



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY
WASHINGTON, DC 20410-0001

NOV 18 2019

The Honorable Henry J. Kerner
Special Counsel
U.S. Office of Special Counsel
1730 M Street, N.W., Suite 300
Washington D.C. 20036-4505

Re: OSC File No. DI-19-2646

Dear Mr. Kerner:

I am in receipt of your letter dated August 30, 2019, referring for investigation a matter involving allegations that "HUD failed to adequately service property portfolios resulting in noncompliance with physical condition standards and inspection requirements for HUD housing, subsidized housing funds paid to owners of vacant properties, and a lack of adequate insurance on properties" (footnote omitted) and that a branch chief "engaged in arbitrary and capricious decision-making in the approval or denial of requests for disbursements."

Please be advised that HUD devoted significant resources through the Departmental Enforcement Center (DEC) to investigate the allegations. The DEC prepared the attached report, which I have reviewed and approve in accordance with 5 U.S.C. § 1213.

The investigation did not reveal "gross mismanagement, a gross waste of funds, an abuse of authority, or a substantial and specific danger to public health or safety" but did identify some areas for improvement. As a result, I will direct staff to address the recommendations set forth in the report.

If you have any questions, please do not hesitate to contact DEC Director Craig Clemmensen at 202-245-4195.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Carson", with a long horizontal flourish extending to the right.

Benjamin S. Carson, Sr.

Enclosure



Report of Investigation
Office of Special Counsel - File No. DI-19-2646
November 18, 2019

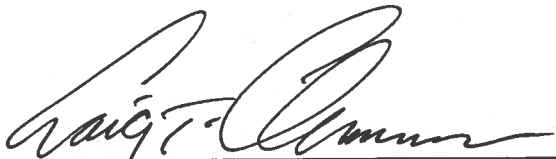

Craig T. Clemmensen, Director

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I. Executive Summary

The Departmental Enforcement Center (“DEC”) conducted an investigation following an Office of Special Counsel referral (OSC File No. DI-19-2646) to the U.S. Department of Housing and Urban Development (“HUD”) involving Claimant disclosures. Allegations of gross waste of funds, gross mismanagement, abuse of authority, and a danger to public safety were raised concerning HUD’s Office of Multifamily Housing Southwest Asset Management Division (“MFHSW”) in Fort Worth, Texas. The on-site investigation was conducted from October 8 through October 10, 2019.

While the investigation substantiated some programmatic deficiencies, overall these deficiencies do not rise to a level of gross waste of funds, gross mismanagement, abuse of authority, or danger to public safety. Primarily, we recommend that MFHSW ensures that staff collects and upload EHS certifications along with reasonable evidence of EHS corrections including but not limited to photos, work orders, and paid invoices in every instance of EHS correction(s). This collection should be clearly denoted in HUD’s iREMS and other systems of record.

The Claimant, a former MFHSW Senior Account Executive (“SAE”) alleged that MFHSW Branch Chiefs circumvented HUD MFH Handbooks guidelines, HUD Multifamily (“MFH”) Standards of Work (“SoW”) resulting in gross waste of funds, gross mismanagement, abuse of authority, and a danger to public safety. According to Claimant, these acts are in violation of Unfair, Deceptive, Abusive Acts or Practices (“UDAAP”) laws.

Per the Consumer Financial Protection Act, the Consumer Financial Protection Bureau is responsible for taking action to prevent service providers from committing or engaging in unfair, deceptive, or abusive acts or practices (UDAAP) in connection with consumer financial products and services. The National Housing Act 12 USCS §§1701, *et seq.*, which is the applicable Federal statute for multifamily housing programs, does not fall under the purview of UDAAP or the Consumer Financial Protection Act.¹ UDAAP is inapplicable to the alleged housing violations. As such, the National Housing Act and promulgated regulations and policies were applied to this review.

¹ Consumer products under the purview of the following consumer laws are protected under the Consumer statute: Alternative Mortgage Transaction Parity Act of 1982 (12 U.S.C. 3801 et seq.); the Consumer Leasing Act of 1976 (15 U.S.C. 1667 et seq.); the Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.), except with respect to section 920 of that Act [15 USCS § 1693r]; the Equal Credit Opportunity Act (15 U.S.C. 1691 et seq.); the Fair Credit Billing Act (15 U.S.C. 1666 et seq.); the Fair Credit Reporting Act (15 U.S.C. 1681 et seq.); the Home Owners [Homeowners] Protection Act of 1998 (12 U.S.C. 4901 et seq.); the Fair Debt Collection Practices Act (15 U.S.C. 1692 et seq.); subsections (b) through (f) of section 43 of the Federal Deposit Insurance Act (12 U.S.C. 1831t(c)-(f)); sections 502 through 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6802-6809) except for section 505 [15 USCS § 6805] as it applies to section 501(b) [15 USCS § 6801(b)]; the Home Mortgage Disclosure Act of 1975 (12 U.S.C. 2801 et seq.); the Home Ownership and Equity Protection Act of 1994 (15 U.S.C. 1601 note); the Real Estate Settlement Procedures Act of 1974 (12 U.S.C. 2601 et seq.); the S.A.F.E. Mortgage Licensing Act of 2008 (12 U.S.C. 5101 et seq.); the Truth in Lending Act (15 U.S.C. 1601 et seq.); the Truth in Savings Act (12 U.S.C. 4301 et seq.); section 626 of the Omnibus Appropriations Act, 2009 (Public Law 111-8); and the Interstate Land Sales Full Disclosure Act (15 U.S.C. 1701).

The investigation included interviews with the Claimant, two MFHSW Branch Chiefs, and MFHSW Division Director, Asset Management Director C. Documents reviewed included data and reports in HUD's internal Integrated Real Estate Management System (iREMS), Management Agent Certifications, insurance policies, electronic mail communications, written correspondence, the MFH Handbooks, and the MFH SoW.

II. Objective

The objective of the review was to determine if there was a violation of law, policy or regulation² or gross mismanagement in administering the MFHSW portfolio by the MFHSW Branch Chiefs, Branch Chief A, and Branch Chief B.

The DEC's investigation focused on HUD's MFH Handbooks, HUD's MFH SoW, HUD MFH business documents, HUD system reviews and reports that are the subject of the Claimant's allegations regarding Branch Chief A and Branch Chief B.

III. Scope

The scope of the review was the Claimant's term of employment with HUD (September 3, 2018 through March 14, 2019), unless otherwise noted. Documents reviewed included the following: electronic mail communications, HUD MFH business agreements, HUD systems, HUD regulations, HUD MFH SoW and HUD reports. Interviews were conducted with the following individuals:

1. Claimant, former Senior Account Executive, MFHSW
2. Asset Management Director C, Asset Management Division Director, MFHSW
3. Branch Chief B, Branch Chief, MFHSW
4. Branch Chief A, Branch Chief, MFHSW

A complete Index of Documents obtained, and Memoranda of Interviews can be found at Appendix 1.

IV. Background

MFHSW monitors approximately 5,000 active MFH properties. MFH SAEs are responsible for monitoring the performance of each property in an assigned portfolio that averages approximately 70-80 properties.³

The Claimant was employed by HUD from September 4, 2018 through March 14, 2019.

² HUD Handbooks 4350.1; 4350.4; 4370.1; 4381.5.; HUD Regulations 24 CFR Part 200; 24 CFR Part 880.

³ Ex. 7 - Interview Notes Asset Management Division Director – p. 1

Branch Chief A acted as the Claimant's Branch Chief upon her HUD employment date of September 4, 2018. Approximately one month after her employment start date, the Claimant was transferred to Branch Chief B's team.⁴

V. Results of Investigation

Claimant alleges a gross waste of funds, gross mismanagement, abuse of authority, and a danger to public safety by management officials in MFHSW with regard to management of MFH properties that are financed with Federal Housing Administration (FHA) insured mortgages and/or receiving housing assistance rent subsidies. Specifically, Claimant alleges:

- A. HUD's failure to ensure compliance with physical condition standards and inspection requirements for HUD housing;
- B. HUD's failure to adequately maintain property portfolios resulting in HUD subsidy funds paid to Owners of abandoned properties;
- C. Arbitrary and capricious decision-making by MFHSW Branch Chief on approval or denial of requests for Reserve for Replacement disbursements;
- D. Other Matters alleged during interviews with Claimant include MFHSW's
 1. failure to confirm fidelity bond insurance coverage for HUD properties;
 2. failure to confirm hazard insurance coverage for HUD properties;
 3. failure to process project incident reports;
 4. failure to properly process property management agent approvals;
 5. failure to utilize monthly accounting reports in project performance reviews;
 6. failure to properly monitor disbursements from Section 223(f) non-critical repair escrow funds and the related Request for Replacement disbursements;
 7. failure to properly service delinquent mortgage accounts; and
 8. failure to properly complete Transfer of Physical Asset requests.

.....

A. HUD Failed to Ensure Physical Condition Standards and Inspection Requirements

MFH housing assisted under HUD finance and subsidy programs must be decent, safe, sanitary and in good repair including the project's site components; building exterior; building systems; dwelling units; and common areas.⁵ The physical condition standards and inspection requirements established for MFH properties are described in HUD Regulations at 24 CFR § 200.800 Subpart P - *Physical Condition of Multifamily Properties*.⁶ Generally, HUD's Real Estate Assessment Center ("REAC") scores and ranks properties based on a physical condition inspection of the property conducted by HUD REAC inspectors. Depending on the results of the inspection, properties are ranked and are required to undergo inspections once every year; once every two years; or once every three years.⁷ Regardless of the standard ranking, when HUD

⁴ Ex. 6 - Interview Notes Branch Chief Branch Chief A - p. 1

⁵ 24 CFR § 5.703, *et seq.*

⁶ 24 CFR § 200.855, *et seq.*

⁷ 24 CFR § 200.857(b)(1)(i)(ii)(iii) - properties receiving score of 90 points or higher on physical inspection are designated as Standard 1 and re-inspected every three (3) years; scores of 80-90 points result in Standard 2 designation and properties re-

projects are cited for Exigent, Health and Safety (“EHS”) deficiencies, the EHS items must be corrected within 72 hours of the inspection and the Owner must also provide HUD a certification of immediate mitigation and reasonable evidence that the EHS items have been resolved.⁸

Allegation

Claimant alleges that HUD failed to ensure compliance with these standards in project portfolios she was tasked to manage. She alleges that in approximately 30 of the 70 projects she was assigned there were serious EHS deficiencies that required property managers to act within three (3) days to cure the EHS deficiencies. However, she stated that none of the project records included documented follow up by MFHSW to ensure compliance but instead only included reference to receipt of Owner certifications of EHS corrections, which she says were automatically entered by MFHSW staff without actual receipt of certification documents. Moreover, Claimant stated that when she brought her concerns regarding the lack of follow up to her then supervisor, Branch Chief A, she was told to simply “close them out [in the HUD’s computer system],”⁹ rather than contact the property manager or Owner to confirm whether repairs had been completed. Claimant also disclosed that the majority of her assigned property portfolios had not been serviced in several years, with some properties having a last contact date with the Owner in 2011. Due to the lack of oversight, she claimed projects had not been required to undergo mandatory REAC inspections. Consequently, she stated that many of the low-income families utilizing these properties could be living in unsafe or unsanitary living conditions. Claimant did not provide specific project names or other identifiers to support this claim.¹⁰

HUD Review Results

The DEC undertook a review of HUD’s records with regard to Claimant’s 66-project portfolio to ensure compliance with physical condition standards and inspection requirements. It was determined that HUD did not always follow procedures on collection of documents and REAC inspection schedules were not always in compliance with HUD Regulations. The review found:

- Over 90% of Claimant’s project portfolio from the period of FY 2018 through FY 2019, met or exceeded HUD’s decent, safe and sanitary physical standards as demonstrated in REAC physical inspection scores. Six (6) projects in her portfolio did not meet HUD’s physical condition standard having received REAC inspection scores of less than 60c.¹¹
- The six (6) projects assigned to Claimant that did not receive sufficient REAC physical inspection scores include: 1) Pecan Grove Manor 800021218 REAC Inspection date 8/9/18 yielded score of 50c and EHS items cited; 2) Roscoe Dunjee Senior Living Center 800075180 REAC Inspection dated 6/6/18 yielded score of 49c and EHS items cited; 3)

inspected every two (2) years; and scores of less than 80 points are designated as Standard 3 and will continue annual physical inspections.

⁸ 24 CFR § 200.857(c)(2)

⁹ Ex. 4 - Claimant Interview Notes p. 1

¹⁰ Ex. 4 - Claimant Interview Notes p.1-2

¹¹Ex. 2 -Attachment A – REAC Score Column

The Ravinia Apts 800212655 REAC Inspection date 11/16/18 yielded score of 51c and EHS items cited, Notice of Violation issued, Owner sanctioned with Flag and entered into a compliance action plan, upon reinspection 8/16/19 project scored 89c and three EHS items cited; 4) Bandera Commons Apts 800214331 REAC Inspection date 5/7/18 yielded score of 66c and EHS items cited, REAC Inspection date 4/11/19 yielded score of 59c and EHS items cited; 5) Flats at Five Mile Creek 800215629 REAC Inspection dated 1/11/18 yielded score of 49c, REAC Inspection dated 3/8/19 yielded score of 85c and EHS items cited in both inspections; 6) Columbia Apts 800020788 REAC Inspection date 6/10/19 yielded score of 51c and EHS items cited.¹²

- In 27 projects, the physical inspection schedule as required by HUD Regulations was not followed.¹³ There were several instances where a significant number of years lapsed between physical inspections for Standard 1, 2, and 3 designated properties and other cases where the lapse was between 1-2 years from the required schedule. However, this backlog of late inspections has been substantially corrected with recent REAC physical inspections in FY 2019. To date, there are six (6) projects within this portfolio that are awaiting REAC inspections in accordance with the regulatory schedule.¹⁴
- In projects that required EHS corrections, certification dates were noted in HUD's system of record along with reference to receipt of Owner's certification; of the EHS project records reviewed, 57% included copies of Owners' signed EHS certifications uploaded into HUD system; and 51% of the EHS project records included support documents such as work orders or photos uploaded in the system of record to support EHS certification of completion of work.¹⁵

MFHSW should ensure that its staff collects and uploads EHS certifications along with reasonable evidence of EHS corrections including but not limited to photos, work orders, and paid invoices in every instance of EHS correction(s) pursuant to HUD Regulations.¹⁶ This collection should be clearly denoted in HUD's iREMS and other systems of record and uploaded into MFH's current document retention site, Laserfiche.

B. HUD's Failure to Maintain Property Portfolios Resulted in Rent Subsidies Paid to Owners of Abandoned Properties

Physical condition standards for HUD subsidized projects are regulated by HUD Regulation and in accordance with the Section 8 Housing Assistance Payment (HAP) Contracts between HUD/Owner and in some instances with a local Contract Administrator.¹⁷ Basically, Owners agree to maintain and operate contract units and common areas, and to provide decent, safe, and sanitary housing. Upon a determination of non-compliance, HUD and or the Project Based Contract Administrator (PBCA) have the right to abate the HAP in whole or in part if Owners fail to take the necessary corrective actions. PBCA's are also tasked with monitoring

¹² Ex. 2 -Attachment A – REAC Score Column

¹³ Per 24 CFR § 200.857(b)(1)

¹⁴ Ex. 2 - Attachment A – Other Column

¹⁵ Ex. 2 Attachment A – EHS Column

¹⁶ 24 CFR § 200.857(c)(2)

¹⁷ 24 CFR § 880.505

Owners whose properties are subsidized with HAP and provide specific administrative tasks including management and occupancy reviews; monthly voucher payments to Owners; contract renewals; and physical inspection monitoring for HAP assisted properties.¹⁸

Allegation

According to Claimant, several properties in her project portfolio were left abandoned and vacant, yet the properties were still in active pay status for HUD HAP funds. She specifically referenced one project, Columbia Apartments, and that HAP funds for vacated units were being remitted to Owner or that funds were going unused. Claimant stated that to the extent funds are going unused that MFHSW failed to take action to transfer HAP funds to other projects or tenants and such inaction is a waste of funds.

