

RD AN No. 3953 (1930-C)
March 12, 2004

TO: State Directors
Rural Development

ATTN: Multi-Family Housing Program Directors,
MFIS Coordinators and Information Resource Managers

FROM: Arthur A. Garcia *(Signed by James E. Selmon, III)* *for*
Administrator
Rural Housing Service

SUBJECT: The Management Agent Interactive Network Connection (MINC) and the
Continuation of the Voluntary Field Test

PURPOSE/INTENDED OUTCOME:

This is to advise you of the status of the upgrade of the electronic transmission process from the “dial up” modem-based Industry Interface (II) to the web based Management Agent Interactive Network Connection (MINC). The old modem based II will be phased out and replaced by the web based MINC. This Administrative Notice (AN) contains important timeframes for the upgrade to MINC.

Borrowers using MINC may choose to electronically transmit information either through a direct connection, private vendor software or through the services of a computer “service bureau.” In addition, more program information may be transmitted, as MINC now accepts transmissions of tenant applicant information and the required borrower financial reports that use Form RD 1930-7, “Multiple Family Housing Project Budget,” and Form RD 1930-8, “Multiple Family Housing Borrower Balance Sheet.” The goal of these upgrades is to increase borrower’s and Agency’s operating efficiencies. Rural Development (RD) is committed to successfully implementing MINC.

COMPARISON WITH PREVIOUS AN:

This AN updates information provided in AN 3810(1930-C), dated December 12, 2002.

EXPIRATION DATE: October 31, 2004

FILING INSTRUCTIONS:
Preceding RD
Instruction 1930-C

IMPLEMENTATION RESPONSIBILITIES:

The original II began in September 1995. Current participation now exceeds over two-thirds of all Multiple Family Housing (MFH) borrowers. Attachment A discusses some of the benefits of borrower's participation and issues to consider when determining borrower's automation needs. Participation continues to be voluntary at this time, however, the 7 CFR part 3560 proposed rule (published on June 2, 2003) requires all borrowers with eight units or more to participate. The following are important implementation issues:

1. To participate in MINC, the management agent (or owner/manager) who will transmit information must obtain a MINC Management Agent Access Code and Password by accessing the MINC web site at <https://usdaminc.sc.egov.usda.gov>. A management agent (or owner/manager) will only need one MINC ID for all properties being managed and recognized by the Agency in the Multi-Family Housing Information System (MFIS).

The Agency is responsible for associating borrowers to the correct management agent id in the MFIS. If a borrower is not available to the management agent (or owner/manager), please contact the Servicing Office who is responsible for servicing the borrower in question.

An electronic version of a Trading Partner Agreement (TPA) will be required to be certified by the management agent (or owner/manager) when obtaining the MINC Management Agent Access Code and Password. Attachment B is a copy of the TPA.

2. MINC has been designed to be compatible with the current versions of Forms RD 1944-8, 1930-7 and 1930-8. Borrowers sending paper forms must use the most current version of each form with a revision date of July 2003. Software vendors and service bureaus that currently provide or intend to provide related software or services have been advised of the data changes required by the current forms and must incorporate those changes in their MINC compatible product.
3. We expect all vendor products to be compatible with MINC and with the current versions of Forms RD 1944-8, 1930-7 and 1930-8 by May 1, 2004. We are allowing the software vendors 90 days after May 1, 2004, to upgrade their customer's software. After August 2, 2004, we will no longer accept transmissions using the "bw number."
4. The cost of participating in MINC and upgrading software may be approved as eligible project expenses. Borrowers must receive prior Agency approval before committing project funds for software, hardware, or service expenses related to MINC.
5. Attachment C is the current list of software and service bureau vendors.

If you have questions, please contact Janet Stouder, Deputy Director, Multi-Family Housing Portfolio Management Division at 202-720-9728 or janet.stouder@usda.gov.

