information must be submitted according to generally accepted accounting principles (GAAP).
- Using the Financial Data Schedule (FDS) format, financial information must be submitted to REAC.
- Unaudited financial information must be submitted within two months after the fiscal year end.
- Audited financial statements must be submitted within nine months of the fiscal year end.
- Individual project scores will be combined using a weighted average calculation to arrive at an overall score.

Penalty Points- Unaudited Submission

- Past due unaudited submissions will be assessed a one point penalty for each 15 day period past the due date.
- If unaudited information is not received within three months of the PHAs year end, the PHA will receive zero points.

Financial Indicator Breakdown

Sub-Indicator	Point Value
<p>Quick Ratio (QR)</p> <div data-bbox="127 458 531 622" style="border: 1px solid black; padding: 5px;"> <p>A measurement of the project's liquidity verifying the project's ability to cover its current liabilities.</p> </div> <p style="text-align: center;"> Greater than 2.0 Between 1.0 and 2.0 Score is 1.0 Less than 1.0 </p>	<p>12 points Between 7.2 and 12.0 points 7.2 points 0 points</p>
<p>Months Expendable Net Assets Ratio (MENAR)</p> <div data-bbox="127 729 562 925" style="border: 1px solid black; padding: 5px;"> <p>A measurement of the project's ability to operate using its net available, unrestricted resources without relying on additional funding.</p> </div> <p style="text-align: center;"> Over 4 months Between 1 month and 4 months 1 month Less than 1 month </p>	<p>11 points Between 6.6 and 11 points 6.6 points 0 points</p>
<p>Debt Service Coverage Ratio (DSCR)</p> <div data-bbox="127 1015 643 1176" style="border: 1px solid black; padding: 5px;"> <p>A ratio measuring the net operating income available to make debt obligations excluding Capital Fund Financing Program debt.</p> </div> <p style="text-align: center;"> No Service Debt Greater or equal to 1.25 Between 1.0 and 1.25 Less than 1.0 </p>	<p>2 points 2 points 1 point 0 points</p>
<p>Total</p>	<p>25 points</p>

A closer look at Quick Ratio

This sub-indicator is a measurement of the project's liquidity verifying the project's ability to cover current liabilities.

Scoring Category	Points
Greater than 2.0	12 Points
Between 1.0 and 2.0	Between 7.2 and 12.0 Points
Score is 1.0	7.2 Points
Less than 1.0	0 Points

Quick Ratio Calculation

HUD will use FDS line items to calculate the formula:

Numerator	Denominator
Cash Unrestricted (FDS 111)	Current Liabilities (FDS 310)
Cash Tenant Security Dep. (FDS 114)	LESS CFFP Current Portion of long-term debt
Cash Restricted for Payment of Current Liabilities (FDS 115)	
Total Receivables (FDS 120)	
Investments (FDS 131)	
Investments Restricted for Payment of Current Liabilities	
Prepaid Expenses and Other Assets (FDS 142)	
Inter-program Due From (FDS 144)	

Let's Calculate: Quick Ratio

Calculation

Formula

$$\frac{(\text{FDS 111}) + (\text{FDS 114}) + (\text{FDS 115}) + (\text{FDS 120}) + (\text{FDS 131}) + (\text{FDS 135}) + (\text{FDS 142}) + (\text{FDS 144})}{\text{FDS 310} - \text{FDS 343}}$$

$$\frac{\$62,616 (\$28,429 + \$4,799 + \$2,125 + \$20,479 + \$6,784)}{\$17,230}$$

= 3.63

Account Title	Balance
Unrestricted Cash	\$28,429
Cash-Tenant Security Deposits	\$4,799
Receivables	\$2,125
Investments	\$20,479
Prepaid Expenses	\$6,784
Current Liabilities	\$17,230

Scoring Category	Points
Greater than 2.0	12 Points
Between 1.0 and 2.0	Between 7.2 and 12.0 Points
Score is 1.0	7.2 Points
Less than 1.0	0 Points

Tip for Optimizing Quick Ratio Calculation

- Record long-term portion of accrued compensated absences and FSS escrow liabilities as non-current on the FDS. ([Line #](#))

A Closer Look at MENAR Calculation

The MENAR ratio is based on a project's ability to operate using its net available, unrestricted resources without additional funding.