HUD Review Results

Columbia Apartments 800020788

Located in El Paso, Texas, Columbia Apartments is a 200-unit walk-up property consisting of 10-buildings containing 20 units each, where property was initially financed with an FHA Section 221(d)(3) New Construction/Substantial Rehabilitation loan endorsed in October 1969. The mortgage matured on June 1, 2011 but project rents continue to be subsidized in accordance with a HAP contract funded by HUD and administered by a PBCA, Southwest Housing Compliance Corporation (“SHCC”). SHCC’s duties over the project include collection of tenant rent roles and tenant vouchering to ensure proper rent amounts are paid from the HUD contract fund. However, per HUD iREMS record, in FY 2017 the City of El Paso condemned one unit in one of the buildings due to foundation settling issues. Due to tenant safety concerns, the Owner removed the remaining 19 units from the inventory, vacating tenants from those 19 units. The Owner allegedly stated to Claimant that the property was not insurable due to these safety concerns. While an engineering report was reportedly procured by the Owner highlighting this issue, the report has not been provided to HUD as there is a third-party dispute between Owner and engineer. Construction plans cannot be made without an engineering report per Owner and consequently repair work has been delayed.¹⁹

According to our review of the rent subsidy records from SHCC, the Owner has neither received nor requested rent subsidies for these vacant units since March 2018.²⁰ Moreover, Claimant’s position that contract funds related to the units could be transferred for the benefit of other tenants is not fully accurate as there are several factors HUD is required to consider. Primarily, a contract must be in a terminated or expired status to trigger transfer; and once a contract is terminated HUD funding may be permanently lost. Secondly, Section 8 rent subsidies cannot be simply carved from contract budget authority and transferred to tenant(s) or other projects. HUD maintains a process for transfer of Section 8 budget authority when a

¹⁸ 24 CFR § 881, *et seq.*

¹⁹ Exhibit 8 - Columbia Apartments iREMS Report

²⁰ Exhibit 8 – iREMS Columbia Apartments PBCA Southwest Housing Compliance Corporation Section 8 Voucher Report

contract has been fully terminated and there's remaining funding tied to the authorization.²¹ In such cases, there must be budget neutrality and transfer made to similarly situated properties within the same geographical jurisdiction.²² MFHSW is exploring this possible tool to preserve affordable unit budget authority, an indication that MFHSW is making efforts to resolve the voucher underutilization and is not releasing rent subsidies for vacant units. Thus, we found that Claimant's allegations are unsupported.

C. Arbitrary and Capricious Decision Making on Reserve Fund for Replacements Releases Requests

The Reserve Fund for Replacements ("RFR") is an accumulating set aside repository account that is generally used to defray costs of replacing capital items in projects financed with FHA insured mortgages and HUD Held mortgages regulated by the terms of the mortgage, HUD Regulatory Agreement and HUD Regulations.²³ To effectuate withdrawals from the RFR, Owners must submit requests in writing to the MFH Asset Management Branch Chief on Form HUD-9250 detailing the type of work to be completed and project location of the repair to allow for inspection of the work. If the withdrawal is for work to be completed, the request must be accompanied by three formal or informal bids, along with explanation of bid selection. Where request is for reimbursement for work already completed, the paid invoice must be included in the request. Unless the request exceeds 20% of the RFR balance, the MFH Asset Management Branch Chief is required to make a reasonable effort to review and approve or reject the request within 30 days from receipt. Acceptance requires the MFH Asset Management Branch Chief to sign and issue Form HUD-9250 to the lender for release of the funds. Each MFH Asset Management Office is encouraged to establish an RFR file for each project to store authorization for releases made within the past three-year period.²⁴

Repair items eligible to be expensed from the RFR include capital items such as replacement of refrigerators/stoves; replacement of kitchen and bathroom sinks, counter tops, water closets, doors; major roof repairs; major plumbing and sanitary systems; overhaul of elevator systems; repainting of building exterior; replacement of central air and heating systems; major resurfacing of sidewalks, parking lots and driveways. Whereas, items contemplated as ineligible for reimbursement include minor paving repairs; replacement of range burners/elements; minor heat system repairs and other items considered to be routine maintenance. However, some routine improvements may be eligible if in HUD's opinion, the items would upgrade the property and increase the property's marketability without inordinately depleting the RFR Fund.²⁵

²¹ Section 8(bb)(1) of the United States Housing Act of 1937 42 U.S.C. §1437f(bb)(1) requires HUD to transfer any budget authority remaining on a project based Section 8 HAP contract when it is terminated or expired, to another Housing Assistance Payment contract when the contract or one of the contracts from its subdivision into multiple HAP contracts is terminated.

²² Housing Notice H 2015-03, establishing guidance for transfer of HAP Contract Budget Authority

²³ 24 CFR §207.19(f)

²⁴ HUD Handbook 4350.1, Chapter 4 - Owner is required by the FHA mortgage note and regulatory agreement to establish or continue to maintain RFR in a separate depository account with the lender at the time of FHA mortgage endorsement and mortgage payments begin and is to remain under control of the lender during the life of the mortgage and portions released by the lender upon approval from HUD for the purpose of replacing structural elements and equipment of the project or any other purpose upon written consent from HUD, the recommended minimum threshold for the RFR account is at least \$1000 per unit, which is subject to adjustment based on physical condition; geographical location, immediate needs, unit composition; and project size.

²⁵ HUD Handbook 4350.1, Chapter 4.10

Allegation

Claimant alleges that MFHSW Branch Chief B, on several occasions made arbitrary decisions in processing requests for reimbursements from RFR accounts. Claimant specifically referenced irregularities in the Glen Hollow Apartments.

Glen Hollow Apartments 800246311

In this instance, according to Claimant, the Branch Chief approved Owner's request to upgrade mailboxes and repair sidewalk pavements even when the release would decrease the RFR account below the HUD recommended threshold of \$1,000 per unit and where these items were not included in the project's list of needed repairs. On another occasion, according to Claimant, Branch Chief B stated that she would deny requests for RFR funds solely based on whether the project was located in a "bad" neighborhood and that she would conduct online "Google" searches to view project and surrounding neighborhood to make this determination.²⁶

HUD Review Results

Branch Chief B responded to this allegation that HUD has discretionary authority to release RFR funds to increase a property's marketability and the decision was made to release funds from the project's RFR for this purpose. She also denied ever making the statement that releases would be made for projects in good neighborhoods and rejected for projects in bad neighborhoods. She explained that while mailboxes and sidewalks were not included in the project's Physical Capital Needs Assessment ("PCNA"), she exercised her authorized discretion to release the RFR funds to increase project's marketability.²⁷ This exercise of discretion is permitted by HUD Policy which specifically provides that some routine improvements including minor sidewalk paving may be eligible if in HUD's opinion the items would upgrade the property and increase the property's marketability without inordinately depleting the RFR Fund Recommended minimum threshold of \$1,000 per unit. HUD Policy further states that the \$1,000 per unit minimum requirement may be adjusted based on a project's physical condition; its geographical location, immediate needs, unit composition; and project size.²⁸ So, contrary to Claimant's position, the size and location of a project are among the allowable factors in HUD's discretion to release RFR.

Branch Chief B denied making statements about withholding RFR funds based solely on whether or not a project was located in a "bad" neighborhood. Claimant could not substantiate this claim with specific examples. As well, project's size and location are permitted factors that may be considered in RFR reviews.²⁹ Therefore, Claimant's allegations of arbitrary and capricious decision-making and abuse of authority are unsupported.

²⁶ Ex. 4 - Claimant Interview Notes - p. 8

²⁷ Ex. 5 - Branch Chief B's Interview Notes - p. 3

²⁸ HUD Handbook 4350.1, Chapter 4.5

²⁹ HUD Handbook 4350.1, Chapter 4.1; Branch Chief's Interview Notes p. 3

D1. Management Agent Approval Process & Fidelity Bond Requirements

MFH Asset Management is tasked with reviewing management agent documents in its approval process of proposed property management agents. MFH assesses the proposed agent's eligibility; past performance; management capacity; and experience. Upon completion of this review, MFH issues a decision letter as to the approval or disapproval of the management agent and project Owner is to then execute an acceptable management agreement with the agent. This process is enumerated in the HUD Multifamily Handbook which in pertinent part also provides that, within 60 days before an Owner elects to retain a new management agent or in exigent circumstances as soon as a new management agent is identified, a complete management package must be submitted to the local Multifamily HUD Office.³⁰

Moreover, MFH Asset Management staff is also required to determine if the management agent has adequate fidelity bonding in an amount at least equal to two months of project gross income. MFH is not permitted to waive this requirement. In assuring that adequate protection is provided, the management agent must certify in the management certification that it carries fidelity bond coverage naming lender and HUD as additional loss payees.³¹

Allegation

Claimant stated there is a lack of consistency across MFHSW staff on collection of complete management agent package documents. Namely, MFHSW staff did not enforce the requirement to collect evidence of fidelity bonds which list HUD as an additional payee in order to protect HUD from misappropriation of insurance proceeds by the Owner. Doing so would protect HUD, the investors, and the tenants by reducing mismanagement. By failing to ensure the insurance policies, HUD has failed to provide adequate oversight throughout the life of the investments.

Specifically, Claimant stated that nine (9) of the properties in her project portfolio did not list HUD as additional payee on the properties for which she could locate insurance paperwork and some properties did not have insurance paperwork at all. Claimant stated she reviewed HUD's Laserfiche system for several projects and there were no active insurance policies on file. Claimant argues that based on HUD Regulations, Owners are required to submit documentation of Insurance Policies along with management certification, but documents were not uploaded and to the extent they were, documents were expired and outdated. She did not contact lenders for insurance policies naming HUD as payee and was told by Branch Chief B to move on and focus on current log assignments.

HUD Review Results

Certificate of Insurance documents were included in HUD's electronic records in every instance with the exception of one project, where there was no certificate documentation. However, the insurance endorsement policy pages did not always indicate specific fidelity bond

³⁰ HUD Handbook 4381.5, Chapter 2.9.

³¹ HUD Handbook 4381.5, Chapter 2.14

coverage but often referred to umbrella and employer's liability coverage.³² As well, HUD and lender were not consistently listed as additional loss payee(s) on the endorsement page. To the extent policy endorsement pages were expired, there is no known policy guidance for MFH to collect endorsement pages from management agents on an annual basis, though annual reviews are conducted by lenders on hazard insurance coverage. Moreover, there were no observed losses related to fidelity bond deficiencies.

D2. Management Agent Approval Process & Hazard Insurance Requirements

While management agents and Owners are to certify to maintaining hazard insurance coverage as required by the project's mortgage, there is no requirement for the MFH Asset Management division to collect or maintain documentation of hazard insurance in the management agent review process. Assuring and continuing adequate hazard insurance protection is the responsibility of the contracting parties per terms of the mortgage note. Where projects are financed with FHA insured mortgages, borrowers are required to ensure hazard insurance coverage over the financed property pursuant to the mortgage note executed between borrower and lender. To this end, lenders collect evidence of insurance at initial mortgage endorsement and then on an annual basis, lenders monitor receipt of policies and certificates of insurance to assure policies are renewed on a timely basis. As for HUD-Held projects, where HUD holds the note due to lender assignment or where HUD is the lender of record as a function of finance as in Section 202 elderly projects, the Loan Management Branch Chief assures insurance policy renewals are completed. Sanctions are levied in instances of noncompliance.³³

Allegation

Claimant argued that HUD must be listed on a property Owner's hazard insurance policy as an additional payee to ensure that reimbursements for claims are not stolen by property Owners and to this extent HUD must collect hazard insurance policies along with management agreements as required by the management certification. Claimant offered the Tidwell Estates Apartments as evidence of MFHSW's failure to ensure hazard insurance compliance.

Tidwell Estates Apartments 800244087

HUD records indicate that this property is a lender held FHA refinanced project initially endorsed on May 24, 2017 and does not receive housing assistance rent subsidies. According to Claimant, the Owner received a check payment from an insurance company due to fire damage sustained in one of the units on October 4, 2017, and repairs were not completed until November 14, 2018. Claimant argued that check payment should have been made to HUD and not solely to

³² Ex. 3 - Attachment B - La Posada del Rey- there is evidence of property insurance including crime/theft.

The Residence at Eagle Pass - there's a certificate of general liability insurance but no reference to fidelity coverage.

Point Royale Apartments - there's a certificate of general liability insurance.

Rainbow Village II - fidelity bond certificate included in file.

Broadway Lofts - there's a certificate of general liability insurance but no reference to fidelity coverage.

Columbia Apartments - there is documentation of insurance coverage.

SharyRoad Apartments - there is documentation of insurance coverage.

Rollingbrook Apartments - there was no documentation of insurance coverage, but policy was recently provided by lender.

Oakcreek Village - there is documentation of insurance coverage.

³³HUD Handbook 4350.1, Chapter 21.12.

the Owner and that the project's hazard insurance policy should be collected and maintained by HUD. To this end, Claimant collected hazard insurance coverage documentation from Owner on December 21, 2018.

HUD Review Results

Upon review of the record, there is no evidence that Owner filed a claim with the hazard insurance company or that payment was issued by insurance company. In fact, according to a February 11, 2019, email correspondence from the management agent, there was no insurance claim filed.³⁴ In this instance, had there been an insurance claim, HUD and Lender should have been named as additional loss payees on the payment. However, such assurance is a function of the mortgage note heavily regulated by the FHA insured lender in accordance with HUD Handbook.³⁵ The project is the collateral for the insured mortgage held by lender and measures are taken annually by lender to ensure hazard insurance is in place. There is no requirement for MFH Asset Management to annually collect and maintain a project's certificate of insurance after final endorsement as stated by the Claimant. Therefore, the Claimant's position is unsupported.

D3. Incident Reports SOW

According to Branch Chief B, there is no SoW requirement or written policy for incident reports.³⁶ She stated that incident reports are internal functions used by field offices to notify upper management of potential public relations issues/news articles regarding a HUD portfolio property incident that should be elevated to senior management.

Allegation

Claimant stated that HUD failed to issue project incident reports when required, per the MFH SoW. In the Tidwell Estates Project, Claimant attempted to make an incident report detailing the fire incident but was told by Branch Chief B that report was not needed since the fire was isolated to one unit; there was no media coverage of the fire; and occurrence was in previous fiscal year.³⁷

HUD Review Results

According to Branch Chief B, the unit fire at Tidwell Estates Project did not rise to the level of a need to notify senior management in HUD headquarters as the tenant had been relocated and Owner was repairing damage.³⁸ Additionally, MFH does not maintain a SoW for incident reports and Claimant could not provide such a document in support of her allegation. Therefore, Claimant's allegations are unsupported.

³⁴ Ex. 8 - Tidwell iREMS; Ex 1, Part 4 - Email Correspondence;

³⁵ HUD Handbook 4350.1, Chapter 21.11

³⁶ Ex 5 - Branch Chief B's Interview; Ex. 1, Part 4 - Email Correspondence

³⁷ Ex. 4 - Claimant's Interview Notes - p. 4

³⁸ Ex. 5 - Branch Chief B's Interview Notes and Email Correspondence - p. 1

D4. Management Agent Approval Process and Backdating Certifications

In general, a management agent may only assume responsibility after the MFH Asset Management Division approves the Management Certification and Management Agreement including required clauses as executed by the contracting parties.³⁹ However, there are emergency situations, as in an instance of a management agent's abandonment, where prior HUD approval is infeasible, and Owner or replacement agent must assume immediate property management for project continuity. In such circumstances, approval must be sought as soon as replacement is identified. According to Claimant, MFHSW Branch Chief Managers failed to adhere to this requirement by not addressing expired or missing management certifications and by not requiring that management agreements include required contract clauses related to fees and termination rights.⁴⁰

Allegation

La Posada del Rey Apartments 800236117

According to Claimant, the management agreement for La Posada del Rey Apartments expired in July 2017, yet agent continued to provide management services without HUD approval. She further stated that, Branch Chief B told the management agent HUD could backdate the certification to show an effective date of management fees to be earlier. Claimant also stated that claimant rejected the management agreement in her review because it did not have proper contract language.⁴¹

HUD Review Results

According to Branch Chief B, there are instances where management agent certifications should be approved as of a specific effective date to allow for a new management agent to collect fees for services provided. However, she stated that she never asked anyone to backdate the signature approval date.⁴²

Moreover, per a December 11, 2018, email correspondence from Claimant to Branch Chief B, Claimant attempted to reject the Management Agreement due to omission of required contract clauses as required by the HUD Handbook. Branch Chief B responded by referring Claimant to the governing Regulatory Agreement provision which may not require management agreement clauses.⁴³

³⁹ HUD Handbook 4381.5 Chapter 2.6; 2.7; 2.9

⁴⁰ HUD Handbook 4381.5 REV-2, Chapter 2.17(b)(2), Management Agreement Requirements – All agreements must provide that management fees will be computed and paid according to HUD requirements and that HUD may require Owner to terminate the agreement immediately in the event of mortgage or Regulatory Agreement Default and make prompt arrangements for satisfactory management; as well as requirement for management agent to turn over all project assets and records to Owner upon termination. Such agreements are required for identity of interest agents or independent fee agents; and recommended in instances of Owner managed projects.

⁴¹ Ex. 4 - Claimant Interview Notes – p. 6

⁴² Ex. 5 - Branch Chief B's Interview Notes – p. 2

⁴³ Ex. 1 Part 1 - Email Correspondence – La Posada del Rey Apts.