Attachments

THE BENEFITS OF THE MANAGEMENT INTERACTIVE NETWORK CONNECTION (MINC)

MINC offers Multiple Family Housing (MFH) borrowers a tremendous opportunity to reduce the long-term cost of project operations. Improvements to borrower automation should also facilitate better program compliance and increased management efficiencies. The following potential benefits can be achieved through the use of MINC:

- Reduces mailing costs and burden. For borrowers, this includes duplicating; sorting; filing; mailing to a central office; mailing to the Agency; and overnight mailing, faxing, and in some cases, hand delivery of tenant information. For the Agency, it includes eliminating date stamping, sorting, filing, cursory reviews, signing, and duplicate data entry. These costs double when borrower documentation is returned for corrections.
- Allows more time to meet deadlines. Filing all changes by the 10th extends most submission deadlines by 10 days. For borrowers, this provides more time to ensure that their information is assembled properly, complete, and accurate. Our staff indicated that errors occur most frequently when borrowers rush to submit tenant information. For the Agency, more accurate information results in fewer mistakes to correct with the borrower.
- Allows for same day feedback on problems.
- Reduces the possibility of being charged overage for late certifications. This penalty can be significant when assessed to borrowers, management agents, and site managers. Extended submission deadlines and faster turn around on submission reviews reduce the possibility of overage being charged for late data.
- Increases accuracy of submissions. Private vender automation products help the borrower improve their own accuracy and reduce errors to be found and corrected by the Agency.
- Increases the efficiency of borrower operations by linking MINC with “borrower management” software.

Acquiring Automation Support for Management Agent Interactive Network Connection (MINC)

The goal of MINC is to reduce the long term burden and cost of reporting MFH tenant information. The Agency will approve the use of project funds to acquire automated support to transmit data electronically to the Agency.

Guidelines for obtaining automated support are as follows:

- With prior Agency approval, borrowers may use project operating or reserve funds to purchase or lease hardware or software needed to participate.
- Once borrowers have acquired automation capabilities, they may allow their management agent to use them to participate. This cost may be prorated over several projects owned by different borrower entities with a common management agent.
- When the cost of acquiring management software or hardware is not cost effective for a project, or projects with common management, the Agency may allow as a project operating expense the cost of contracting with a service bureau to provide automation support to participate.
- To request Agency approval, borrowers must submit a brief proposal that documents the anticipated costs and benefits of adopting the automation strategy being proposed.

Further discussion of issues:

1. Deciding to Acquire Additional Automation Capabilities.

MFH borrowers are encouraged to use automated systems to manage MFH projects and to prepare and process paperwork associated with project management. Where economically feasible, computer applications can improve management efficiency and reduce errors and omissions. However, the purchase of computer hardware and software out of project funds should be carefully analyzed.

If a borrower entity's purchase of computer hardware or software to be used solely at a project can be expected to show a reduction in project Operations and Maintenance (O&M) expenses, the purchase cost may be approved by the Agency as a line item project expense. The expense may be approved at project inception out of the project's 2 percent initial operating account or, subsequent to project start-up, out of annual operating revenues. The cost may be prorated over several projects owned by the same borrower entity. Any computer hardware or software purchased with project funds must remain with the project if there is any subsequent change in management or ownership of the project.

The Agency recognizes that each project has specific automation needs and each may be at different stages of automation. Some currently have fully integrated management systems while others have not computerized. Each borrower must examine their project's situation and determine the best solution. Also, refer to Administrative Notice (AN) No. 3911(1930-C), "Allowable Administrative Expenses" dated October 29, 2003, for additional information.

When borrowers request the Agency approval to use project funds to purchase automation capability, they must document their request by reviewing their current automation capability and explaining the costs and benefits of their decision. The Agency will approve the cost of participating and additional automation when it makes financial sense.

2. Choosing to Use a Service Bureau.

If acquiring automation is not a sound decision, borrowers may consider using a service bureau to provide automation services at a fee. The fee can be a project expense and should be reasonable. The Agency must approve a borrower's determination that it is in the best interest of the project to contract with a service bureau.