Scoring Category	Points
Over 4 months	11 Points
Between 1 month and 4 months	Between 6.6 and 11 Points
1 month	6.6 Points
Less than 1 month	0.0 Points

FORMULA:

$$\frac{\text{Total Asset Balances} - \text{Current Liabilities}}{[(\text{FDS 111}) + (\text{FDS 114}) + (\text{FDS 115}) + (\text{FDS 120}) + (\text{FDS 131}) + (\text{FDS 135}) + (\text{FDS 142}) + (\text{FDS 144})] - (\text{FDS 310})}$$

$$\frac{\text{Average Monthly Expenses}}{[(\text{Total Operating Expenses} + \text{Extraordinary Maintenance} + \text{Casualty Losses} + \text{Dwelling units rent expense}) / 12 \text{ months}]}$$

Let's Calculate: MENAR

Calculation

Formula

$$\frac{(\text{FDS 111} + \text{FDS 114} + \text{FDS 115} + \text{FDS 120} + \text{FDS 131} + \text{Inv. Restricted} + \text{FDS 142} + \text{FDS 144}) - \text{FDS 310}}{\text{Average Monthly Expenses [(Total Op. Expenses+ Extra. Maintenance+ Casualty Losses+ Dwelling units rent expense)/12 months]}}$$

$$\frac{\$45,386 (\$62,616 - \$17,230)}{\$21,029 (\$248,752 + \$3,600) / 12 \text{ months}}$$

= 2.16
earning 7.9
points

Account Title	Balance
Unrestricted Cash	\$28,429
Cash-Tenant Security Deposits	\$4,799
Receivables	\$2,125
Investments	\$20,479
Prepaid Expenses	\$6,784
Current Liabilities	\$17,230
Total Operating Expenses	\$248,752
Extraordinary Maintenance	\$3,600

Scoring Category	Points
Over 4 months	11 Points
Between 1 month and 4 months	Between 6.6 and 11 Points
1 month	6.6 Points
Less than 1 month	0.0 Points

A Closer Look at Debt Service Coverage Ratio

This ratio is a measurement of a project's net operating income available to make debt obligations with the exclusion of Capital Fund Financing Program (CFFP) debt.

Category	Points
No Service Debt	2 Points
Greater or Equal to 1.25	2 Points
Between 1.0 and 1.25	1 Point
Less than 1.0	0 Points

** Notice, PHAs having no debt service receive the full 2 points. **

Capital Fund Financing Program

- Debt that has been incurred from the CFFP program is not included in debt service ratio.

Make certain that transactions relating to the CFFP Program are accounted for in the Capital Fund Program column of the FDS and not the Low Rent Program column.

Debt Service Calculation

Divide the project's net operating income excluding depreciation by its annual debt service.

FDS Line	Numerator- Adjusted Operating Income
97000	Excess operating revenue over operating expenses
96700	Interest expense and amortization cost

FDS Line	Denominator- Annual Debt Service
96710	Interest of mortgage (or bonds) payable
96720	Interest on notes payable (short and long term)
11020	Required annual debt principal payments

Weighted Average FASS Score Example

Project	Score	# of Unit Months Available/12months		Product
1	23	100	=	2,300
2	15	225	=	3,375
3	18	84	=	1,512
4	12	290	=	3,480
Total	-----	699		10,667

To find the weighted average FASS score take the total product and divide by the total number of units.

$$\frac{10,667}{699} = 15.26$$

Audit Adjustments

- Audit reports will be reviewed and may cause HUD to adjust the financial scoring indicator.
- Factors Causing Score Adjustments
 - * Audit flags
 - * Actual results of the audit report

Audit discrepancies will be rated according to their severity.

<u>Tiers</u>	<u>Level of Severity</u>	<u>Point Loss</u>
Tier 1	Most severe	Loss of all points
Tier 2	Moderate	Loss of 10 % of financial indicator score
Tier 3	Less severe	Loss of a half of a point per each item up to maximum of 4 points

Significant Change Penalty

- For differences between the unaudited and audited submission, a significant change penalty will be assessed.
- Three points or more will be deducted from the financial condition indicator.

Capital Fund Program Indicator

- The purpose of this indicator is to measure the period of time a PHA takes in order to obligate funds and occupy units relative to the statutory deadlines for the obligating CFP grants.
- The Capital Fund Program Indicator is not based on the individual project level, but rather on entity-wide figures.
- The sub-indicators are:
 - Timeliness of Fund Obligations (5 pts)
 - Occupancy Rate (5 pts)

A Closer Look at:

Timeliness of Fund Obligations

- This sub-indicator is a measure of the amount of time a PHA takes in order to obligate its funds.
- This information will be taken from Electronic Line of Credit Control System (eLOCCS).
- If the PHA has obligated 90 % of all grants by its obligation end dates during the assessed fiscal year, five points will be awarded.

** * Any PHA failing this indicator will be designated as a Capital Fund Troubled Performer.***

A Closer Look at CFP Occupancy Rate

This sub-indicator (5 points) measures the PHA's Occupancy rate at the END of the fiscal year, which is calculated based on information IN PIC:

$$\frac{\text{Total occupied assisted, special use \& non-assisted units}}{\text{(Total ACC units – Uninhabitable units)}}$$

The points in this indicator will only be available to PHAs which have achieved timeliness in obligating their funds. (90%)

Occupancy Rate	Points
Greater or Equal to 96%	5 Points
Between 93% and 96%	2 Points
Below 93%	0 Points

Physical Inspection Component

- The objective of the physical inspection indicator is to determine whether a PHA is meeting the standard of decent, safe, sanitary housing in good repair.
- This component is now worth 40 Points in comparison to 30 points.