According to the iREMS record, on May 20, 2019, MFHSW approved the management agent's certification. This delay was due to flags in HUD's Previous Participation System on the management agent as related to program noncompliance on another HUD insured property.⁴⁴ While there are no known financial issues of compliance per the Audited Financial Statement ("AFS") for FY 2018 and the project received a REAC Inspection score of 92c on July 18, 2019, unapproved management arrangements especially in the instance of flagged management agents may pose a risk to project operations. However, this increased risk in this one project does not equate to gross mismanagement by MFHSW.

Allegation

Point Royale Apartments 800231711

The management agent certification on record for Point Royale Apartments, a market rate FHA project, had an effective date of May 28, 2014, with an open-ended term of agreement allowing for automatic annual renewal as permitted by HUD Policy.⁴⁵ While, the management agent certification had not expired, Claimant contends that because the management agent agreement did not include the required contract clauses per HUD Handbook Policy with regard to contract termination rights, the agreement needed to be amended.

HUD Review Results

While there are no compliance issues regarding expired management contracts in this instance, HUD needs to reference required contract clauses in management agreements upon contract renewal or when appropriate.⁴⁶ This will strengthen Owner's ability to terminate the management agent arrangement at will or at the direction of HUD. Nonetheless, there has been no evidence of loss to HUD for failure to follow this policy.

D5. Monthly Accounting Reports Review Process

In appropriate circumstances, the MFH Asset Management Branch Chief ensures that its staff requires Owners to submit monthly accounting reports ("MARS") to evaluate a project's performance when the project is experiencing financial or management difficulties or where there is evidence of non-compliance. Evaluation includes a review of month-over-month cash flow trends; occupancy; rent collections, liquidity, potential diversions and general project performance. Once there's an indication project is no longer experiencing financial or management difficulties, the MFH Asset Management Division has discretion to continue submission of reports or elect to terminate the MARS submission requirement.⁴⁷

⁴⁴ Ex. 8 - La Posada – iREMS Problem Statement

⁴⁵ 4381.5 REV-2. Chapter 2.17(c), Length/term of the Agreement where contract may provide for a fixed term or an open-ended term where contract automatically renews or remains in effect until cancelled by HUD, the Owner, or the agent; and where new management certifications are required where if the terms change.

⁴⁶ HUD Handbook 4381.5 REV-2. Chapter 2.17(b)(2)

⁴⁷ HUD Handbook 4370.1 Chapter 3.1

Allegation

Claimant explained that in the Tidwell Estates Project, Branch Chief B erroneously required that she terminate the MARS submissions requirement from Owner, even upon discovery of an unauthorized distribution and questionable expenses.⁴⁸

HUD Review Results

According to the iREMS record, claimant questioned alleged distributions totaling less than \$5,000.⁴⁹ Branch Chief B indicated that cessation of MARS is discretionary and there are other checks and balances HUD may employ including enforcement. This is supported by HUD Handbook policy which states that MARS are discretionary and not a requirement.⁵⁰ Additionally, without the AFS submission that identifies the amount of Surplus Cash generated by the project which determines allowable Owner distributions, Claimant's allegation of unauthorized distributions and questionable expenses was premature and unsupported.

D6. Section 223(f) Critical and Non-Critical Repair Escrow Releases

Section 223(f) projects involve refinance of a current mortgage where there is substantial equity which may be accessed by the Owner for substantial project rehabilitation including capital improvements and modernization. Newly constructed or substantially rehabilitated projects normally should not need withdrawals from the Reserve Fund during the early years of occupancy for repairs or capital items. However, projects insured under Section 223(f) are an exception to the general rule since these projects may need and are eligible for withdrawals from the RFR at any time following final endorsement of the mortgage loan.⁵¹

Allegation

According to Claimant, non-critical repair funds should have been used to repair items as opposed to RFR funds in the first year of operation for Auburn Creek Project and that MFHSW failed to adhere to the requirement.⁵²

HUD Review Results

Auburn Creek Apartments 800245098

There was a project equity funded Non-critical repair escrow set aside for repairs in Auburn Creek Apartments, a Section 223(f) financed project. Per the Project's Capital Needs Assessment (PCNA), 50% of the units were slated for non-critical repairs, though specific addresses and repair items were not detailed in the PCNA. Claimant contacted servicer/lender and received a spreadsheet of draw requests from noncritical repair funds and there were

⁴⁸ Ex. 4 - Claimant's Interview Notes - p. 4

⁴⁹ Ex. 8 - iREMS Problem Statement - Tidwell Estates Project

⁵⁰ Ex. 4 - Branch Chief's Interview Notes - p. 1

⁵¹ HUD Handbook 4350.1, Chapter 4.14

⁵² Ex. 4 - Claimant's Interview Notes - p. 7

multiple draws on the property, per lender.⁵³ However, Owner soon requested release from RFR in February 2019 prior to exhausting the noncritical repair escrow. Claimant argues that Owners may walk away with noncritical repair escrow funds without making project repairs.⁵⁴

Claimant's position on use of RFR for Section 223(f) projects is in error. There is a clear exception for 223(f) projects and the use of repair escrows and RFR accounts. Owners of 223(f) financed projects may seek reimbursements from RFR eligible items any time after final endorsement. While it is recommended that an RFR analysis is submitted to MFH Asset Management, it is not a requirement. Moreover, the review and disbursement of non-critical repair items is done so in accordance with the escrow agreement as administered by HUD's MFH loan production office and the lender. This claim is unsupported.

D7. Servicing Delinquent Accounts

When, HUD insured loans become delinquent it is the responsibility of the mortgage lender to address slow payments, prevent further delinquencies and notify HUD through the Mortgage Delinquency and Default Record ("MDDR") system of such delinquencies or monetary defaults. Ultimately, the lender makes the decision to either continue holding the mortgage in delinquent or default status or to assign the mortgage to HUD triggering a claim on the FHA Fund.⁵⁵

Residence at Eagle Pass 800225390

According to claimant, the FHA insured loan on the Residences at Eagle Pass project was in default and she was instructed to close the matter by Branch Chief A.⁵⁶ The project is a new construction / substantial rehabilitation project endorsed on August 22, 2013, experiencing rolling mortgage delinquencies. Owner has been delinquent on monthly payments consistently during FY 2018. Claimant noted on record that owner made a request to divert RFR deposits toward mortgage payments and requested monthly accounting reports. She updated the risk rating due to the delinquencies and noted that project had been experiencing financial hardship for past two years and explored all options. Claimant also attempted to assist owner with solutions around bringing mortgage current prior to elevating the matter to the resolution team.⁵⁷ However, according to Claimant, MFHSW is failing to provide mortgage services.

HUD Review Results

Currently, the project is being handled by the MFHSW Resolution Team where owner and lender are being engaged to submit monthly accounting reports; make proper RFR requests and infuse limited partner investor capital. As a result, the mortgage is being brought current. As noted in HUD Policy, mortgage servicing and the decision to assign a mortgage or seek other workout solutions is the responsibility of the lender and owner with assistance from asset management; and is not the sole function of HUD.

⁵³ Ex. 8 - Auburn Creek iREMS Record

⁵⁴ Ex. 4 - Claimant's Interview Notes - p. 7

⁵⁵ HUD Handbook 4350.4 Chapter 2.32

⁵⁶ Ex. 8 - Residence at Eagle Pass iREMS Record

⁵⁷ Ex. 8 - Residence at Eagle Pass iREMS Record

D8. Transfer of Physical Assets Process was Improper

Transactions involving the transfer of all or a controlling interest in the ownership of a HUD-insured or HUD-held project from one individual, group of individuals or entity to another individual, group of individuals or entity constitute a Transfer of Physical Assets (TPA). Transactions requiring HUD's Full Review include, transfer of title from the mortgagor/seller to the buyer; transfer of any interest in a partnership mortgagor which causes a dissolution of the partnership/mortgagor under applicable state law; or transfer of beneficial interest in a passive trust, which results in a change in control of the asset. The MFH Asset Management division reviews the submitted applications for completeness and determines if a TPA application should be returned to applicant or if the missing pieces should be requested and process delayed.⁵⁸ When a complete application is obtained, the Asset Management Division, dates and forwards the application for review to a servicer and HUD Legal Counsel for simultaneous review. Finally, there is an issuance of Preliminary Approval or Denial of TPA.⁵⁹

Allegation

Capdau Home for the Aged 800248394

According to Claimant, a TPA package was received on the Capdau Home for the Aged project at the time of loan origination and this TPA should have been completed before final endorsement. However, Branch Chief B assigned her the project and ordered her to use old existing documents to process the transfer including outdated organizational documents and owner participant data from HUD's Active Partner Performance System (APPS).

HUD Review Results

In response to this allegation, Branch Chief B stated that Account Executives are to check for completeness of submitted TPA package and that if principals are APPS approved then updated participant records are not needed. At any rate, per the Branch Chief, Capdau Home for the Aged never reached initial endorsement and the firm commitment was withdrawn, so claimant could not have processed a TPA for this project. This was confirmed upon review of the iREMS record for this project, which indicates that initial application for firm loan commitment was received on February 28, 2019, but was withdrawn on April 15, 2019.⁶⁰ So, the property was not FHA financed and TPA processing was not applicable.

⁵⁸ TPA Application begins with submission of an executed form HUD-92266, along with signature from lender if a lien is being created. which is accompanied by a list of transaction documents including: Purchaser's Letter signed by authorized principal of the purchasing entity describing financial consideration flowing to the project as a result of the transfer; Purchaser's Resume describing in detail the nature of their real estate experience; Sources and Uses of Funds; Executed but Unrecorded Sale Contract; Executed but Unrecorded Regulatory Agreement; Proposed but Unrecorded Deed; Proposed Bill of Sale and Assignment; Proposed Management Certification where a change of management is contemplated by the transfer; Title Report; Pro Forma Balance Sheet showing how the project accounts are expected to appear the day after the expected date of closing; Mortgagee's Statement of Escrow and Reserve Account including adequacy of escrow balances for (taxes, property insurance).

⁵⁹ Ex. 4 - Claimant's Interview Notes p.5

⁶⁰ Ex. 8 - Capdau Home for the Aged iREM Record - Problem Statement

VI. Recommendations

1. MFHSW should ensure that staff collects and maintains EHS Certifications along with reasonable evidence of EHS corrections including photos, work orders and paid invoices into HUD's system of record in every instance of EHS correction by owners.
2. MFHSW should continue to work expeditiously with owners and contract administrators to address Section 8 voucher utilization or pursue Section 8(bb) transfers where warranted.
3. MFHSW should ensure that HUD is listed as the additional loss payee on fidelity bond insurance policies for FHA financed projects and HUD held mortgages; and to maintain the policies in HUD's system of record.
4. MFHSW should ensure that replacement management agents are expeditiously reviewed and approved, when appropriate, before or as soon as replacement management agent is identified; and that management agreement includes all required termination clauses as required by the Regulatory Agreement and HUD Handbooks and other guidance.
5. MFHSW should review the benefit of requesting Reserve for Replacement Analyses from owner and lender in Section 223(f) Projects, prior to project rehabilitation construction.

VII. Appendix

1. Electronic Communication Log
2. Attachment A – iREMS Inspection Records / Laserfiche EHS Certifications
3. Attachment B – Laserfiche Fidelity Bonds
4. Interview Notes -Claimant
5. Interview Notes – Branch Chief Branch Chief B
6. Interview Notes -Branch Chief Branch Chief A
7. Interview Notes – Asset Management Director C Asset Management Director C
8. iREMS Records
 - Auburn Creek Apts.
 - Columbia Apartments
 - Capdau Home for the Aged
 - Point Royale Apts.
 - La Posada del Rey Apts.
 - Tidwell Estates Apts.
 - Glen Hollow Apts.
 - Residence at Eagle Pass
9. Witness Key

[REDACTED]

From: [REDACTED] >
Sent: Monday, September 30, 2019 7:18 AM
To: [REDACTED]

Subject: Fwd: Insurance Requirements Omissions.
Attachments: Voice 001.m4a

Forwarded message

From: [REDACTED] <>
Date: Wed, May 15, 2019 at 12:10 PM
Subject: Insurance Requirements Omissions.
To: [REDACTED] >

Hello Ms. [REDACTED]

The files are too big so I had to break them down. I will be sending several packets today. This packet is in regards to insurance requirements.

The Asset Management department lacks adequate controls to provide risk based monitoring and oversight to control fraud, waste, abuse and mismanagement. In the first two weeks of my employment, I was given a portfolio of properties that I was told to manage using the Handbook 4350.1 and old training modules by my branch chief. He also told me the material is old but it would give me an idea of what to do.

HUD failed to properly train their staff and provide up-to-date reference material. As a new employee, you are overloaded with old modules, outdated references guides, statement of work, and handbooks. The material all come with disclosures that the material is old but pick what you can use from it and ask your peers and branch chiefs if you have questions. As a new employee, you don't know what information you actually need and what information you can disregard. Over the course of my employment with the agency, the lack of controls became more evident and the excessive use of subjectivity more alarming. I sat with several Account Executives (AEs) and rendered approvals and rejections differently and the branch chiefs also were not consistent. I asked several AEs to review the same exact document and each came to a different conclusion. Some AEs could point me to guidance material while others just state this is how the branch chief likes it. The new hires received some training, but we were trained with old material that came with warnings to take what you can use from the material and ask our coworkers and/or the branch chief if we had questions. This was across the board from management documents to escrow account withdrawals. Examples include:

1. **Insurance Requirements Omissions.** HUD requires that all insurance policies list HUD as an additional payee. I was employed with HUD for six months and never had adequate training on insurance requirements. I sat with a couple of my co-workers who didn't know about the requirement and others who enforced the requirement across their entire portfolio. This is a requirement for all FHA insured loans. The HUD-9839A
----- and B also requires fidelity bonds and hazard insurance list HUD as an additional payee. Listing HUD as an additional payee protects HUD during a loss and a claim is paid. Checks will be issued with all payees and HUD will have to sign in order for the check to be cashed. Once the insurance company issues a check that is only paid out to the owners, the owners and/or management agents have the option of pocketing the money or completing the repairs. HUD will not know of this until it's too late and there is no way to retrieve the funds nor protect the investment. Ensuring

compliance of this requirement protects **HUD**, the investors, and

the tenants by reducing mismanagement. HUD has failed to provide adequate oversight throughout the life of the investments.

I reviewed my portfolio and learned that there were several properties that did not list HUD as an additional payee on the properties that I found insurance paperwork on. Some properties didn't have insurance paperwork at all, while other properties could not obtain insurance due to the condition of the properties. If the property is not insurable, how is it livable? How is HUD protecting the tenants?

This information was disclosed to [REDACTED] a number of times. On one property, there was an insurance claim due to a fire back in 2017 that HUD had no knowledge of. I followed up with the property management agency and required that HUD be added to the policy as an additional payee. [REDACTED] stated that the owners tried to comply and that is good enough for her. We are going to leave it alone. You can hear [REDACTED] on the recording order me to leave it alone and move on. I continued to review my portfolio and express concerns about the insurance requirements and disclosed to Ms [REDACTED] that I worked on several insurance audits for banks and understand the requirement. I also know that we must require all consumers to abide by the same requirements. I informed her that I reviewed the information with a teammate and who enforces the requirement [REDACTED] dismissed the information.

There are over 4,800 properties being serviced in the Southwest Region alone. This doesn't include the properties in disposition, nor the properties that have already been sold. How would HUD know that an insurance claim was paid out prior to the owners/agents walking away with insurance claim funds possibly leaving tenants homeless? If this is the condition of the portfolio that is given to a new employee, how does the rest of the Southwest region look? How many properties have been abandoned by the owners who have ran off with an insurance check because HUD failed to enforce a requirement that everyone who finances a FHA insured loan must comply with?

There will always be insurance claim risks, but with proper controls in place, HUD can reduce waste, abuse, and mismanagement.

Supporting Evidence

- a. Voice 001. A recording of [REDACTED] advising me to leave the insurance requirement alone.
- a. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-A.PDF>
- a. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-B.PDF>

b. Also view the insurance requirements in the firm commitment packet.

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Monday, September 30, 2019 7:18 AM
To: [REDACTED]

Subject: Fwd: February 13, 2019 response (part 4 of 4)
Attachments: DIRECT DEPOSIT HUD FORM 1199 Guidance.pdf; Guidance to fill out.JPG; Direct Deposit form 1199A Packet example.pdf; email from [REDACTED].pdf

Forwarded message

From: [REDACTED] <[REDACTED]>
Date: Thu, May 23, 2019 at 3:47 PM
Subject: February 13, 2019 response (part 4 of 4)
To: [REDACTED] <[REDACTED]>

On February 11, 2019, you sent an email with an attachment, to a coworker, The e-mail subject line referenced the wrong property. The actual item being submitted to the coworker involved another property. I replied to your e-mail and stated that you had referened the wrong property. You responded that you confirmed the documentation of both properties and that they reflect the correct information and the processing of the documents. I met with you and explained that your communication was confusing and inaccurate. Even after this meeting, you failed to correct the email.

