

# NAHHP Update

## To Bid, or Not to Bid: That Is the Question!

BY AL SHAPIRO

### IN THIS ISSUE

- 3 Field Update**  
EIV system may soon be mandatory
- 5 Smart Advice**  
How to deal with hoarding
- 6 NAHP Profile**  
Peter Lewis: Concerned about sustainability

‘T is not always nobler in the mind to suffer the slings and arrows (or time and effort) necessary to bid your insurance. Whether or not to go to bid may be a less momentous choice than Hamlet’s famous quandary, but it is a decision that should not be taken lightly. Strategic bidding of your insurance program can generate “outrageous fortune” and favorable outcomes, if the conditions are right!

The choice is to conduct a bid or negotiate your renewal with the incumbent insurer. The latter can be a suitable strategy, providing your insurance program has the coverages you need and is priced at a competitive level. But there’s the rub: how do you know if you should be satisfied? There is no easy answer as prices in the insurance industry are cyclical and the market price changes continuously.

Adding to the confusion, different sectors of the insurance market (property vs. liability; real estate vs. manufacturing) may not be on concurrent cycles. Your colleagues or competitors may brag about their percentage reductions or complain about increases at renewal, but these comments may not



be relevant to your situation if you don’t know their base rates.

### HINTS TO HELP DECIDE

Some property owners bid their insurance every year, while others rarely do because of loyalty to their broker. Some choose not to bid because they have benchmarked their program (based on an independent opinion other than their broker’s) that their program meets their needs at a fair price. These

questions can help you decide what is optimal for you:

- Are your insurance prices going up when your colleagues report the opposite?
- Does your broker regularly test the market and share the results with you?
- Are you happy with your broker’s service?
- Have you had a favorable (or unfavorable) loss experience?
- Has it been five years since your last competitive bid?



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■ Have you benchmarked your program's pricing against similar risks?

■ Do you unconditionally trust what your broker tells you?

The wrong answer to a number of these questions may mean that it is time to bid. Remember that bidding too often can be counterproductive, as underwriters who participate year after year may tire of losing and decline to quote in future bids. Your bid should be conducted so that each participant, whether they are an insurer or broker, has a reasonable expectation of winning. At the least, they should know that the deck isn't stacked against them, otherwise they will be less likely to commit their valuable resources toward the effort.

Once you have determined that it is time for a bid you should decide whether to engage an advisor to help run the bid, and how many insurance representatives to include. An advisor, in addition to providing expertise and independent benchmarking, can also act as a buffer between you and the brokers, helping make communication less "emotional."

### ONE OR MORE BROKERS?

Brokers may eloquently explain that your interests are best served by granting them full authority to negotiate on your behalf and allow them to approach all available markets. In fact, some brokers will not participate in a bid process unless they are awarded this exclusivity. Other brokers welcome competition as it affords them more opportunities and also allows them to differentiate themselves from their

peers, including the incumbent.

Your broker, who could lose your account to competition, will work harder at trying to keep your business and use its limited "influence" with underwriters for you. As your sole representative, a broker is virtually assured of retaining your business and may or may not exercise maximum effort.

For a residential real estate account, there are only so many insurers that are viable players. Therefore, two or three brokers should be sufficient, and the fewer the number, the greater perception each will have of succeeding. But if you include multiple brokers and run a fair bid, you must accept the possibility that your current broker may not win.

### MARKET ASSIGNMENT

Market assignment is the most important phase of the process, and an effective assignment of insurers sets the tone and the competitiveness of the process. It is critical that you, or your advisor, control this process so that brokers only contact the insurers assigned to them.

Normally, your current broker is assigned the incumbent insurers. In addition, each participating broker submits a list of insurers they represent and believe have the best chance of writing your business, in rank order. Then you or your advisor assigns the markets with the goal of equitably splitting the insurers among the participants. Knowledge of each insurer, their relationship with the broker and their appetite for your type of insurance is critical to this process.



### THE BID PACKAGE

It is important that all participants go to the market with the same information. This helps ensure that you will be able to compare similar proposals.

Underwriters' minimum requirements include a schedule of the properties to be insured (property values and liability exposure data, number of units, commercial square footage, fire and smoke detection, swimming pools, etc.), as well as five years of loss runs.

The bid package could be more elaborate and incorporate a set of comprehensive coverage specifications outlining the coverages and endorsements necessary to write your account, detailed spreadsheets with insurance values and property data, loss runs with in depth descriptions of large and/or frequent losses and a narrative description of your operations. The key is that every insurer should work from the same information.