Timing of Assessment: Inspections

Size	PHAS Score	Freq. of Inspections
Small PHAs (Less than 250 units)	90% or greater 60%-89% Less than 60% (Capital Fund Troubled)	Every 3 rd Year Every 2 nd Year Each Year
Larger PHAs (More than 250 Units)	90% or greater 80%-90% Less than 80% Less than 60% (Capital Fund Troubled)	Every 3 rd Year Every 2 nd Year Each Year Each Year

**** In the initial baseline year, all PHAs will receive a PHAS score based on all indicators. ****

Physical Condition Inspections

- Project Inspections will be based on a range of scores:
 - 90 points or higher- inspection every 3 years
 - 80-90 pts- inspection every other year
 - < 80 pts- inspection every year

**Projects of PHAs that are designated as troubled will receive a physical inspection regardless of the individual project's physical inspection score. **

Physical Condition & Neighborhood Environment Credit

- Credits that were previously provided under the PASS component will no longer be applied to the physical component.
- Instead, the PCNE credit will be applied to the MASS score.

Appeals

- PHAs have the ability to appeal:
 - troubled performer designation
 - final overall PHAs score
 - petition for removal of troubled performer designation.
 - any refusal of a petition to remove troubled performer designation.

Appeals

- Unless the appeal will make a significant change, the appeal will not be reviewed.
- A significant change is a change that would increase the PHAs score and result in a higher PHAS designation.

Appeals will not be reviewed because of subsequent actions correcting the noted deficiencies.

PHAS with Deficiencies: Corrective Action

- A standard performer that receives a total score of at least 60% is required to correct the deficiencies in performance within 90 days or the period specified by HUD.
- A substandard performer receiving a PHAs score of at least 60% and a score less than 60% for physical condition, management or financial will be required to correct the deficiencies within 90 days or the period specified by HUD.
- A PHA with a project that receives less than 60% in physical condition, management operations, or financial condition OR less than 50% of the points for the capital fund indicator is required to correct any deficiencies noted within 90 days.

PHAS with Deficiencies

- Troubled Performers (those scoring less than 60%) will be provided a Memorandum of Agreement (MOA) within 30 days of notification.
- The MOA is understood as a binding contractual agreement between HUD and the PHA.

Quality Control

- If it is determined that the PHA's financial statement or electronic submission are deficient, HUD may adjust the financial score to zero.
- HUD may assume a quality control review of the audit work papers.
- If HUD determines the audit to be deficient, HUD may elect to serve as the audit committee for the PHA for the next fiscal year and select the audit firm that will perform the audit in question.

Management Sub-indicator Calculations

Occupancy Rate

$$\frac{\text{Leased Unit Months}}{\text{Unit Months Available}}$$

* Unit months Available= Total Unit months available minus HUD approved vacancies.

Tenants Account Receivable

$$\frac{\text{Accounts Receivable Tenants (FDS Line 126)}}{\text{Total Tenant Revenue (FDS Line 70500)}}$$

* Total Tenant Revenue includes Dwelling Rent and Other tenant Charges

Accounts Payable Computation

Step One:

$$\text{Avg. Monthly Operating Exp.} = \frac{\text{Total Operating Expenses}}{12 \text{ months}}$$

Step Two: $\frac{\text{Accounts Payable}}{\text{Monthly Average Operating Expense}}$

* Use chart to determine point values for this computation .

Management Score Calculation

Occupancy Rate	_____ pts
Tenants Account Receivable	_____ pts
Accounts Payable	_____ pts
<hr/>	
Total	_____ pts

Occupancy Rate

Occupancy Category	Units Months

Calculation

$$\text{Occupancy rate} = \frac{\text{Leased Unit Months}}{\text{Units Months Available}}$$

$$\frac{\text{Leased Unit Months}}{\text{Unit months available ()}}$$

$$= \text{_____ \% that will earn } \text{___} \text{ points}$$

Occupancy Rate-	98% or greater	16 Points
	96%-98%	12 Points
	94%-96%	8 Points
	92%-94%	4 Points
	90%-92%	1 Point

Tenant Accounts Receivable

This sub-indicator measures the tenant accounts receivable of a project against the tenant charges for a fiscal year.