I received a 1199A request for February 11, 2019 and asked [REDACTED] to assist me. She was too busy. She told me that she had things to get to her boss too. I pull the AMPS log and examples from the J:Drive (this is where some AEs save their documents and folders). I found the Direct Deposit HUD Form 1199 Guide. I used it to review the document. I was missing a voided check and the information didn't appear to be correct. I stopped [REDACTED] as she was walking by my desk. I told her I had a 1199A and needed to confirm my packet before I send it back. She looked at it and told me it was wrong. I need to send it back to get the DUNs number, the contract number, and a voided check. That was different than what what listed on the guidance, so I hunted until I found the guidance to fill out [REDACTED] a 1199A. I sent a copy of the guidance and asked the property manager to fill out a new form with the information provided.

Once I received the information, I sent the forms to my co-worker, [REDACTED]. When I sent the information over, it was with the wrong property ID number but the correct name. On February 12, 2019, Mr. [REDACTED] came down to tell me that the 1199A is not filled out correctly. I need to get the DUNS number, the contract number, and the tin number. I showed him the document that I sent to the borrower. [REDACTED] told me that they need all three numbers in order to process the request. I told him that the iREMS number was incorrect and he told me that their department looks at the contract number, tin number, or DUNS number to pull up

the property in their system. He also told me that mistakes happen and everyone makes them. This is not life or death, and assured me I was ok. He just needed the 1199A to have the three numbers on them so he can do his part. He gave me his name and number and told me I can come to him any time and he would be happy to help. I called the property manager and told him what was needed.

I received the corrected form and sent it to Mr. [REDACTED]. I called him and told him that it was done. He confirmed that he received it and told me it would be processed. Although he told me it would be done, I followed-up with Mr. [REDACTED] on February 13, 2019. Mr. [REDACTED] told me that it was sent over and he checked on it. The 1199A was not processed so he reached out to his manager and it was processed while we were on the phone. Mr. [REDACTED] told me he was glad that I followed-up with him. He doesn't know what happened but it was taken care of now. The owner's should see it in the system. I asked if I needed to send a message to Mrs. [REDACTED] because the first email I sent had the wrong iREMS number. He reminded me that they look at the contract, TIN, and DUN numbers. He then told me that the only thing I needed to do was contact the owners and let them know it was processed. After we got off the line, I sent Mr. [REDACTED] a thank you email which [REDACTED] was copied on.

There were several errors that occurred during the processing of this 1199A direct deposit form:

1. I sent the email with the wrong iREMS number on it. This was not material and did not negatively effect the owners. Only internal employees knew of the error.
2. An incomplete packet was sent in to HUD. I walked the property manager through the process and eventually received a complete packet.
3. The 1199A was not processed the first time. This was an internal error and did not negatively error the owners.

Per [REDACTED], once I sent the form over, I can closed out the AMPS log and move on. I followed up with Mr. [REDACTED] to make sure the 1199A was processed on the correct account. In doing so, Mr. [REDACTED] was able to identify a laps in the processing of the form and corrected the error before any damage could be done. On February 13, 2019, Ms. [REDACTED] sent me an email stating that she was confused on the email and that the iREMS number was for a different property. I checked both properties in iREMS to make sure I didn't document the wrong account. I followed up with Mr. [REDACTED] to make sure we processed the correct account. He confirmed the correct account was processed. When Ms. [REDACTED] called me, I told her that I was in contact with Mr. [REDACTED] and it has been taken care of. She later asked me to come to her office. She read the my email response out loud and asked if I knew what a 1199A was. I didn't send another email because Mr. [REDACTED] told me that I didn't need to because his department takes care of it.

Everything can be verified by talking to Mr. [REDACTED] and Mrs. [REDACTED]. Mr. [REDACTED] had to badge in to the 27th floor to get to my desk on February 12, 2019. The phone records can confirm that I called Mr. [REDACTED] on February 12 and 13th.

From: [REDACTED] <debief.bolin@hud.gov>
Sent: Wednesday, February 13, 2019 10:13 AM
To: [REDACTED]
Subject: RE: Goodwill Village West II, Inc. Property ID: 800075185 - Direct Deposit

Please come see me

From: [REDACTED] <[REDACTED]>
Sent: Wednesday, February 13, 2019 8:43 AM
To: [REDACTED] <[REDACTED]>
Subject: RE: Goodwill Village West II, Inc. Property ID: 800075185 - Direct Deposit

I have confirmed that the documentation of both projects reflect the correct information and the processing of the 1199A for the Goodwill Village West was complete.

Thank you,



[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27th Floor Fort Worth, TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@hud.gov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARsPhud.gov

From: [REDACTED] <[REDACTED]>
Sent: Wednesday, February 13, 2019 7:04 AM
To: [REDACTED] <[REDACTED]>
Subject: FW: Goodwill Village West II, Inc. Property ID: 800246311- Direct Deposit

I'm confused about this one. The iREMS number belongs to another property (Glen Hollow).

From: [REDACTED] <[REDACTED]>
Sent: Monday, February 11, 2019 2:09 PM
To: [REDACTED] <NNeka.D.Hobbs@hud.gov>
Cc: [REDACTED] <[REDACTED]>
Subject: Goodwill Village West II, Inc. Property ID: 800246311- Direct Deposit

[REDACTED]

We received the following HUD 1199A and the voided check. Please let me know if I need additional information to process this request.

If you have any questions, please contact me at (817) 978-5837 or [REDACTED]

Thank you,



[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27th Floor Fort Worth, TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to AIFSouihwest@hud.gov.

Monthly Accounting Reports (MARS) should be emailed to WIS'outhivestillARs@hud.gov

''

From: [REDACTED] <[REDACTED]>
Sent: Monday, September 30, 2019 7:32 AM
To: [REDACTED]

Subject: Fwd: Discloure closing

Forwarded message

From: [REDACTED] <[REDACTED]>
Date: Fri, May 17, 2019 at 2:24 PM
Subject: Discloure closing
To: [REDACTED] <[REDACTED]>

I had a meeting with [REDACTED] who is the director of Asset Management. She explained her experience as a new hire and it's the same experience that everyone shares whether it was 35+ years ago or 30 days. New hires are handed the handbooks and some reference material and told good luck. As time has evolved, there have been many revisions of reference material and training modules that are handed down to new hires. Along with the actual notices and mortgagee letters comes independent interpretation that often times violate state and federal laws. Without proper oversight and adequate training, the agency is allowing systematic misconduct at every level of the mortgage servicing processing. This could contribute to consumers losing their property, being charged late fees and not being able to complete necessary repairs for lack of funds.

Misconduct is not uncommon. In fact, many servicers have been caught violating servicing rules. For example:

- **Ocwen Financial Corporation was ordered by the Consumer Financial Protection Bureau (CFPB) to provide \$2 billion in relief to homeowners for servicing wrongs. Ocwen is the country's largest nonbank mortgage loan servicer. (<https://www.consumerfinance.gov/about-us/newsroom/cfpb-sues-ocwen-failing-borrowers-throughout-mortgage-servicing-process/>)**
- **Consumer Financial Protection Bureau (CFPB) ordered Wells Fargo to pay 1 billion for mortgage servicing violations (<https://www.marketwatch.com/story/mulvaney-s-first-fine-at-cfpb-is-second-largest-in-history-of-agency-2018-04-20>)**
- **Office of the Comptroller (OCC) also fined Wells Fargo \$500 million for mortgage servicing**

violations.

Organization	Date	Violation
Fine {In millions)		Consumer protection/Mortgage abuses
Ocwen Financial and Loan Servicing		Consumer protection/Mortgage abuses
Wells Fargo	12/19/2013	protection/Banking
\$1.000		Consumer protection/Credit card
Bank of America, NA	4/20/2018	Consumer protection/Mortgage abuses
Citibank NA	4/9/2014	Consumer protection/Mortgage abuses
Sun Trust Mortgage	7/21/2015	Consumer protection/Student loan abuses
Corinthian Colleges	9/17/2014	Consumer protection/Student loan abuses
\$747		
JPMorgart Chase and Chase Bank USA NA	10/28/2015	Consumer protection/Credit card
\$733		Consumer protection/Credit card
GE Capital retail bank. now known as Synchrony	9/19/2013	Consumer protection/Credit card
Discover Bank	6/19/2014	Consumer protection/Credit card
JP Morgan Chase	6/19/2014	Consumer protection/Credit card
Morgan Orexen	9/24/2012	Consumer protection
Capital One Bank	7/8/2015	Consumer protection/Credit card
\$225		Consumer protection/Credit card
Wells Fargo Bank	3/18/2016	Protection
\$214		Consumer protection/Credit card
American Express	7/18/2012	Consumer protection/Credit card
\$186		
5172-9	9/8/2016	
\$165		
\$100	10/1/2012	
\$99.1		

I have provided evidence of several violations to UDAAP among other laws, rules, and regulations that HUD violates on a consist basis. I disclosed this information and management is not only aware, but also an acting party in the misconduct. I believed at the time of disclosure that everything disclosed was against the law. I disclosed the information to my branch chiefs, my director, and regional director which is three chains up. After the disclosures, my job was threated numerous times, my workplace environment became hostile and isolating, I was retaliated against not once, but twice by two different branch chiefs. I eventually reached out to [REDACTED], the branch chief who took me to the regional directory back in October 2018 to discuss the lack of training, my work environment, and the servicely abandoned properties. [REDACTED] told me that she has had to do many things that she knows is not right, but she did it because her superiors told her to do them. She told me it doesn't matter what I feel is right or unlawful. I need to listen to my superiors and do what they tell me to do. She told me I was here for a check, that's it. She also told me not to quote the handbook or SOW because they are old and we don't follow them.

I continued to question decisions being made that was violating UDAAP 2 U.S. Code § 5531. Prohibiting unfair, deceptive, or abusive acts or practices and inconsistent with guidelines, I was ultimately terminated during my probationary period. Side note: All HUD handbooks, notices, and mortgagee letters are tied to at least one CFR. My termination was further retaliation for disclosing to the director of the Asset Management, [REDACTED] that consumers are not being treated fairly, we are violating laws, and I'm being treated differently than other SAEs on my team.

I was not only able to explain the situations surrounding the events listed in my termination, I also provided emails and guidance to support my claims. I was terminated due to my whistleblowing disclosure not for the pretexts listed in my termination letter. I request that all of my disclosures be investigated to give consumers, investors, and FHA mortgagor insurance relief for damages as a direct result of the lack of controls and mishandling of the properties that the agency is in charge of overseeing.

I also request a stay backdated to March 14, 2019. Under 5 U.S.C. § 1214(b)(1)(A)(i), OSC may request that a Board member order a stay of any personnel action for 45 days if OSC determines that there are reasonable grounds to believe that the personnel action was taken, or is to be taken, as a result of a prohibited personnel practice.

Take a look at expiring PRACs, make sure if we have not received a package that we are reaching out to owner/agent.

Take a look at the no QAS tab, we have more there then we should.

AE's take a look at the troubled tab. Let me know if your properties can stay with you (quick resolution pending) or if there needs to be consideration on moving to either a senior or the resolution team.

██████████, look at the no action plan tab and lets meet on how we are moving forward. You have 3 open items there.

U.S. Department of Housing and Urban Development

Southwest Multifamily Regional Center

██████████: Branch Chief — Asset Management

801 Cherry St, Unit #45, Suite 2500, 6AHMLAP

Fort Worth, TX 76102

P: (817) 978 5505

ca****

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@hud.gov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARs@hud.gov.

iii. Property on the Exception report 9.2018 no Action Plan.

'Finding: No documentation to evidence/ support rate change and no evidence of an action plan being initiated in iREMS . The property has been in the same condition for more than 3 months as evidenced on the Exception Reports. ***

Thank you,

Lynette Tillman-Johnson

Senior Account Executive

Southwest Multifamily Regional Center

801 Cherry Street, 27th Floor Fort Worth, TX 76102

Phone: (817) 978-5837



The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@hud.gov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARs@hud.gov

From: [Redacted]

October 10, 2018 4:01 PM

To: [Redacted]

[Redacted]

Subject: FW: Portfolio and Exceptions Report - October 2018

Few take aways;

RAINBOW VILLAGE II — [REDACTED] entered a Capital Action Plan on 9/28/2018. Advised will work with LT-J during the next month. (see action plans attachment) **(Need assistance)**

1. Property transferred from [REDACTED] on September 19, 2018.

2. iREMS

- a. No notes on the property in the Problem Statements or Property History from previous AE.
- b. Last note is from 06/2017 that states "This property is in litigation."
- c. DEC status closed as of 8/20/2018
- d. The last FASS was submitted dated 9/28/2018, last MOR closed on 6/5/2017, the last REAC released on 6/21/2016.
- e. MARS review approved on 9/17/2018. Only MARS for 2018.

3. LaserFiche

a. MARS reports uploaded.

4. Exception Report

a. July 2018 Exception Report- REAC: 721DEC: NoI MOR: Satisfactory/ FASS: Red! QAS: 1.2331date of final rating: 9/15/20171 rate: 7

i. Rating Explanation: FY17 AFS-Overdue, w/DEC for non-filer. Sent email to owner/management agent requesting why audit has not been submitted. Management states owners is out of the country and needs to sign final audit before submission. Should be submitted by 6/22/2018. Nee...

ii. Property on the Exception report 7.2018 for 6-10 & Dec Referral

b. August 2018 Exception Report- REAC: 571DEC: NoI MOR: Satisfactory/ FASS: Red! QAS: 1.2331date of final rating: 9/15/20171 rate: 7

i. Property on the Exception report 8.2018 for 6-10 & Dec Referral

ii. Property on the Exception report 8.2018 for 7-10 & PASS<60

iii. Rating Explanation: FY17 AFS-Overdue, w/DEC for non-filer. Sent email to owner/management agent requesting why audit has not been submitted. Management states owners is out of the country and needs to sign final audit before submission. Should be submitted by 6/22/2018. Nee...

d. September 2018 Exception Report- REAC: 571DEC: NoI MOR: Satisfactory/ FASS: Red! QAS: 1.2331date of final rating: 9/18/20181 rate: 5

i. Rating Explanation: Failed Physical Inspection-scored 57 on 6/22/2018, Inspection report released on 7/6/18 and NOV letter was not issued until 8/6/18, owner's certification not due until 10/15/2018. FY17 AFS-59 Red, 100% Economic Occupancy. MARS submitted-8/18 shows...

i. Property on the Exception report 9.2018 for Troubled 1-

1. Property transferred from [REDACTED] on September 19, 2018.

2. iREMS

- a. No notes on the property in the Problem Statements or Property History from previous AE.
- b. Last note is from 02/2017 that states "Rating as of 2/16/2018 'Capital Advance for Disabled' Total Units 25 1 24 contracted unit 1 MOR Satisfactory 06/06/2011 REAC 08/18/2015 Performance Score: 100 a 1 QAS 11 Performance 43 red' Occupancy is 97% 1 cost of operations before depreciation is \$7,297 per unit slightly on the high-end per unit 1 Project shows no surplus at the end of the year. Rents seem to be low compared to FMV 1 Rent increase may assist with performance 1 MARS submissions will continue."
- c. The last FASS was closed on 5/01/2018, last MOR closed on 6/6/2011, the last REAC released on 8/18/2015
- d. MARS review approved on 8/17/2018 and 9/18/2018. Improvement noted

3. Exception Report

- a. July 2018 Exception Report- REAC: 100IDEC: NoMOR: Satisfactory/ FASS: Redi QAS: IIdate of final rating: 2/16/20181 rate: 7
 - i. Rating Explanation: Rating as of 2/16/2018 'Capital Advance for Disabled' Total Units 25 124 contracted unit 1 MOR Satisfactory 06/06/2011 REAC 08/18/2015 Performance Score: 100 a 1QAS 11 Performance 43 redl Occupancy is 97%1 cost of operations before depreciation is \$7...
- b. August 2018 Exception Report- REAC: 100IDEC: NoI MOR: Satisfactory/ FASS: Redi QAS: 11date of final rating: 2/16/20181 rate: 7
 - i. Rating Explanation: Rating as of 2/16/2018 'Capital Advance for Disabled' Total Units 25124 contracted unit 1 MOR Satisfactory 06/06/2011 REAC 08/18/2015 Performance Score: 100 a 1QAS 11 Performance 43 red' Occupancy is 97% 1 cost of operations before depreciation is \$7...
- c. September 2018 Exception Report- REAC: 100IDEC: NoI MOR: Satisfactory/ FASS: Red' QAS: IIdate of final rating: 9/18/20181 rate: 5
 - i. Property on the Exception report 9.2018 for Troubled 1-5
 - i. Property on the Exception report 9.2018 for Expiring PRACS
 - ii. Property on the Exception report 9.2018 for 1-5 & Exp Action Plan.
 - iii. Rating Explanation: <div>811 PRAC. 24 contract units. MOR Satisfactory-12/11/2009. PI- 08/12/2015-100 a. FY17 AFS-43 Red. Economic Occupancy as of 8/31/18-96%. Working on recently submitted rent increase package that will assist with performa...