A service bureau is a firm that provides computer support to transmit tenant information. Currently, service bureaus support a similar tenant information automation initiative with the Department of Housing and Urban Development (HUD). Several management companies and borrowers have indicated that they are interested in performing the functions of a service bureau.

The cost of a service bureau is essentially an "add on expense" to an operating budget, since the function is not currently performed by any project. Borrowers, who find that their project budget will not support the cost of acquiring automation support or a service bureau fee, should contact their servicing office. As stated earlier, borrower participation is not mandatory at this time.

The Agency will not allow an add on fee for the cost of a service bureau if your analysis demonstrates that it is less expensive to acquire an automation capacity, unless extenuating circumstances exist.

The Agency will not approve the use of an add on service bureau fee as a project expense for a contract with a firm which has an Identity of Interest (IOI) with the project borrower or management agent, without detailed documentation indicating that the IOI service bureau is clearly more cost effective than a non-IOI service bureau. While this policy does not restrict the formation of IOI firms to process tenant certifications, service bureau companies or the payment for their services from a management fee, it is intended to address concerns expressed by the USDA Office of Inspector General (OIG) that IOI firms may unnecessarily inflate project operating expenses.

3. The Project Budget Impact of Participating in the MINC

The budget impact of the ongoing expense of transmitting tenant information to the Agency through MINC will vary project-by-project depending on the costs associated with the transmission and how the current budget currently carries the costs of processing (preparing, copying, and mailing) a tenant certification. The management plan and agreement should establish how the current costs are to be carried by the project budget. It is acceptable for a project to be assessed a prorated per unit cost for transmitting information to the Agency, when the transmission is performed from a central borrower or management agent location.

TRADING PARTNER AGREEMENT (TPA)
(Electronic Version)

(For Use During the Management Agent Interactive Network Connection (MINC) Voluntary Field Test)

As the designated representative for the Borrower entity of the Multi-Family Housing (MFH) projects identified by this Management Agent (MA), I agree to transmit tenant change information, Form RD 1930-7, "Multiple Family Housing Project Budget" and "Form RD 1930-8, "Multiple Family Housing Borrower Balance Sheet" to my Servicing Office(s) in accordance with this Certification.

As MA, I understand and agree to abide by the management plan and management agreement for each individual project, as described in RD Instruction 1930-C, Exhibit B. The management plan and agreements have been concurred by the Agency and entered into the Multi-Family Information System (MFIS). MFIS has the starting date and ending date on which this MA has been associated to each project.

The MINC system will be used to transmit information. I further understand the MINC ID will only give me access to properties associated to my MA ID by the Agency.

The MA will be directly responsible for transmitting the information between the first and the tenth day of each month. The MA will be responsible to set up and maintain MA Users and insure each user has a separate MA User ID and password. Quarterly, the MA will be responsible to review their list of management users and verify and certify online they are still valid. The Agency will review this information during their management review.

The MA will call the Servicing Office to resolve any transmission problems or may be called by the Servicing Office to resolve any problems with information received.

If I cannot successfully transmit tenant changes to the Agency by the tenth day of the month, using the MINC system, I must contact my Servicing Office to advise them of the problem.

I will not be assessed any penalty for late submission of tenant information while this TPA is in effect. This TPA will last through the life of the voluntary field test but may be ended by either party at any time.

The MA will certify to the Agency, on an annual basis, that all MA Users have taken Government supplied security training.

WARNING STATEMENT: Section 1001 of Title 18, United States Code provides, "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

Privacy Act Statement: Authority: Executive Order 9397 Purpose: Your Social Security Number or Tax ID is requested under the authority of Executive Order 9397 to uniquely identify your records from those of other applicants who may have the same name. Routine Uses: None. Disclosure: Required, Failure to provide your SSN or Tax ID for your request will result in your request not being processed or approved.