You'll want the bid package to tell the story of your operation and represent your exposures in the best possible light. If an unfortunate loss history needs explaining, make sure that the written explanations help rather than hinder the

cause. The narrative could explain what sets you apart from your peers; describe past successes or future plans.

Many brokers will ask to see your current policies. What they really want to know is your premium, so that they can evaluate their chances and give their underwriters a target to shoot for. Underwriters always want to know the target price, but you should always resist revealing your current premium as the purpose of your bid should be to get the "best" possible price—not to meet or beat a target.

In a successful bid you, the prospective insured, maintain control of the process, including timelines. You should begin about 90 days in advance of the renewal date, and proposals should be due one to two weeks in advance, so that you or your advisor can perform meaningful comparisons and final negotiations.

A well thought out bid process will let you sleep, perchance to dream (of lower premiums), knowing you have done all that you can to lower your insurance costs. **NU**

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# EIV System May Soon Be Mandatory

HUD has announced that it intends to make **Enterprise Income Verification (EIV) system** mandatory on January 31, 2010. Although NAHMA is hopeful that HUD will consider a delay until EIV can also be used for tax credit and RD properties, it's a good idea to be prepared for early 2010.

### HOW TO ACCESS EIV

Assuming that the January 31 date stands, owners and management agents who do not have access to EIV must act now by taking the steps outlined below in a recent HUD announcement, or they face penalties relating to non-compliance.

### STEP 1: DETERMINE EIV ROLE

When applying for initial EIV access rights, applicants must first decide what their role will be in EIV—whether they will be an EIV Coordinator or an EIV User, as the application process is different depending on their role. An EIV Coordinator has the same functionality in EIV as an EIV User but also has the administrative functions of assigning access rights to EIV Users and recertifying their EIV Users on a biannual basis.

### STEP 2: APPLICATION PROCESS FOR COORDINATORS

When applying for EIV access rights as an EIV Coordinator, an applicant must:

1. Be a WASS Coordinator and have an active Web Access Secure System (WASS) ID (M-ID) that was assigned to them

by HUD, based on owner authorization.

2. Have a written owner authorization (letter of approval) to access EIV on the owner's behalf for their properties.

3. Complete and submit a hardcopy Coordinator Access Authorization Form (CAAF) to HUD's Multifamily Helpdesk by fax at 202-401-7984 or by email at [MF\\_eiv@hud.gov](mailto:MF_eiv@hud.gov). It is only necessary to fax pages 1, 2, and 5 of the CAAF. Do not fax the owner letters of approval with your request. Note, only one CAAF needs to be submitted per Coordinator. A separate CAAF should not be submitted for each property. The deadline for submission in order to have access to EIV by January 31, 2010 was December 15, 2009. However, if this deadline was missed, a submission should still be made as it may still be possible to get approval as an EIV Coordinator by the January 31 deadline. (The department is currently in the process of determining what will happen in the event of noncompliance.)

4. Complete property assignments in EIV after receiving an approval email from the Helpdesk.

5. Complete the EIV on-line certification process by January 15, 2010.

### STEP 3: APPLICATION PROCESS FOR EIV USERS

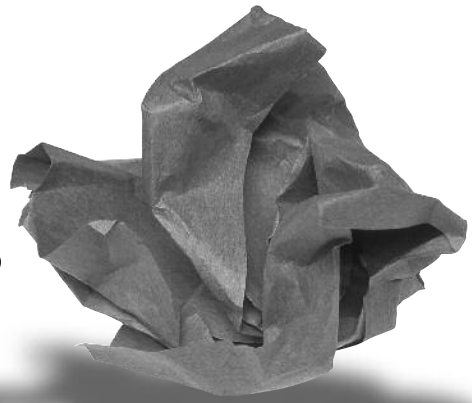
Users must have an active WASS ID (M-ID) in order to apply for access authorization rights to EIV. To apply for EIV access, Users will need to complete the User Access Authorization Form (UAAF) in hardcopy and submit it to their assigned EIV Coordinator for approval. The EIV Coordinator can approve and certify the EIV User and make the appropriate property assignments. UAAs are not to be faxed to the Multifamily Helpdesk.

Detailed instructions for the application process, which include how to apply for a WASS ID, upgrade to a WASS Coordinator role (necessary if applying as a Coordinator) and application forms for EIV Coordinators and EIV Users are located at <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/applyforeivaccess.pdf>.