'Finding: No documentation to evidence/ support rate change and no evidence of an action plan being initiated in iREMS . The property has been in the same condition for more than 3 months. '

ii. Property on the Exception report 7.2018 for 1-5 & Exp Action Plan.

iii. Property on the Exception report 7.2018 for 1-5 & No Action Plan.

iv. Rating Explanation: The property had a 94b REAC score and a satisfactory MOR. The property is being demolished & re-constructed. Tax Credits were awarded. The tenants were relocated until they are done with the construction. Property reassigned from previous SRAE. 6/14/...

b. August 2018 Exception Report- REAC: 96IDEC: YesIMOR: Satisfactory' FASS: Not Assessed' QAS: 991date of final rating: 6/14/2018 Irate: 7

i. Property on the Exception report 8.2018 for Troubled 1-5

i. Property on the Exception report 8.2018 for 1-5 & Exp Action Plan.

ii. Property on the Exception report 8.2018 no Action Plan.

iii. Property on the Exception report 8.2018 for 8-10 & QAS>1

iv. Rating Explanation: The property had a 94b REAC score and a satisfactory MOR. The property is being demolished & re-constructed. Tax Credits were awarded. The tenants were relocated until they are done with the construction. Property reassigned from previous SRAE. 6/14/...

v. No change in the rating explanation, but the rating changed. Rating comment date remained the same.

c. September 2018 Exception Report- REAC: 96IDEC: Yes' MOR: Satisfactory' FASS: Not Assessed1QAS: .991 date of final rating: 9/18/20181rate: 5

i. Rating Explanation: The property had a 94b REAC score and a satisfactory MOR. The property is being demolished & re-constructed. Tax Credits were awarded. The tenants were relocated until they are done with the construction. Property reassigned from pre...

ii. Property on the Exception report 7.2018 for Troubled 1-5

iii. Property on the Exception report 7.2018 for 1-5 & No Action Plan.

'Finding: No documentation to evidence/ support rate change, no evidence of an action plan being initiated, nor a MARS request in iREMS . The property has been in the same condition for more than 3 months as evidenced on the Exception Reports. DEC referral counts as an Action Plan. ***

Rollingbrook Apartments- [REDACTED] inputted an EMPIP Action Plan on 9/28/2018. Advised will work with LT-J during the next 30 days. (see action plans attachment) **(Need assistance**

From: [REDACTED] <[REDACTED]>
Sent: Monday, September 30, 2019 7:14 AM
To: [REDACTED]
Subject: Fwd. Fw: Portfolio and Exceptions Report - October 2018
Attachments: Portfolio and Exceptions Report 7.2018.xlsx; Portfolio and Exceptions Report 8.2018.xlsx

<https://www.govinfo.goviappidetails/CFR-2010-title24-vol4/CFR-2010-title24-vol4-sec880-602/context>

From: [REDACTED]
Sent: Thursday, October 11, 2018 2:05 PM
To: [REDACTED]
Subject: RE: Portfolio and Exceptions Report - October 2018

[REDACTED]

[REDACTED] the three items on more than one occasion. All of the properties have one thing in common, the ratings were all changed within a day(s) of them being assigned to LT-J without any changes in the project performance. Here are my findings:

Oak Creek Village - LT-J met with [REDACTED] on 9/28/2017 in regards to the 3 troubled properties without action plans. Advised that we only need to focus on the two goal related items and this property is not a priority. **(Need assistance)**

1. Property transferred from [REDACTED] on September 7, 2018.
2. iREMS
 - a. No notes on the property in the Problem Statements or Property History from previous AE.
 - b. Last note is from 06/2017 that states "This property is in litigation."
 - c. DEC status active
 - d. The last FASS was submitted dated 9/28/2018, last MOR closed on 6/5/2017, the last REAC released on 8/16/2016

3. Exception Report
 - a. July 2018 Exception Report- REAC: 96 'DEC: Yes' MOR: Satisfactory' FASS: Not Assessed1QAS: .991date of final rating: 6/14/20181 rate: 5

i. Property on the Exception report 7.2018 for Troubled 1-5

Property Name	IREMS#
200 Oblate Inc. Murray Manor	800021566
ABILENE NORTH APT, LTD	800020635
Alliance Apartments	800247175
Anos De Oro	800020656
Auburn Creek	800245098
Bandera Commons Apts	800214331
BEARD ESTATES	800017568
BELEN APARTMENTS	800014546
Birch Apartments	800222539
Birch Forest Apartments	800224978
Broadway Lofts	800232927
Burnett Place Apartments	800247118
CAMBRIDGE ESTATES	800017580
Capdau Home for the Aged resubmit	800248394
Catherine Booth Gardens of Tyler, Texas	800226012
CLEME MANOR APTS	800020777
COLUMBIA APARTMENTS	800020788
Crescent Manor	800020809
Culebra Creek	800247655
Dolce Viata at Cibolo Canyon	800246873
Dolce Vita at Granbury	800247932
ECHOTA HEIGHTS	800017609
ENCORE CROSSING PHASE II	800236809
EVANGELINE BOOTH FRIENDSHIP HOUSE, INC.	800221425
FLATS at FIVE MILE CREEK	800215629
GARLAND TOWERS & GARDEN APARTMENTS	800000606
Glen Hollow Apartments	800246311
GOODWILL VILLAGE WEST II	800075292
Granada Homes	800020912
Grandview Apartments	800000612
HOME TOWNE AT MATADOR RANCH	800224345
HONEYCUTT HOUSE	800232197
Jaguar Plaza	800243659
La Merced Homes	800021014
La Posada del Ray	800236117
Lake Park Duplexes	800243533
LIVE OAK MANOR APTS	800008100
Lookout Springs	800240851
Magoffin Park Villas	800226628
Maywood I Apartments	800233895
New Zion	800078814

NINA WILLINGHAM SR CIT HSG	800075185
OLD TOWNE SQUARE	800224947
Parc at Mansfield	800239798
PARK MANOR-IRVING	800021195
PECAN GROVE MANOR	800021218

PINE LAKE ESTATES	800021234
Point Royale Apartments	800231711
Rayzor Ranch Senior Living	800247373
Rebekah Baines Johnson	800046796
Reserve at Lone Oak	800246541
RESIDENCE AT SAN MARCOS	800241766
RIDGE PARC APTS	800214563
Ridge Parc II Apartments	800242687
Robinhood Apartments	800046873
ROBINS GARDEN APTS	800021296
ROSCOE DUNJEE II	800112207
ROSCOE DUNJEE SENIOR LIVING CENTER	800075180
Rosemont of Hickory Trace	800245709
SANTA ROSA APARTMENTS	800014623
Shary Road Apartments	800232562
Silver Gardens Apartments	800020845
Springdale Estates Apts	800217460
STRATFORD SQUARE	800017737
STRAWBERRY FIELDS	800017738
SUN VALLEY	800021385
TALL TIMBERS APARTMENTS	800021406
THE CLASSEN	800234992
The Colony Luxury Apartments	800247042
The Ravinia Apts	800212655
The Residences at Pinnacle Hills	800245429
Tidwell Estates Apartments	800244087
Townsen Landing Apartments	800248504
Travis Park	800046872
Villa De Amistad	800021473
VILLA MADRE APARTMENTS	800021478
WARE MEADOWS APTS.	800021511

U Lofts Apartments

800235317

Rollingbrook Apartments

800074547

RAINBOW VILLAGE II

800211669

Oak Creek Village

800021156

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Thursday, October 03, 2019 8:43 AM
To: [REDACTED]

Subject: Re: Office of Special Counsel Matter (OSC File No. DI-19-2646)
Attachments: My Portfolio.xlsx

I will send the requested items as they become available. The attachment is the list of projects that you were assigned during my tenure.

On Wed, Oct 2, 2019 at 5:01 PM [REDACTED] <[REDACTED]> wrote:

Hi Ms [REDACTED] — thanks for speaking with us today regarding your OSC claims. As discussed, please provide the below documents:

1. List of projects that you were assigned during your tenure;
2. Project Name and iREMS# of property that sustained fire damage resulting in loss of 20 units; and where rent subsidies continued to be processed and paid to owner/manager;
3. Project Name and iREMS# where Transfer of Physical Assets(TPA) was processed without proper documentation;
1. Project Names and iREMS# where Hazard/Fidelity Bond Insurance Requirement not adhered to (you referenced three (3) separate projects, please name);
4. Project Name and iREMS# where management certifications were backdated;
5. Project Names and iREMS# where EHS items were closed without certification or evidence of corrective action (you referenced that you were directed to close out over 90 EHS items dating back to FY 2013 without evidence of certifications);
6. Project Names and iREMS# where disbursements were made from Replacement for Reserve Accounts prior to full use of non-critical repair escrows (you mentioned Auburn Creek FHA#115-11267, please forward name of second referenced project).

Also, please forward project names and iREMS#:

1. Where determinations on replacement for reserve releases by management were arbitrary and unsupported, as was cited in your OSC claims;
2. Where project was abandoned by owner and rent subsidies continued to be disbursed by HUD.

Thank you,



TM 41,

[REDACTED]

The information in this communication may be confidential and privileged, is intended only for the use of the recipient(s) named above, and may be subject to additional legal non-disclosure requirements. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please re-send it to the sender and delete the original message and any copy of it from your computer system.

From: [REDACTED]

Sent: Tuesday, October 01, 2019 12:33 PM

To: [REDACTED] <[REDACTED]>

Cc: [REDACTED] <[REDACTED]>

Subject: RE: Office of Special Counsel Matter (OSC File No. DI-19-26)

Good Afternoon [REDACTED] — thanks for forwarding documents relating to your claim. In conducting the investigation, we need a **list of the projects to which you were assigned** during your tenure; and **specific alleged violation(s) that occurred in each of the projects** that you serviced or were assigned to service. If you have readily available, please send to us ahead of tomorrow's scheduled call.

Thanks,

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Monday, September 30, 2019 7:53 AM
To: [REDACTED] <[REDACTED]>
Cc: [REDACTED] <[REDACTED]> **Subject:** Re: Office of Special Counsel Matter (OSC File No. DI-19-2646)

Good Morning,

I forwarded the bulk of the email exchange between OSC and myself. A list of all the disclosures have been attached for your review. Please let me know if you have any questions or additional information needed. I look forward to speaking with you.

Thank you,

[REDACTED]

On Fri, Sep 27, 2019 at 2:05 PM [REDACTED] <[REDACTED]> wrote: I will
prepare the files and get them over to you.

Thank you,

[REDACTED]
[REDACTED]

On Fri, Sep 27, 2019, 1:02 PM [REDACTED] <donna.richardson@hud.gov> wrote:

Hi Again Ms. [REDACTED] — to assist in our investigation of your claims please electronically forward any documentation supporting your allegations, including but not limited to the information you provided to the Office of Special Counsel. If you have any questions, please call me at [REDACTED]

Thanks,

[REDACTED]

[REDACTED]

[REDACTED]

Sent: Friday, September 27, 2019 10:46 AM

To: [REDACTED] <[REDACTED]>

Cc: [REDACTED] <[REDACTED]>

Subject: RE: Office of Special Counsel Matter (OSC File No. DI-19-2646)

Thanks and we look forward to speaking with you.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please re-send it to the sender and delete the original message and any copy of it from your computer system.

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Thursday, October 03, 2019 12:01 PM
To: [REDACTED]

Subject: Fire damaged property- Tidwell Estates- iREMS 800244087
Attachments: image001.png

Project Name and iREMS# of property that sustained fire damage resulting in loss of 20 units; and where rent subsidies continued to be processed and paid to owner/manager;

This is actually two different properties: one with a fire and no incident report and one with 20 vacate units due to unsafe conditions that were identified in 2017. Both properties were servively abandoned by the agency (HUD). This email will address the fire damaged property. The details are as follows:

Property Name: TIDWELL ESTATES

iREMS Number: 800244087

1. Insurance- no evidence that HUD is not listed on the insurance as an additional payee nor an active policy at the time of review. I was advised that management knows the condition of my properties and I should work on my AMPS log. [REDACTED] will let me know when it's time to clean up my portfolio.
2. The owner's received a check from the insurance company that was deposited to the account. I asked about the large sum and was told that there had been a fire in 2017. There was a fire in a building on 10/4/2017. On 3/2/18 the contractor came out to access the burn unit, on 3/14/18 they came out and boarded up the unit, On 3/29/18 they started the demo on the unit and on 5/15/2018 the started the renovation and repairs to the unit work was completed on 11/14/2018. The resident moved off the property on 10/14/2017. The work was started on 5/15/2018 and completed on 11/14/2018. I asked for a copy of the incident and proceeded to start the incident report, [REDACTED] ordered me to stop. She told me that she does the incident reports for the team and there wasn't any news coverage so she is not going to issue an incident report. I told her that we have to write it up and she told me we are not going to worry about it. No incident report was issued. HUD failed to adequately maintain the records.
3. MARS- The Monthly Accounting Reviews evidenced Onsite Christmas Bonus \$2,058.77, Managers Christmas Party \$267.07, Litigation appeal \$2,000. mortgage increase to \$47,437.43. BC, [REDACTED] adv that the question are is no longer needed due to possible shut down. HUD doesn't have any teeth in the game and cannot do anything. If the disbursements are unauthorized, the DEC will caught it during ASF review. Even knowing that there are unauthorized disbursements, [REDACTED] approved the discontinuation of the MARS submission on 2/7/2019. (see email below)

Forwarded message

From: "[REDACTED]"

To: "[REDACTED]"

Cc:

Bcc:

Date: Thu, 7 Feb 2019 14:05:31 +0000

Subject: RE: TIDWELL ESTATES #114-11427 MARS REPT 1.19

I will send out the email, but I have questions so I can gain an understanding. This projects FYE is 12/31 and I don't see that the AFS was received when I look in iREMS. Do we need to get the AFS in before canceling MARS reviews or once we reach the FYE, we can cancel the reviews? Do I need to do this on all my projects that have financial reviews coming up? It makes sense as the ASF will give us a full picture of the year, but I want to make sure it's on all or just this property.

Thank you,

[REDACTED]
Senior Account Executive

Southwest Multifamily Regional Center

801 Cherry Street, 27th Floor Fort Worth, TX 76102

Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email [to MFSouthwest@hud.gov](mailto:MFSouthwest@hud.gov).

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARs@hud.gov



From: [REDACTED] <ebie.f.bolin@hud.gov>

Sent: Thursday, February 7, 2019 6:47 AM

To: [REDACTED] <[REDACTED]>

Subject: FW: TIDWELL ESTATES #114-11427 MARS REPT 1.19

A copy of this went to the mailbox so don't forward this to the mailbox. I want you to advise them that they are no longer required to submit MARS. They have to file financials soon, we'll reevaluate then.

From: [REDACTED] <jventsch@hettig-kahn.com>

Sent: Wednesday, February 06, 2019 5:11 PM

To: MFSouthwestMARS <MFSouthwestMARS@hud.gov>

Cc: [REDACTED] <ebie.f.bolin@hud.gov>

Subject: TIDWELL ESTATES #114-11427 MARS REPT 1.19

Hello please find attached the HUD MARS REPT FOR TIDWELL ESTATES FOR 1.19

PLEASE NOTE WE'VE BEEN REPORTING ON THIS PROPERTY FOR OVER A YEAR NOW, WHEN WILL THEY BE ELIGIBLE TO BE EXEMPT FROM REORTING

THANK YOU

[REDACTED]

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Thursday, October 03, 2019 4:18 PM
To: [REDACTED]

Subject: City condemned unit, owners closed the building (20 units)

Property was servively abandoned by the agency as a result 20 units were taken out of service due to safety concerns. The 20 units have been vacate for more than a year. The city condemned one unit and the owner took the rest off line due to public safety concerns. The agent advised that several more building have similar damages and may need to be vacated. They are concerned and need help with making the repairs. There are subsidy funds being held for units that is correctly vacate and has been for over a year. Those funds could actually be used at a different location to help individuals in need. There is no MOR being done on the property and no REAC inspection being ordered. [REDACTED] advised not to order a REAC inspection and cannot schedule a MOR because the property is not on the orange report. The city condemned the unit in 2017 and the building has been vacate since that time. HUD knowing allowed this to go on for over a year. At the time of my departure, there wasn't a REAC nor MOR scheduled for this property. The property was not insurable due to the condition.