OFFICIAL U.S. GOVERNMENT SYSTEM FOR AUTHORIZED USE ONLY

“This is a U.S. Department of Agriculture (USDA) computer system. These computer systems, including all related equipment, networks, and network devices (specifically including Internet access), are provided only for authorized U.S. Government use. USDA computer systems may be monitored for all lawful purposes, including ensuring that their use is authorized, for management of the system, to facilitate protection against unauthorized access, and to verify security procedures and operational security. During monitoring, information may be examined, recorded, copied, and used for authorized purposes. All information, including personal information, placed on or sent over this system may be monitored. Use of this USDA computer system, authorized or unauthorized, constitutes consent to monitoring of this system. Unauthorized use may subject you to criminal prosecution. Evidence of authorized use collected during monitoring may be used for administrative, criminal, or other adverse action. Use of this system constitutes consent to monitoring for these purposes.”

LISTING OF PRIVATE SOFTWARE DEVELOPERS AND VENDERS WHO HAVE INDICATED AN INTEREST IN THE MANAGEMENT AGENT INTERACTIVE NETWORK CONNECTION (MINC) VOLUNTARY FIELD TEST

(Updated as of March 2004)

The following individuals and companies have expressed an interest in developing or marketing software to provide an industry interface with Rural Development's housing programs Multiple Family Housing tenant files, or providing automated support through a service bureau to transmit tenant certifications to the Agency. Rural Development expresses no preference or opinion on the products or services of any of the individuals and companies listed below.

(Service Bureau) Accounting & Management Brenda Simpson P.O. Box 5058 Topeka, KS 66605 785-862-2068 785-862-1441 – fax brenda@bls_accounting.biz	(Service Bureau & Consulting) C&L Consulting Charles J. Kraebal, COS Laura D. Palmer, AHM 4253 Cactus Circle Liverpool, NY 13090 315-652-7100 315-652-7106 –fax cl@tweny.rr.com	(Service Bureau) Costello Property Management Corina Bittner P.O. Box 2238 Sioux Falls, SD 57101 605-336-9131 605-336-0527 – fax cbittner@costelloco.com www.costelloco.com
(Service Bureau) EPS, Inc. Fred Hutchins 18 Blair Park, Suite 208 Williston, VT 05495 802-872-0818 802-872-0820 – fax FHUTCH056@aol.com	(Service Bureau) KUSTOM BOOKKEEPING Ardith Scammehorn 1007 North Elm P.O. Box 217 Healy, KS 67850 620-398-2500 620-398-2501 – fax scamm@st-tel.net	(Service Bureau) RDC Data Processing Center Oleva Riney P.O. Box 238 326 E. Jefferson Memphis, MO 63555 660-465-7281 – voice 660-465-7163 – fax 660-465-2442 – tdd
Ausmus and Associates, Inc. Sam Ausmus III 3335 Federal Road Pasadena, TX 77504-1737 800-944-5572, ext. 201 713-944-2554 – fax sausmus.iii@ipm-software.net	Bostonpost Technology, Inc. Janet Wittenberg Dean Nicholdaides 436B S. River Rd. Bedford, NH 03110 603-669-8553 ext. 223 603-663-0085 – fax janet@bostonpost.com deann@bostonpost.com	BP Software Bennet and Ron Barlean 708 Nooksack Ave. Nooksack, WA 98276 360-966-5705 800-344-7611 360-966-3125 – fax bpsoftware@alphahunt.com www.bpssoftware.com
CAMS of Atlanta, Inc. Paul Angelich President 3340 Peachtree Road, NE Suite 1800 Atlanta, GA 30326 800-544-7569 404-814-5299 – fax Camsatl@Sprynet.com	Clancy Knaup 1333 Wayland Street P.O. Box 901 Beaver Dam, WI 53916 cbknaup@internetwis.com	Classic Real Estate Systems Mitch Copman 400 Pinnacle Way, Suite 420 Norcross, GA 30071-3661 770-729-0007 770-729-0065 – fax mithc@classicresystems.com classic@classicresystems.com www.classicresystems.com
David Stathis Consulting David Stathis 315-247-1027	Dorsett Computer Services Cleve Dorsett 806-793-9359 806-793-7510 – fax admin@dorsett.net	Fresno Housing Authority Bob Friesen 559-457-4130 559-457-4149 – fax rfriesen@pcabell.net Michael Powers 559-443-8463 559-443-8495 – fax mpowers@hafresno.org