Calculation

Account	Amount
Tenant Accounts Receivable	

$$\frac{\text{Accounts Receivable Tenants (FDS Line 126)}}{\text{Total Tenant Revenue (FDS Line 70500)}}$$

$$\frac{\text{(FDS Line 126)}}{\text{(FDS 70500)}}$$

= ____% will earn ____ points

Tenant Accounts Receivable	Point Value
Less than 1.5%	5 Points
Between 1.5% and 2.5%	2 Points
Greater than 2.5%	0 Points

Accounts Payable Computation

Account Category	Amount
Accounts Payable	
Total Operating Expenses	
Depreciation Expense	

Calculation

Step One:

$$\frac{\text{Total Operating Expenses}}{12 \text{ months}} = \text{Monthly Average Operating Expenses}$$

Step Two: Divide

$$\frac{\text{Accounts Payable}}{\text{Monthly Average Operating Expenses}}$$

Step One: _____ = _____
12 months

Step Two: _____ = _____

_____ = _____ points

Accounts Payable Category	Point Value
Less than .75	4 Points
Between .75 and 1.5	2 Points
Greater than 1.5	0 Points

Let's Calculate: Quick Ratio

Calculation

Formula

$$\frac{(\text{FDS 111}) + (\text{FDS 114}) + (\text{FDS 115}) + (\text{FDS 120}) + (\text{FDS 131}) + (\text{FDS 135}) + (\text{FDS 142}) + (\text{FDS 144})}{\text{FDS 310} - \text{FDS 343}}$$

$$\frac{(\$ \quad + \$ \quad + \$ \quad + \$ \quad + \$ \quad)}{\$ \quad}$$

= _____

Account Title	Balance

Scoring Category	Points
Greater than 2.0	12 Points
Between 1.0 and 2.0	Between 7.2 and 12.0 Points
Score is 1.0	7.2 Points
Less than 1.0	0 Points

Let's Calculate: MENAR

Calculation

Formula

$$\frac{(\text{FDS 111} + \text{FDS 114} + \text{FDS 115} + \text{FDS 120} + \text{FDS 131} + \text{FDS 135} + \text{FDS 142} + \text{FDS 144}) - \text{FDS 310}}{\text{Average Monthly Expenses [(Total Op. Expenses + Extra. Maintenance + Casualty Losses + Dwelling units rent expense) / 12 months]}}$$

(_____) / 12 months

= _____
 earning _____
 points

Account Title	Balance

Scoring Category	Points
Over 4 months	11 Points
Between 1 month and 4 months	Between 6.6 and 11 Points
1 month	6.6 Points
Less than 1 month	0.0 Points

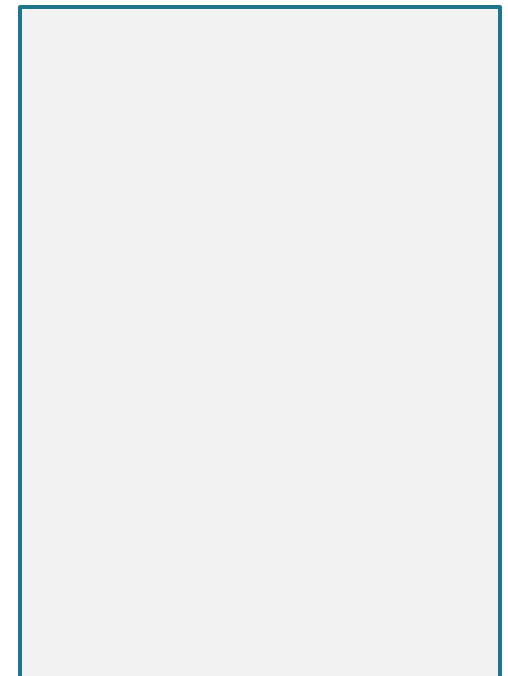
Debt Service Calculation

Divide the project's net operating income excluding depreciation by its annual debt service.

Calculate:

FDS #	Numerator- Adjusted Operating Income
97000	Excess operating revenue over operating expenses
96700	Interest expense and amortization cost

FDS #	Denominator- Annual Debt Service
96710	Interest of mortgage (or bonds) payable
96720	Interest on notes payable (short and long term)
11020	Required annual debt principal payments



Weighted Average FASS Score Example

Project	Score	# of Unit Months Available/12months	Product
1			=
2			=
3			=
4			=
Total	-----		

To find the weighted average FASS score take the total product and divide by the total number of units.

$$\frac{\text{-----}}{\text{-----}} = \text{-----}$$

A Closer Look at CFP Occupancy Rate

This sub-indicator (5 points) measures the PHA's Occupancy rate at the END of the fiscal year, which is calculated based on information IN PIC:

Total occupied assisted, special use & non-assisted units ()

(Total ACC units – Uninhabitable units) ()

The points in this indicator will only be available to PHAs which have achieved timeliness in obligating their funds. (90%)

Occupancy Rate	Points
Greater or Equal to 96%	5 Points
Between 93% and 96%	2 Points
Below 93%	0 Points