I had four properties referred to the Resolution team at the same time and I do not have access to iREMS to lookup the property. I will contact the city for each property in the morning to determine which one of the following has a citation. In the meantime, if you have access, the four properties are as followings:

<u>Grandview Apartments</u>	<u>800000612</u>
<u>Rebekah Baines Johnson</u>	<u>800046796</u>
<u>Shary Road Apartments</u>	<u>800232562</u>
COLUMBIA APARTMENTS	800020788

—Lynette Tillman-Johnson

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Friday, October 04, 2019 10:53 AM
To: [REDACTED]

Subject: Re: City condemned unit, owners closed the building (20 units) - Project Name?

Property: COLUMBIA APARTMENTS
iREMS#: 800020788

On Thu, Oct 3, 2019 at 6:32 PM [REDACTED] <donna.richardson@hud.gov> wrote:

Hi [REDACTED] — please name the FHA financed/subsidized project that lost 20 units due to safety concerns? We need the property name in order to review the claim.

Thanks,

[REDACTED]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Friday, October 04, 2019 1:57 PM
To: [REDACTED]

Subject: management certifications were backdated
Attachments: December 11 2018 Part 3.pdf; December 11 2018 Part 2.pdf; December 11 2018 Part 1.pdf

Project Name: La Posada del Ray

iREMS#: 800236117

Project Name: Point Royale

iREMS#: 800231711

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Friday, October 04, 2019 2:02 PM
To: [REDACTED]

Subject: Transfer of Physical Assets(TPA)

Project Name: Capdau Home for the Aged
iREMS#: 80024839

This TPA was received at the time of originations and should have been completed before final endorsement. [REDACTED] assigned the property to me ordered me to use the documents that she emailed . Instead of getting new documents to replace the expire documents.

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Friday, October 04, 2019 2:07 PM
To: [REDACTED]
Subject: Hazard/Fidelity Bond Insurance Requirement

La Posada del Ray	800236117
Point Royale Apartments	800231711
Columbia Apartments	800020788
Broadway Lofts	800232927
Shary Road Apartments	800232562
Rollingbrook Apartments	800074547
RAINBOW VILLAGE II	800211669
Oak Creek Village	800021156

The Residence at Eagle Pass	800225390
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The Asset Management department lacks adequate controls to provide risk based monitoring and oversight to control fraud, waste, abuse and mismanagement. In the first two weeks of my employment, I was given a portfolio of properties that I was told to manage using the Handbook 4350.1 and old training modules by my branch chief. He also told me the material is old but it would give me an idea of what to do.

HUD failed to properly train their staff and provide up-to-date reference material. As a new employee, you are overloaded with old modules, outdated references guides, statement of work, and handbooks. The material all come with disclosures that the material is old but pick what you can use from it and ask your peers and branch chiefs if you have questions. As a new employee, you don't know what information you actually need and what information you can disregard. Over the course of my employment with the agency, the lack of controls became more evident and the excessive use of subjectivity more alarming. I sat with several Account Executives (AEs) and rendered approvals and rejections differently and the branch chiefs also were not consistent. I asked several AEs to review the same exact document and each came to a different conclusion. Some AEs could point me to guidance material while others just state this is how the branch chief likes it. The new hires received some training, but we were trained with old material that came with warnings to take what you can use from the material and ask our coworkers and/or the branch chief if we had questions. This was across the board from management documents to escrow account withdrawals. Examples include:

1. Insurance Requirements Omissions. HUD requires that all insurance policies list HUD as an additional payee. I was employed with HUD for six months and never had adequate training on insurance requirements. I sat with a couple of my co-workers who didn't know about the requirement and others who enforced the requirement across their entire portfolio. This is a requirement for all FHA insured loans. The HUD-9839A and B also requires fidelity bonds and hazard insurance list HUD as an additional payee. Listing HUD as an

additional payee protects **HUD** during a loss and a claim is paid. Checks will be issued with all payees and

HUD will have to sign in order for the check to be cashed. Once the insurance company issues a check that is only paid out to the owners, the owners and/or management agents have the option of pocketing the money or completing the repairs. HUD will not know of this until it's too late and there is no way to retrieve the funds nor protect the investment. Ensuring compliance of this requirement protects HUD, the investors, and the tenants by reducing mismanagement. HUD has failed to provide adequate oversight throughout the life of the investments.

I reviewed my portfolio and learned that there were several properties that did not list HUD as an additional payee on the properties that I found insurance paperwork on. Some properties didn't have insurance paperwork at all, while other properties could not obtain insurance due to the condition of the properties. If the property is not insurable, how is it livable? How is HUD protecting the tenants?

This information was disclosed to [REDACTED] a number of times. On one property, there was an insurance claim due to a fire back in 2017 that HUD had no knowledge of. I followed up with the property management agency and required that HUD be added to the policy as an additional payee. [REDACTED] stated that the owners tried to comply and that is good enough for her. We are going to leave it alone. You can hear [REDACTED] on the recording order me to leave it alone and move on. I continued to review my portfolio and express concerns about the insurance requirements and disclosed to [REDACTED] that I worked on several insurance audits for banks and understand the requirement. I also know that we must require all consumers to abide by the same requirements. I informed her that I reviewed the information with a teammate and who enforces the requirement. [REDACTED] dismissed the information.

There are over 4,800 properties being serviced in the Southwest Region alone. This doesn't include the properties in disposition, nor the properties that have already been sold. How would HUD know that an insurance claim was paid out prior to the owners/agents walking away with insurance claim funds possibly leaving tenants homeless? If this is the condition of the portfolio that is given to a new employee, how does the rest of the Southwest region look? How many properties have been abandoned by the owners who have ran off with an insurance check because HUD failed to enforce a requirement that everyone who finances a FHA insured loan must comply with?

There will always be insurance claim risks, but with proper controls in place, HUD can reduce waste, abuse, and mismanagement.

Supporting Evidence

- a. Voice 001. A recording of [REDACTED] advising me to leave the insurance requirement alone.
- a. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-A.PDF>
- b. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-B.PDF>
- c. Also view the insurance requirements in the firm commitment packet.

[Redacted]

From: [Redacted] <[Redacted]>
Sent: Tuesday, October 08, 2019 8:50 PM
To: [Redacted]

Subject: Default loan (MDDR)- 800225390

This is the defaulted loan that we discussed today. This loan was apart of the 90 notification.

The Residence at Eagle Pass 800225390

From:

[REDACTED] <[REDACTED]>

Sent:

Tuesday, October 08, 2019 9:09 PM

To:

[REDACTED]

Subject:

mailboxes not listed as non-critical

Glen Hollow Apartments	8002463 11	2/5/201 9	R4R request- reviewed the file with [REDACTED] r approved the mailbox replacement side% wanted to make the property marketab the account. SAE inquire about sidewalk a: though she knows the mailb are not listed below threshold.
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[REDACTED]

From: [REDACTED] <m [REDACTED]>
Sent: Tuesday, October 15, 2019 12:17 PM
To: [REDACTED]

Subject: Re: Project Names. Support Documents

Hello Ms. [REDACTED],

We have been trying to make my complaint fit in a box and with each attempt the scoop of my disclosure is minimized. I told the agency and OSC that my portfolio as a whole need to be reviewed. I have attached a copy of all the properties that I could identify that was once in my portfolio. All of the properties should be reviewed to verify my allegations

a. EH&S- MFH received a copy of the NEW POLICY: Servicing Properties that Fail to Meet Physical Condition Standards and Inspection Requirements on November 1, 2018. I disclosed that there were EH&S items closed that did not include the evience that the EH&S items were corrected. Every REAC inspection on every property that I serviced that resulted in EH&S items must be reviewed. The files were missing the Project Owner's Certification That All Exigent Health and Safety Items Have Been Corrected form, NOV/NOD, survey of the project and correction of the deficiencies. **(Review all properties in my portfolio)**

i. In reviewing the EH&S items for closure, please confirm that the Project Owner's Certification

a. Insurance- The insurance discovery occurred while evaluating my portfolio for governing documents. During this process, I I earned that I didn't have governing documents for my projects. I disclosed that my whole portfolio needs to be reviewed for governing documents. In order to confirm the insurance requirements, the management agent fees and the management agreement contains the required verbiage we had to have the documents. I disclosed to the agency and OSC that properties in my portfolio did not have up-to-date (non-expired) governing documents and in Laserfiche. I disclosed to the agency and OSC that my portfolio as a whole should be reviewed. All of the properties should be reviewed to verify my allegations. **(Review all properties in my portfolio)**

i. HUD- 9839 Management Certification- There are three different 9839 and each detail insurance requirements and management agent fees (if applicable). Confirm insurance requirement and verify that the insurance certification was uploaded in Laserfiche.

ii. Management Agreement- AEs have to review the Management Agreement as part of the HUD-9839 Management Certification approval process. The management agreements that were located did not have the required verbiage.

From: Lynette Tillman-Johnson <mrs.tillmanjohnson@gmail.com>

Sent: Friday, October 04, 2019 2:07 PM

To: [REDACTED] <lonna.richardson@hud.gov>; [REDACTED] <Marc.C.Vigo@hud.gov>

Subject: Hazard/Fidelity Bond Insurance Requirement

La Posada del Ray	800236117
Point Royale Apartments	800231711
Columbia Apartments	800020788
Broadway Lofts	800232927
Shary Road Apartments	800232562
Rollingbrook Apartments	800074547
RAINBOW VILLAGE II	800211669
Oak Creek Village	800021156

The Residence at Eagle Pass	800225390
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The Asset Management department lacks adequate controls to provide risk based monitoring and oversight to control fraud, waste, abuse and mismanagement. In the first two weeks of my employment, I was given a portfolio of properties that I was told to manage using the Handbook 4350.1 and old training modules by my branch chief. He also told me the material is old but it would give me an idea of what to do.

HUD failed to properly train their staff and provide up-to-date reference material. As a new employee, you are overloaded with old modules, outdated references guides, statement of work, and handbooks. The material all come with disclosures that the material is old but pick what you can use from it and ask your peers and branch chiefs if you have questions. As a new employee, you don't know what information you actually need and what information you can disregard. Over the course of my employment with the agency, the lack of controls became more evident and the excessive use of subjectivity more alarming. I sat with several Account Executives (AEs) and rendered approvals and rejections differently and the branch chiefs also were not consistent. I asked several AEs to review the same exact document and each came to a different conclusion. Some AEs could point me to guidance material while others just state this is how the branch chief likes it. The new hires received some training, but we were trained with old material that came with warnings to take what you can use from the material and ask our coworkers and/or the branch chief if we had questions. This was across the board from management documents to escrow account withdrawals. Examples include:

1. Insurance Requirements Omissions. HUD requires that all insurance policies list HUD as an additional payee. I was employed with HUD for six months and never had adequate training on insurance requirements. I sat with a couple of my co-workers who didn't know about the requirement and others who enforced the requirement across their entire portfolio. This is a requirement for all FHA insured loans. The HUD-9839A and B also requires fidelity bonds and hazard insurance list HUD as an additional payee. Listing HUD as an additional payee protects HUD during a loss and a claim is paid. Checks will be issued with all payees and HUD will have to sign in order for the check to be cashed. Once the insurance company issues a check that is only paid out to the owners, the owners and/or management agents have the option of pocketing the money or completing the repairs. HUD will not know of this until it's too late and there is no way to retrieve the funds nor protect the investment. Ensuring compliance of this requirement protects HUD, the investors, and the tenants by reducing mismanagement. HUD has failed to provide adequate oversight throughout the life of the investments.

I reviewed my portfolio and learned that there were several properties that did not list HUD as an additional payee on the properties that I found insurance paperwork on. Some properties didn't have insurance paperwork at all, while other properties could not obtain insurance due to the condition of the properties. If the property is not insurable, how is it livable? How is HUD protecting the tenants?

This information was disclosed to [REDACTED] a number of times. On one property, there was an insurance claim due to a fire back in 2017 that HUD had no knowledge of. I followed up with the property management agency and required that HUD be added to the policy as an additional payee. [REDACTED] stated that the owners tried to comply and that is good enough for her. We are going to leave it alone. You can hear [REDACTED] on the recording order me to leave it alone and move on. I continued to review my portfolio and express concerns about the insurance requirements and disclosed to [REDACTED] that I worked on several insurance audits for banks and understand the requirement. I also know that we must require all consumers to abide by the same requirements. I informed her that I reviewed the information with a teammate and who enforces the requirement. [REDACTED] dismissed the information.

There are over 4,800 properties being serviced in the Southwest Region alone. This doesn't include the properties in

disposition, nor the properties that have already been sold. How would **HUD** know that an insurance claim was paid out prior to the owners/agents walking away with insurance claim funds possibly leaving tenants homeless? If this is the condition of the portfolio that is given to a new employee, how does the rest of the Southwest region look? How many properties have been abandoned by the owners who have

ran off with an insurance check because HUD failed to enforce a requirement that everyone who finances a FHA insured loan must comply with?

There will always be insurance claim risks, but with proper controls in place, HUD can reduce waste, abuse, and mismanagement.

Supporting Evidence

a. Voice 001. A recording of [REDACTED] advising me to leave the insurance requirement alone.

a. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-A.PDF>

b. HUD 9839 form A. The link to this form is <https://www.hud.gov/sites/documents/9839-B.PDF>

c. Also view the in the firm commitment packet

December 11, 2018, you sent an email addressed to a stakeholder for my review. In the email, you asked the management agent to make modifications to a management agreement. I did not approve the email. I responded to you with instruction to go back to the Regulatory Agreement. and verify the language requiring certain clauses. Additionally, I asked you, "Why would HUD require a previously reviewed document to be revised?" You then sent me a second email addressed to the same stakeholder for my review. In the e-mail, you stated that the management agreement had been reviewed and approved. The information in the e-mail, was again incorrect.

As detailed in my termination letter, ██████ advised me on November 13, 2018 that all emails must be approved prior to be sent out to stakeholders. ██████ later advised that I didn't have to send long paragraphs or address her in the email, I just needed to make sure my subject line read "Response approval needed". This tells her that she needs to look at the email and provide a response. Please take a look at the subject lines for the emails in question for both La Posada Del Ray and Point Royale. I followed the guidance that was provided by ██████.

On November 19, 2018, ██████ had a meeting with the team to go over the Management Certification email that was sent out by Ms. ██████. One of the emails attached to this guidance was written by a senior on the team, ██████ explained her email and the verbiage used. ██████ stated that if the Management Certification is expired, we would need to make sure we review all required documents before we approve the certification. Ms. ██████ went on to explain the Management Agreement requirement. All management agreements must include the required verbiage outlined in the Handbook 4381.5, Chapter 2. The easiest way to do this is add signature lines on the Attachment A for the owner and management agent to sign. Ms. ██████r told me she would show me when I got one that needed it. At the time, I had a couple but the items were not due.

On December 11, 2018, I had two expired management certifications that did not include the correct verbiage in the Management Agreement and the Management Certifications were expired. Before we get into the details of the properties, let's take a moment to review the handbooks and guidance as it relates to management agent documentation review (specifically management agreements). The HUD Handbook 4381.5 REV 2; Multifamily Accelerated Processing (MAP) Guide; and the HUD-92264M (Rev. 04/11), U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects all permit the owner and agent to negotiate their own form of agreement as long as it contains the required HUD language

A. HUD Handbook 4381.5 REV 2, The Management Agent Handbook- This handbook provides basic guidance regarding owner/agent responsibilities and HUD procedures. This handbook is dated December 1994.

- a. **Chapter 2, Section 2.17, The Management Agreement Requirements** provide requirements that ALL management agreements must provide along with prohibited "hold harmless clauses. This is a requirement not a suggestion.

B. Multifamily Accelerated Processing (MAP) Guide- This handbook is designed to establish national standards for approved lenders to prepare, process and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance. The MAP Guide provides guidance to HUD staff, lenders, third party consultants, borrowers, and other industry partner. This handbook is dated August 2011.

- a. **Chapter 10, Section 10.6, Management Agreement Requirements** provide required contents that ALL management agreements must include.

(<https://www.hud.gov/sites/documents/4430GHSGG.PD>)

C. U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects — This is an agreement under which mortgagors are regulated by HUD. The form was revised April 2011 and expired April 30, 2014. There are two sections that address management agreements and program obligations.

- a. **IV. Project Management, Section 21. Management Agreement** states the borrower shall execute a **HUD-92264M (Rev. 04/11), U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects** management agreement or other document outlining procedures for managing or operating the Mortgaged Property. Such agreement or document must be consistent with Program Obligations. Borrower and the management agent shall submit and maintain a current management certification meeting standards consistent with Program Obligations. A management agreement must contain a provision that it cannot be assigned without the prior written approval of HUD.