<p>High Tech Solutions Maurice King 1509 6th Street Marysville, WA 98270 360-653-1570 360-653-1722 – fax maurice@hightechsolutions.com</p>	<p>HUD Billing Joe Reeves 33616 25th Ave. Court South Roy, WA 98580 800-925-2276 253-843-0289 angelacres@foxiinternet.net</p>	<p>IPM Software, Inc. 4008-C Vista Road, Suite 250 Pasadena, TX 77504 RHS Control 800-944-5572 ext. 212 info@ipm-software.net www.ipm-software.net</p>
<p>IPM-Software Jed Graef P.O. Box 880 Shelburne, VT 05482 802-985-2029 802-985-2668 – fax jgraef@worldnet.att.net</p>	<p>JF Gray Dusty Culler Farmington, NM 505-325-6515, ext 27 505-325-4305 – fax dusty@jlgray.com</p>	<p>Lindsey & Company Inc. Colleen Caldwell 2302 Llama Drive Searcy, AR 72143 501-268-5324 501-268-1198 – fax ccaldwel@lindseysoftware.com www.lindseysoftware.com</p>
<p>Millennium Software Valerie Gatson 1503 Goodwin Road Ruston, LA 71270 318-251-2392 318-255-7397 – fax support@millennium-software.com</p>	<p>MultiSite Systems, LLC Brent Lawrence 404 Thornwood Drive Jamestown, NC 27282 336-454-0147 336-454-5096 – fax brentl@multisitesystems.com</p>	<p>Pacific Cost Computer Services William Antoucci 916-348-7051</p>
<p>PMAS, IIC Frank Patterson 164 Rollins Ave., 2nd Floor Rockville, MD 20852-4038 301-770-2600 301-770-6508 – fax sfp@pmas.com info@pmas.com</p>	<p>PSL Consultants Steve Lang P.O. Box 241516 Memphis, TN 38124-1516 901-681-9831 901-763-2588 – fax slang@pslmgmt.com patlang@pslmgmt.com www.pslmgmt.com</p>	<p>Real Page Inc. 4000 International Parkway Carrollton, TX 75007-1913 1-87REALPAGE 972-820-3383 – fax 972-820-3137 – Scott Nelson scott.nelson@realpage.com 972-820-3383 – Susan Sloan susan.sloan@realpage.com 972-820-3354 – Janel Ganim janel.ganim@realpage.com</p>
<p>Shreve Group John Veach 1622 Taylor Ave. Washington, DC 202-882-6306 301-562-3006 ShreveGroup@msn.com Veachiii@aol.com</p>	<p>Simply Computer Software, Inc. Duane D. Tinsley, President 7310 N Alpine Rd. Loves Park, IL 61111 800-626-2431, ext #3 815-231-0065 – fax DuSCS@aol.com www.SimplyComputer.net</p>	<p>TCG Technologies LLC Gustavo Sapiurka 1012 N Street, NW Washington, DC 20001 800-226-999 202-667-3002, ext 390 202-667-3035 – fax sapiurka@tcgtechnologies.com Doug Stastny - 678-213-2805 d.stastny@cam-systems.com Anne O'Dell – 845-692-3048 a.odell@cam-systems.com www.tcgtechnologies.com</p>
<p>Tenmast Software James Mauch, President 132 Venture Court, Suite 1 Lexington, KY 40511 859-455-8061 856-367-7480 – fax jbatts@tenmast.com Markl@tenmast.com</p>	<p>Williams Mgmt & Consulting Bryan Porter P.O. Box 40 Blue Springs, MO 64015 816-220-0070 816-220-9164 – fax bryan@tenantcert.com</p>	<p>Yardi Systems, Inc. David Kessler 819 Reddick Avenue Santa Barbara, CA 93103 805-966-3373 ext. 227 1-800-947-2233 805-963-3155 – fax dave.kessler@yardi.com www.yardi.com</p>

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