If you have any questions related to getting access to EIV, you may contact HUD staff members Kevin Garner on 202-402-2057 or Zeljko Jovanovic on 202-402-3157. **NU**

# Answers from Your Peers

## What to Do About Hoarding



**Q:** I have a long-term, elderly resident who I don't want to evict, but who I suspect is a hoarder. What's the difference between clutter and hoarding?

**A:** Clutter becomes a problem if areas of the living quarters can't be used for their intended purpose (e.g., bed cannot be slept on, stove cannot be used for cooking) or possessions pose a safety hazard. Hoarding is characterized by 1) collecting items that either do not serve a purpose or are redundant; 2) collecting but not discarding; and 3) extreme emotional attachment to the items collected and an inability to part with them without significant anxiety and stress.

**Q:** How do you help someone who resists getting help?

**A:** Hoarders often refuse help. A good first step would be to assist the resident with sorting possessions before suggesting disposing of them. Since de-cluttering is likely to be extremely stressful, it may be useful to enlist the assistance of a professional, such as a social worker or psychologist, who has had experience in

dealing with people who have hoarding problems.

**Q:** How would I proceed if the resident resists having someone visit or inspect the apartment?

**A:** Many people who hoard are afraid of being "found out," fear being forced to remove their clutter or are afraid of being evicted. As it takes time to develop a trusting relationship around this issue, suggest that you meet in the hallway or in the lobby. After a few meetings outside the apartment, with perhaps some non-judgmental discussion about the state of it, the person may be willing to allow you inside.

**Q:** Are there health and building regulations regarding minimum cleanliness and environmental safety that residents must meet in order to prevent eviction?

**A:** Most municipalities have laws and codes (building, electric, fire, plumbing, health, etc.) that mandate basic standards to ensure occupants' health and safety — and people with hoarding behaviors are often in violation of

these standards. These could include: blocking of doors/egress; owner's right of access; unsanitary conditions in the unit or outside the unit (e.g., in hallways); fire hazards; and rodent and insect eradication. Familiarize yourself with local codes and the violations that, if not remedied, could be grounds for eviction. Knowing what the violations are can be a powerful leveraging tool to encourage residents to cooperate in a minimum clean-up.

**Q:** If a family member asks for help, who can I turn to if I want to help a possible hoarder?

**A:** Since a hoarding problem might possibly pose a hazardous fire, safety, health or nuisance condition to the tenant or other tenants, it is very important that you address the problem. Some municipalities offer support services that can include referrals to social service agencies, home visits, assessment of both the client and the dwelling unit, interaction with families, and possible relocation of tenants. In some cases, the only way to deal with a hoarder is to move him or her to a freshly painted apartment with new furniture and

larger closets, and provide ongoing contact to continue support. This may not be practical, however, and the best approach may be to call the local social services department and/or adult protective services department for help on deciding the best resources, including your own janitorial staff, to tap into to assist the resident.

**Q:** If the situation has gotten completely out of hand (for example, we can't even open the door to the unit) and it's determined that a heavy-duty cleanout is necessary, what preparations need to be made before the cleaning begins?

**A:** First, decide if the building staff will be disposing of the items or if you need to hire a carting service. Regardless:

- Have all the necessary supplies. If building staff is to dispose of discards which they bag, agree on an appropriate gratuity on a per bag basis.
- If you need a carting service, get written bids from two or more companies. Check their licenses, insurance and record.
- Check regulations for bulk items. Check municipal and state regulations for private medical waste such as 'sharps'

## Other Hoarding Advice

If you do an Internet search of “hoarding,” you will find numerous resources. Here are just a few:

**International OC Foundation** (formerly Obsessive Compulsive Hoarding Foundation) [www.ocfoundation.org/hoarding/](http://www.ocfoundation.org/hoarding/)

**Center for Animals and Public Policy at Tufts University**—This is an excellent website on animal hoarding, with extensive articles, bibliographies, interventions, and resources.  
[www.tufts.edu/vet/cfa/hoarding/index.html](http://www.tufts.edu/vet/cfa/hoarding/index.html)

**Mayo Clinic**—Comprehensive overview covers symptoms, treatment for this compulsion to collect animals or things.  
[www.mayoclinic.com/health/hoarding/DS00966](http://www.mayoclinic.com/health/hoarding/DS00966)

**Understanding Hoarding**—A very thorough and sensitively written web site by an individual with obsessive-compulsive disorder.  
[understanding OCD.tripod.com/hoarding.html](http://understanding OCD.tripod.com/hoarding.html)

(syringes) if applicable.