- b. **I. Definitions, Y. "Program Obligations"** means (1) all applicable statutes and any regulations issued by the Secretary pursuant thereto that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website:

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(<http://www.hud.gov/offices/adm/hudclips/index.cfm> or a successor location to that site).

This is a section 221(d)(4) FHA insured loan that final endorsed on September 12, 2012. At the time the loan closed, the requirements listed in the HUD Handbook 4381.5 REV 2; Multifamily Accelerated Processing (MAP) Guide; and the HUD-92264M (Rev. 04/11), U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects requirements all applied to this loan.

On December 11, 2018, the management certification was reviewed which appeared to evidence the management agent was receiving a higher fee, the management certification was expired, and the management agreement did not contain the required language. ██████████ had been helping me with an unauthorized loan on this property so I continued to get her assistance on the expired documents. I reviewed my findings with ██████████ who explained to me that the fees would have to be repaid and helped me draft the response. Ms ██████████ also showed me how to revise the Attachment A which would satisfy the management agreement verbiage requirement. I sent to the response to ██████████ for a response approval. ██████████ responded, "Do not sent out this email." At this time, Ms ██████████ did not know that I was getting assistance on this issue. The email was never sent out to the stakeholder.

On December 13, 2018, ██████████ called me into her office. She had the two emails that was sent on December 11, 2018. She told me that I always have a but or need to know why. She reminded me that I'm on probation and now is the time the agency is evaluating whether I'm a good fit. I asked if I needed to find another job and she told me no. I just need to do as I'm told. There isn't going to always be an answer. She told me that this is not cookie cutter work and she has is responsible for the 500 properties that we manage. She understands that my portfolio was not managed properly by the previous AEs and ██████████ is aware. They have had many discussions on it. They will work to help me get the properties in compliance, but that is not the focus. She lifted up the two emails and told me that she doesn't want me to move forward with getting this management agreement, the management certification, nor unauthorized loan. I asked about it now I need to move on. She will handle it.

December 17, 2018, I followed up with Ms ██████████ as property was still out of compliance and there was no notes on the account. I contacted the property and they haven't received any communication from ██████████ advised me to close out the AMPS log and she would work on it. As of February 26, 2019, the property was still out of compliance, no updates were provided and there were no additional notes entered in iREMS. ██████████ knew the property was out of compliance and allowed the property to be out of compliance.

This is a section 221(d)(4) FHA insured loan that final endorsed on July 18, 2013. At the time the loan closed, the requirements listed in the HUD Handbook 4381.5 REV 2; Multifamily Accelerated Processing (MAP) Guide; and the HUD-92264M (Rev. 04/11), U.S. Department of Housing and Urban Development Regulatory Agreement for Multifamily Projects requirements all applied to this loan.

On November 5, 2018, I contacted the listed management company who informed me that they were no longer managing this property. There was no evidence of a new 9839 Management Certification and no management agreement on file for the new company. The owners were in violation of the regulatory agreement. I setup a meeting with the project, ██████████ and myself to discuss the violation. The

meeting took place on November 8, 2018. The new management company started managing the property on July 1, 2018. Ms. [REDACTED] agreed to allow the property to backdate the HUD-9839B Management Certification and also submit a back dated management agreement. [REDACTED] and I had a discussion after the call. I didn't feel comfortable signing a document for a date prior to me coming into the company. [REDACTED] told me that we would sign the document and she would note the account evidencing her approval. Ultimately she is responsible for the property and if it is good with her it should be good with me.

On December 11, 2018, the management certification and the management agreement was reviewed for the new management agent that took over on July 1, 2018. This was not the same agency that managed the property during final endorsement which took place on July 18, 2013. I drafted the reject email and sent it to [REDACTED] for approval. [REDACTED] stated that I needed to go back to the regulatory agreement. Additionally she asked, "why would HUD require a previously reviewed document to be revised?"

There was no evidence that HUD had reviewed a copy of the new management agreement from this new company prior to my request. I needed more help so I asked for additional guidance and explanation. The Handbook 4381.5, Rev 2 that was issued prior to the final endorsement date, the management agent is new and there is no evidence of an approval. I went through the regulatory agreement with Pam Spicer and she explained the program obligations. I drafted an email and sent it to [REDACTED]. I cited the Handbook 4381.5, Rev 2, the regulatory agreement that I just reviewed and the fact that the management agent is new.

[REDACTED] Advised that we are not going to require a change to the management agreement to require the owner's to be in compliance. I asked [REDACTED] if there was any exceptions to the management agreement verbiage requirement. I want to make sure that I'm being consistent and I fully understand the requirement. The handbook 4381.5, the regulatory agreement, and MAP all say that the agreement is between the owner and the management company. But they also say that the language is a requirement. I know we have went over this a few times, but the more I think I got it, the rules change. How do I know when you can omit the handbook or the governing documents? I showed [REDACTED] the email chain that Ms. [REDACTED] and I had and she disagreed with [REDACTED] directive to move on. [REDACTED] stated that we can't cherry pick who we want the rules to apply too. Everyone must abide by the same rules. This is one rule that is required across all loans. Management agreements are not required, but if you have one, it must have the required language or you cannot move on. [REDACTED] also came to my desk during the time [REDACTED] was explaining the cherry picking. I told her that it is a violation of UDAAP. We have to treat each consumer the same. By this time, [REDACTED] told me that she had already given me direction and I needed to move on. She told me to go join the office mixer and she asked [REDACTED] to walk with her to her office. The email was never sent and nothing was resolved.

On December 13, 2018, [REDACTED] called me into her office. She had the two emails that was sent on December 11, 2018. She told me that I always have a but or need to know why. She reminded me that I'm on probation and now is the time the agency is evaluating whether I'm a good fit. I asked if I needed to find another job and she told me no. I just need to do as I'm told. There isn't going to always be an answer. She told me that this is not cookie cutter work and she has is responsible for the 500 properties that we manage. She understands that my portfolio was not managed properly by the previous AEs and [REDACTED] is aware. They have had many discussions on it. They will work to help me get the

properties in compliance, but that is not the focus. She lifted up the two emails and told me that I need to move on, she will handle it. I asked about it now I need to move on. She will handle it. She told me that this is not cookie cutter work and due to the scene that I caused on the floor the other day with [REDACTED] I cannot ask the other seniors for assistance. I need to come ask her and if she needs their assistance she will ask them. I also need to stop attempting to clean my portfolio. [REDACTED] is already aware of the condition and they will work to get it cleaned up at a later date.

[REDACTED] limited my ability to get assistance with my portfolio, she knew that my portfolio was not being managed properly and many properties were out of compliance yet she stopped my cleanup attempts. She told me verbally and in writing not to move forward and she would handle it. She threatened my probationary period to get me to fall in line and when I didn't, she used this disclosure as a contributing factor to terminate my employment during my probationary period.

Supporting Evidence

Page 8-10: This is the email chain to the [REDACTED] who was my immediate supervisor. In November 2018, [REDACTED] told me that I needed to get approval prior to sending emails to stakeholders. I followed the handbooks, the regulatory agreement, and training material to draft the response. The information was accurate and I informed [REDACTED] that we are not following the handbook 4381.5 Rev 2, the regulatory agreement, nor the MAP guidelines. [REDACTED] did not allow me to manage the property and get the property in compliance with the regulatory requirement. [REDACTED] knowing allowed the property to be out of compliance with the regulatory agreement while requiring other owners to be in compliance or payback the fees paid. This is not fair to the stakeholders that are required to be in compliance. She told me verbally and in writing not to move forward and she would handle it. She threatened my probationary period to get me to fall in line and when I didn't, she used this disclosure as a contributing factor to terminate my employment during my probationary period.

Page 11-13 : This is a follow-up where [REDACTED] told me not to move forward and to close out the AMPS log.

Page 14-20: This is the email chain to the [REDACTED] who was my immediate supervisor. In November 2018, [REDACTED] told me that I needed to get approval prior to sending emails to stakeholders. I followed the handbooks, the regulatory agreement, and training material to draft the response. The information was accurate and I informed [REDACTED] that we are not following the handbook 4381.5 Rev 2, the regulatory agreement, nor the MAP guidelines. [REDACTED] did not allow me to manage the property and get the property in compliance with the regulatory requirement. [REDACTED] knowing allowed the property to be out of compliance with the regulatory agreement while requiring other owners to be in compliance or payback the fees paid. This is not fair to the stakeholders that are required to be in compliance. She told me verbally and in writing not to move forward and she would handle it. She threatened my probationary period to get me to fall in line and when I didn't, she used this disclosure as a contributing factor to terminate my employment during my probationary period.

Page 21: This is a screenshot of my 9839 MGMT Certification folder. As you can see, I was provided the emails and guidance which I downloaded to a folder. This evidences that I requested assistance and was provided the documentation to help with my response to the stakeholder.

Page 22-24: This is an email from [REDACTED] that provides guidance for completing the 9839. Use this email information to confirm that the 9839 was expired and out of compliance.

Page 25-26 This is the Attachment A to the management Agreement that list the required verbiage that must be included in ALL management agreements.

Page 27-32- The Handbook 4381.5 Rev 2 Section 2.17 Management Agreement Requirements. This list the requirement verbiage that must be included in ALL management agreements along

with prohibited "hold harmless clauses. This is a requirement not a suggestion.
(<https://www.hud.gov/sites/ido/documents/43815C2HSGH.PDF>)

Page 33-41- Multifamily Accelerated Processing (MAP) Guide- This handbook is designed to establish national standards for approved lenders to prepare, process and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance. The MAP Guide provides guidance to HUD staff, lenders, third party consultants, borrowers, and other industry partner. This handbook is dated August 2011.

- **Chapter 10, Section 10.6, Management Agreement Requirements** provide required contents that ALL management agreements must include. Turn to Page 6 or 9 listed in the far right corner.

(<https://www.hud.gov/sites/ido/document111430GHSGG.PD11>)

Page 42-72- This is a Regulatory Agreement that is similar to the Regulatory agreement signed on both properties. You would have to pull the org. copies from Laserfiche (the system that houses the documentation).

Page 73-84- Standard Work Punch List: Management Agent Document Review. This the guidance that AEs are required to use to process management agent document review. Look at the bottom, turn to page 5 of 11. This also states that the owner and agent may negotiate their own form of agreement provided that it contains language to meet certain requirements as provided in HUD 4381.5, chapter 2, section 2.17, Management Agreements Requirements. This is evidence that the information that I provided in the emails were correct and by not requiring the property to be in compliance with the program obligations is a direct violation of the regulatory requirement.

Page 85- Check list that I was provided to use in determining whether a management agreement includes the required verbiage.

Page 86-91- Fact Sheet that I was provided to assist in reviewing documents. Turn to the last page, this also provides the required language in the management agreements.

2.

From: [REDACTED]
Sent: Tuesday, December 11, 2018 11:11 AM
To: [REDACTED]
Subject: RE: Point Royale 800231711 - additional requests (Response Approval Needed)

Follow Up Flag: Follow up
Flag Status: Flagged

Do not send out this email.

From: [REDACTED] <[REDACTED]>
Sent: Tuesday, December 11, 2018 9:33 AM
To: [REDACTED]
Subject: Point Royale 800231711 - additional requests (Response Approval Needed)
Importance: High

[REDACTED] provided the attachments and I would like for you to approve the following response:

Hello [REDACTED]

After reviewing the documents provided, there are some concerns that require immediate attention. They are as

follows:

1. HUD- 9839-B Management Certification - The Point Royale Management Certification provided was not executed by HUD and the management fee is higher than the agreed upon fee listed in the Management Agreement.
 - a. If there is no executed Management Certification on file, management fees cannot be taken and will be required to be repaid. Please review your records to see if you can locate an executed copy of the Management Certification and send it in. If no executed copy is found, no management fees can be paid out until a new management certification packet is submitted and approved. Please complete a new form attach the fidelity bond, hazard insurance coverage, and public liability coverage. Please ensure that the documents meet the following requirements:
 - (I) i. The management agent must certify in the Management Certification that it carries fidelity bond or employee dishonesty coverage for:
 - (1) All principals of the management entity, and
 - (2) All persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts, and records.
 - ii. The fidelity bond or coverage must name the mortgagee and HUD as additional loss payees.
 - iii. Coverage may be through one or more bonds, and one bond may cover more than one project, including projects whose mortgages are not insured or held by HUD. The agent's principals and supervisory and front-line staff may be covered under the same bond.
 - b. It is the responsibility of the owner/management agent to notify HUD of any changes to the management fee and submit documentation. Please look through your records to find an amendment or some form of documentation that will evidence the five percent fee was agreed upon by the owner and the management. If no agreement can be produced, the additional one (1) percent fee paid must be repaid to the operating account.
2. The Management Agreement does not include the following required verbiage listed in the 4381.5 Rev-2 (). The easiest method to resolve this matter would be to add the Addendum to the Agreement to the current Management Agreement (attached as electronic file).

Required clauses. All agreements must provide that:

- (a) Management fees will be computed and paid according to HUD requirements.
- (b) HUD may require the owner to terminate the agreement:
 - (i) Immediately, in the event a default under the Mortgage, Note, Regulatory Agreement, or Subsidy Contract attributable to the management agent occurs;
 - (ii) Upon 30 days written notice, for failure to comply with the provisions of the Management Certification or other good cause; or
 - (iii) When HUD takes over as MIP.

NOTE: As a good business practice, the management agreement should always give the owner the ability to terminate the contract for cause, with notice.

- (c) If HUD terminates the agreement, the owner will promptly make arrangements for providing management satisfactory to HUD.
 - (d) HUD's rights and requirements will prevail in the event the management agreement conflicts with them.
 - (e) The management agent will turn over to the owner all of the project's cash, trust accounts, investments, and records immediately, **but** in no event more than 30 days after the date the management agreement is terminated.
3. The vacancy listed on the Occupancy Trend for October is four (4) units resulting in a 3.36% vacancy. This is the number of units that should be listed on the HUD-93479 Schedule A. However, the Schedule A indicates that there were eight (8) units vacant resulting in a 6.66% vacancy rate. Please review the information provided and determine which vacancy rate is correct and make the adjustments on the occupancy trend or the Schedule A. If the Schedule A changes, the tenant rents will need to be updated as well.

4. MFG Loan agreement is still outstanding. Please provide a copy of the loan agreement for HUD to review.

Please submit **the** above requested documents as soon as possible, but no later than December 14, 2018. If there are any questions, please contact [REDACTED] Senior Account Executive at (817) 978-5837.

Thank you,

[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
SO I (Cherry Street, 27th Floor Fort Worth, TX 76102)
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@hud.gov

Monthly Accounting Reports (MARS) should be emailed to MFSouthwestMARs@hud.gov

From [REDACTED] <<ChenPmillerfrishman.com>>

Sent: Monday, December 10, 2018 **5:29 PM**

To: [REDACTED] <[REDACTED]>

Subject: Point Royale 800231711 - additional requests

Hi [REDACTED]

Please find attached as requested: Management Certificate, Management Agreement, skipped check numbers. Also, I ran an occupancy report and I do not notice a high vacancy rate, currently at 3.36%, see attached. Thanks,

[REDACTED]
[REDACTED]
[REDACTED]
kchen@millerfrishman.com

ksr\
(V-P9k V¹⁷)
•00.9.⁵

From: [Redacted]
Sent: Monday, December 17, 2018 10:21 AM..
To: [Redacted]
Subject: RE: Point Royale 800231711 - additional requests (Response Approval Needed)

No, close it out. I will work on this

From: [Redacted] <[Redacted]>
Sent: Monday, December 17, 2018 10:14 AM
To: [Redacted] <lebie.f.bolin@hud.gov>
Subject: RE: Point Royale 800231711 - additional requests (Response Approval Needed)
This is still pending. Do you have a revision that you would like me to send out?

Thank you,



[Redacted]
Senior Account Executive
Southwest Multifamily Regional Center
tso I Chtm Sum. 27' I loor t ntt Worth. TX 76112
Plionk.— (517) q78-5817

ffll.r...sfll...

-.0*1*.....
1.1.*

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwestV1ARsPhod.aov

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestV1ARsPhod.aov

From: [Redacted] <[\[Redacted\]@hud.gov](mailto:[Redacted]@hud.gov)>
Sent: Tuesday, December 11, 2018 11:11 AM
To: [Redacted]
Subject: RE: Point Royale 800231711 - additional requests (Response Approval Needed)

Do not send out this email.