- Be sure all workers understand the procedures for the service elevator, entrances and exits, bathroom for use by cleaning staff and any other relevant building issues.
- Schedule minor repairs dur-

ing your onsite work: e.g., inspecting electrical outlets, unclogging a sink.

- Have protective gear for all workers—face masks, gloves (both rubber and cloth), body suits, and caps. Change gear frequently.

- Have a first-aid kit, fully stocked with swabs, cleansers, bandages, disinfectants as well as paper towels. Be prepared for accidents. Stock plenty of water for cleaning staff.

- Close off public hallways and use yellow ‘caution’ tape, especially around a truck, dumpster or piles of discards.

- Some residents have health issues that make it necessary to use non-toxic but heavy duty cleansers.

- Use 3 ml. thick, 30 gallon plastic ‘com-

pactor’ bags. Don’t overload them. If a bag is too heavy for you to lift, it will likely be too heavy for the sanitation department. Use black bags for discards, blue or clear for recycling.

**Q:** What should I do if the resident needs emergency psychiatric care while this is happening?

**A:** If the resident is under a psychiatrist’s care, have this number. The psychiatrist can be contacted to see if he or she feels hospitalization is indicated and, if so, which hospital is preferable. If the resident is not under a psychiatrist’s care, involve a public social services agency beforehand. Have their caseworker present during the heavy duty cleaning. At the very least, have the names and numbers of family, friends and/or significant others who can be contacted for support or backup as needed. Have the number of the resident’s primary care physician to inform him or her of the client’s distress and an imminent trip to the ER. It is also helpful to have a list of the client’s medications as this information will be requested by the EMS technicians upon their arrival at the client’s home.

*This information was adapted from Cornell University’s Program for Environmental Geriatrics and its NYC Hoarding Task Force’s “Frequently Asked Questions,” ([http://www.cornellaging.org/gem/hoa\\_faq.html?name1=FAQ&type1=2Active](http://www.cornellaging.org/gem/hoa_faq.html?name1=FAQ&type1=2Active)). Citations by multiple contributors. NU*

## Welcome New NAHPs!

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Marcrum Management  
Homewood, AL
- » Deborah Loope Potter  
Excel Property Management  
Raleigh, NC





# A Forester at Heart Reduces Carbon Footprint

**NAME:** Peter Lewis

**MANAGEMENT COMPANY:** Federal Management Co., Inc.

**POSITION:** Vice President of Property Management

**NAHP CERTIFICATION:** 1995

Few teenagers these days could imagine shouldering the level of responsibility Peter Lewis did, when, as a high schooler, he managed a 100-pad mobile home park in Middletown, R.I., “from soup to nuts,” as he put it. He did everything from sales to landscaping to helping install homes.

Then he went off to Paul Smith’s College and SUNY at Syracuse where he got a degree in forest resource management. He fought forest fires in Ore-

gon one summer, but when he graduated in 1985, “the economy was worse than it is today,” he said. There were no jobs, so Lewis ended up back in property management and has stayed ever since.

Lewis worked for various management companies as well as state agencies, including a two-year stint as PBCA/CA manager for Rhode Island Housing. As its portfolio manager of asset management, his department was responsible for roughly 22,000 units.

Lewis was drawn back to property management, which he likes because “every day is different; no two days are the same.” He left the state agency in 2004 and began working for Federal Management Co. in Boston in

2006. The company manages about 3,700 units in Maine, Mass., Conn. and R.I. The company is growing, actively seeking new acquisitions and fee management opportunities. “We want to be at 10,000 units by 2020,” Lewis said.

Lewis’s company “is also very big on sustainability issues. We’re going through our portfolio, looking for no cost/low cost energy systems. As we replace equipment we are looking at high efficiency systems. We want to reduce our carbon footprint as we go forward.”

Federal Management also has a new web-based program for property management, “where our data is always current. We’ve come a long way, and it’s taken a long time, and we still have a

long way to go,” he said. “Having the right staff in place helps.”

Training is important to Lewis and his team. He urges staff to take trainings offered by NEAHMA and to get the certifications offered by NAHMA. Lewis has been involved with NEAHMA “since almost the beginning,” and has served in many capacities on its board and is now director emeritus. He is also on the executive council ( Boston Chapter) for the Institute for Real Estate Management (IREM).

Lewis is married and has one son, who is “very into sports.” When not working, Lewis and his family are into skiing, although golf is the main focus. “My 11-year-old son shoots an 83,” he said. “Now I’m trying to keep up with him.” **NU**

PROTECTING THE INTERESTS OF AFFORDABLE HOUSING PROPERTY MANAGERS AND OWNERS

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