From: [Redacted] <[Redacted]>
Solt: [Redacted] Tuesday, December 11, 2018 9:83 AM*
Subject: Point Royale 800231711 - additional requests (Response Approval Needed)
Importance: High

[Redacted] provided the attachments and I would like for you to approve the following response:

Hello ████

After reviewing the documents provided, there are some concerns that require immediate attention. They are as follows:

I. HUD- 9839-B Management Certification - The Point Royale Management Certification provided was not executed by HUD and the management fee is higher than the agreed upon fee listed in the Management Agreement.

- a. If there is no executed Management Certification on file, management fees cannot be taken and will be required to be repaid. Please review your records to see if you can locate an executed copy of the Management Certification and send it in. If no executed copy is found, no management fees can be paid out until a new management certification packet is submitted and approved. Please complete a new form attach the fidelity bond, hazard insurance coverage, and public liability coverage. Please ensure that the documents meet the following requirements:
 - i. The management agent must certify in the Management Certification that it carries fidelity bond or employee dishonesty coverage for:
 - (1) All principals of the management entity, and
 - (2) All persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts, and records.
 - ii. The fidelity bond or coverage must name the mortgagee and HUD as additional loss payees.
 - iii. Coverage may be through one or more bonds, and one bond may cover more than one project, including projects whose mortgages are not insured or held by HUD. The agent's principals and supervisory and front-line staff may be covered under the same bond.
- b. It is the responsibility of the owner/management agent to notify HUD of any changes to the management fee and submit documentation. Please look through your records to find an amendment or some form of documentation that will evidence the five percent fee was agreed upon by the owner and the management. If no agreement can be produced, the additional one (1) percent fee paid must be repaid to the operating account.

2. The Management Agreement does not include the following required verbiage listed in the 4381.5 Rev-2 ([https://www.huttgovsitesklocuments/43815C211SCill.PI\)t](https://www.huttgovsitesklocuments/43815C211SCill.PI)t)). The easiest method to resolve this matter would be to add the Addendum to the Agreement to the current Management Agreement (attached as electronic file).

Required clauses. All agreements must provide that:

- (a) Management fees will be computed and paid according to HUD requirements.
 - (b) HUD may require the owner to terminate the agreement:
 - (i) Immediately, in the event a default under the Mortgage, Note, Regulatory Agreement, or Subsidy Contract attributable to the management agent occurs;
 - (ii) Upon 30 days written notice, for failure to comply with the provisions of the Management Certification or other good cause; or
 - (iii) When HUD takes over as **MIP**.
- NOTE: As a good business practice, the management agreement should always give the owner the ability to terminate the contract for cause, with notice.
- (c) If HUD terminates the agreement, the owner will promptly make arrangements for providing management satisfactory to HUD.
 - (d) HUD's rights and requirements will prevail in the event the management agreement conflicts with them.
 - (e) The management agent will turn over to the owner all of the project's cash, trust accounts, investments, and records immediately, but in no event more than 30 days after the date

the management agreement is terminated.

3. The vacancy listed on the Occupancy Trend for October is four (4) units resulting in a 3.36% vacancy. This is the number of units that should be listed on the HUD-93479 Schedule A. However, the Schedule A indicates that there were eight (8) units vacant resulting in a 6.66% vacancy rate. Please review the information provided and determine which vacancy rate is correct and make the adjustments on the occupancy trend or the Schedule A. If the Schedule A changes, the tenant rents will need to be updated as well.
4. MFG Loan agreement is still outstanding. Please provide a copy of the loan agreement for HUD to review.

Please submit the above requested documents as soon as possible, but no later than December 14, 2018. If there are any questions, please contact [REDACTED] Senior Account Executive at (817) 978-5837.

Thank you,



[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
801 Cheri Street, 27th Floor Fort Worth, TX 76102
Phone: 1.;171978-5817

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to [MFSouthwest\(a-](mailto:MFSouthwest@a-)

Monthly Accounting Reports (MARS) should be emailed to INAFSouthwestVIARs@juld.clov

From [REDACTED]
Sent: Monday, December 10, 2018 5:29 PM
To: [REDACTED] <[\[REDACTED\]](mailto:[REDACTED])>
Subject: Point Royale 800231711 - additional requests

Hi [REDACTED]
Please find attached as requested: Management Certificate, Management Agreement, skipped check numbers. Also, I ran an occupancy report and I do not notice a high vacancy rate, currently at 3.36%, see attached. Thanks,

[REDACTED]
[REDACTED]
[\[REDACTED\]@millerfrishman.com](mailto:[REDACTED]@millerfrishman.com)

[REDACTED]

From: [REDACTED]
Sent: Tuesday, December 11, 2018 2:40 PM
To: [REDACTED]
Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray -Management Agreement (Response approval needed)

Importance: High

We are not going to require that they change the management agreement. We asked them politely in a previous email and they did make some changes and specifically addressed compliance with the HUD approved 9839 (Paragraph 1.5). The agreement is between the owner and the management. HUD is not a party to said agreement. We need to move towards finalizing and approving a 9839. Please begin your review of that form and ensure it has all the attachments required in paragraph 5. -
)i.rY

From: [REDACTED]
2./
Sent: Tuesday, December 11, 2018 2:19 [REDACTED] <[REDACTED]>
Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray -Management Agreement (Response approval needed)

During our meeting when we went over the Addendum A, I left with the understanding that the Addendum A will need to be added to all Management Agreements, not just the new ones. Since that time, I have been making sure the Addendum A gets added to each Management Agreement I review. In addition, the 4381.5, REV-2, The Management Agent Handbook was issued June 8, 2006. Section 2.17 Management Agreement Requirements paragraph b. (2) Required clauses also explains the verbiage needed in the Management Agreement. My understanding about this form and the 4381.5 handbook section 2.17 needs a little more clarity.

I went back to the Regulatory Agreement dated December 20, 2011 which states in Paragraph 21 that the agreement or document must be consistent with Program Obligations. Why wouldn't this blanket statement include the Addendum A? At the time of review and approval of the current Management Agreement, there is a requirement to have the Addendum A. Considering this is now a program obligation, couldn't we ask that it be included? The current company, Renaissance Development Corporation (NCRDC) took over July 1, 2017 and the Management Agreement is dated July 1, 2018.

Is the problem the way I worded the email or the content? If you show me one time, we will never have to cross this road again.

Thank you,



[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
501 Cherry Street, 27th Floor Fort Worth, TX 76102
Phone: 817-978-5837

From: [REDACTED] >
Sent: Tuesday, December 11, 2018 12:45 PM
To: [REDACTED] >
Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray -Management Agreement (Response approval needed)

Go back to their Regulatory Agreement. See what it says — the ones used prior to 2014 do not have that language. Also, was this a previously approved agent? If so then how can you go back and ask them to revise something that was technically approved prior to assignment to your portfolio?

From: T [REDACTED]
Sent: Tuesday, December 11, 2018 12:42 PM
To: [REDACTED]
Subject: Project No.: 800236117 / Project Name: La Posada del Ray -Management Agreement (Response approval needed)
Importance: High
Please review and approve the following response:

Hello [REDACTED]

1. The Management Agreement dated July 1, 2018 has been rejected. The Management Agreement does not include the following required verbiage listed in the 4381.5 Rev-2 (<http://NA.www.limi.izmisites/documents/4381.5C2FISG1.1.PDF>). The easiest method to resolve this matter would be to add the Addendum to the Agreement (attached as electronic file) to the current Management Agreement.

Required clauses. All agreements must provide that:

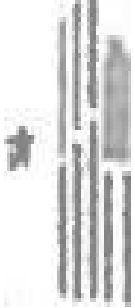
- (a) Management fees will be computed and paid according to HUD requirements.
- (b) HUD may require the owner to terminate the agreement:
 - (i) Immediately, in the event a default under the Mortgage, Note, Regulatory Agreement, or Subsidy Contract attributable to the management agent occurs;
 - (ii) Upon 30 days written notice, for failure to comply with the provisions of the Management Certification or other good cause; or
 - (iii) When HUD takes over as MIP.

NOTE: As a good business practice, the management agreement should always give the owner the ability to terminate the contract for cause, with notice.

- (c) If HUD terminates the agreement, the owner will promptly make arrangements for providing management satisfactory to HUD.
- (d) HUD's rights and requirements will prevail in the event the management agreement conflicts with them.
- (e) The management agent will turn over to the owner all of the project's cash, trust accounts, investments, and records

immediately, but in no event more than 30 days after the date
the management agreement is terminated.

Please add the required verbiage to the Management Agreement and resubmit to
MFSouthwest@hud.gov and copy me. If you have any questions, please contact me at (817)
978-5837.



Thank you,

[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27th Floor Fort Worth. TX 76102
Phone: 18171978-5:i37

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to VIFSotithwestP.hud.gov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARsPhud.gov

From: [REDACTED] T <[REDACTED]>

Sent: Monday, November 19, 2018 11:44 AM

To: MFSouthwest <MFSouthwestPlud.gov>
[REDACTED]

Subject: FW: Project No.: 800236117 / Project Name: La Posada del Ray Management Agreement

Importance: High

Please add to AMPS.

Thank you,



[REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street. 27th Floor Fort Worth. TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@huthlov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARsPhud.clov

From: [REDACTED]

Sent: Tuesday, November 13, 2018 5:12 PM

To: [REDACTED] <[REDACTED]>

Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray
Importance: High

[REDACTED]
Please find attached the corresponding revised Management Agreement effective 7/1/2018.

Thanks

[REDACTED]

From: [REDACTED]

Sent: Tuesday, November 13, 2018 8:46 AM

To: [REDACTED] [REDACTED]

Cc: [REDACTED]
: RE: Project No.: **800236117** / **Project Name: La Posada del Ray**

N A T O N A L

[REDACTED]

My sincere apologies for the incorrect attachment.

Please see attached the HUD 9839B

Thanks

Com 7.1 UNITY
RENAISSANCE:

[REDACTED]

Together, we build great communities!

From: [REDACTED]
Sent: Tuesday, November 13, 2018 7:07 AM
To: [REDACTED]
Subject: FW: Project No.: 800236117 / Project Name: La Posada del Ray
Importance: High

Good Morning [REDACTED]

There seems to be a bit of a mix-up. The form you sent in is a Jogathon Runner Registration form. When you get a moment, please send in the updated HUD 9839. •

Thank you,

From: [REDACTED] >
Sent: Monday, November 12, 2018 6:51 PM
To: T [REDACTED] <[REDACTED]>
Cc: [REDACTED] 'ill 144 ,3nt,.)
Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray
Importance: High

[REDACTED]

Please find attached the New HUD 9839-8 effective 7/1/2018 for your approval



From: [REDACTED]
Sent: Friday, November 09, 2018 2:0 [REDACTED]
To: ', [REDACTED] <[REDACTED]>
Cc: [REDACTED]
Subject: RE: Project No.: 800236117 / Project Name: La Posada del Ray
Importance: High

[REDACTED]

— Thank you for the call yesterday, we greatly appreciated your time.

Per our conversation please find attached the docs (packet) previously submitted

My apologies on the 9839, I will submit the Management Agreement and new 9839 effective 7/1/2018 on Monday, as all our authorized signatories are currently out of the office

[REDACTED]

NAIN A

From: [REDACTED]
Sent: Monday, November 05, 2018 10:04 AM
To: [REDACTED]
Cc: [REDACTED]
[REDACTED]

Subject: RE: 2nd Attempt: Contact Information Request/ Project No.: 800236117 / Project Name: La Posada del Ray
Importance: High

Lynette

I noticed that this is a 2'd attempt to get contact info: My apologies, it didn't get to me sooner.

I will complete the Contact Info Request and get it back to you shortly.

I will also work on getting you the new HUD 9839 Management Certification

Thanks

[REDACTED]

From: [REDACTED] <[REDACTED]>
Sent: Monday, November 05, 2018 9:45 AM
To: [REDACTED]
[REDACTED]
[REDACTED]

Subject: 2nd Attempt: Contact Information Request/ Project No.: 800236117 / Project Name: La Posada del Ray

Hello Everyone,

This is the second attempt to get contact information. I spoke with [REDACTED] Management who informed me that they no longer manage the project. To date, this office has not received a new 9839 Management Certification. We are requesting a call back to review the current management company status and attached contact sheet by Wednesday, November 7,

2018.

Thank you,

From: [REDACTED]
Sent: Friday, October 19, 2018 10:52 AM

' < [REDACTED]
[REDACTED]

Subject: New Account Executive/ Project No.: 800236117 / Project Name: La Posada del Ray

Dear Owner/Agent:

This is to inform you that I will now be the Account Executive for the above-mentioned property. Please direct any further correspondence concerning this project to my attention. Attached is a property contact sheet. Please send completed forms back to me, [REDACTED] Senior Account Executive.

I look forward to a close working relationship with all parties to accomplish our mutual goals. If you have any questions, please contact me at (817) 978-5837 or [lv\[REDACTED\]@hud.gov](mailto:lv[REDACTED]@hud.gov)

Thank you,

1 [REDACTED]
Senior Account Executive
Southwest Multifamily Regional Center
KOI Cherry Street. 27" 1-loor Rut. Worth. TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to AFSouthwest@hud.gov.

Monthly Accounting Reports (MARS) should be emailed to lv1FSouthwestMARs@hud.gov

email

From: [REDACTED]
Sent: Thursday, November 15, 2018 3:02 PM
To: [REDACTED]
Subject: FW: Mgmt. Cert - Effective Date and Length of Term
Attachments: Management Agent Cert-Effective Date and Length of Term.pdf; HUD 9839

Management Cert Deficiencies.pdf

Instruction on completing the 9839

From: [REDACTED]
Sent: Thursday, November 15, 2018 2:54 PM
To: [REDACTED] F
Subject: Mgmt. Cert - Effective Date and Length of Term

See 2 attachments related to Management Cert effective date and length of term.

[REDACTED]

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MESouthwestPhud.gov.

Monthly Accounting Reports (MARS) should be emailed to [MFSouthwestMARs\(rithud.riov\)](mailto:MFSouthwestMARs(rithud.riov)).

[REDACTED]

cc:

Subject: Management Agent Cert/ Effective Date and Length of Term

You may recall we discussed the above doc with respect to effective date and term of agreement at a staff meeting while back. Just want to clarify where we are on this:

Effective Date

Please be sure they clearly indicate an effective or start date—that is what you enter in REMS.

Term of Agreement

A Term of Agreement should be provided on the above doc as well, on line indicated at 1. b.(1). If they provide "Ongoing" as their term, put it into REMS as "Yes" under Open Ended Certification.

If they put a certain period of time (e.g. 12 months), enter the appropriate dates in REMS under Management Certification Time Period (Term certification only).

Be sure not to enter any date in Management Agent Termination Date field in REMS unless the agent was actually terminated. Remember, this is not the end date of a term certification.

Hope this helps. Any questions, let me know.

[REDACTED]
[REDACTED]

From: [REDACTED]
Sent: Thursday, March 16, 2017 2:55 PM
To: [REDACTED]
Subject: Deficiencies Noted in Management Documents Submitted for Sunset Shadows, 114-11437

Importance: High

Hello [REDACTED]

I have reviewed the Management Documents submitted for Sunset Shadows and have noted the following deficiencies. These deficiencies must be corrected before Asset Management can continue processing for approval. Please forward this list to your contact at the Lender as soon as possible.

HUD-9839-B, Management Agent Certification:

- **Item 1.b.(1) Terms of Agreement —**
 - (a) From: The "From" date is specified as 1/1/17. The HUD-approved Management Certification effective date cannot begin prior to the closing date of the FHA-insured mortgage. Therefore, **please enter "No Earlier Than Initial/Final Endorsement" in Item 1.b.(1)(a).**
 - (b) To: The "To" date is specified as 12/31/17. Since the "From" date will be "No Earlier Than Initial/Final Endorsement" and it was indicated by the date entered that the "To" length of term will be 1 year, **please enter "1 Year from Initial/Final Endorsement" in Item 1.b.(1)(b).**
 - (c) Self Renew: The "Self Renew" box is checked "Yes." The only time that the "Self Renew" box should be checked "Yes" is if the "To" length of term has been specified as Ongoing since there is no dedicated expiration date. Since a timeframe with a dedicated expiration date was specified, i.e., 12/31/17 or 1 year, this certification must expire, thereby rendering the "Self Renew" option ineligible. A new Certification must be submitted for approval prior to expiration date. Therefore, **please correct and check the "No" box in Item 1.b.(1)(c).**
- **Item 12. Identity-of-Interest —**
 - o c. Box 12.c. is checked indicating that certain individuals and companies have an Identity-of-Interest relationship with the Owner; however, the names of those individuals or companies, the services rendered, and nature of the Identity-of-Interest relationship was not provided as required. **Please provide the required information as requested in the space provided in Item 12.c.** Attach an additional sheet if needed.
- **Item 14. Additional Items—**This item requires that specific items referenced in Section 2.9 of HUD Handbook 4381.5, REV-2, The Management Agent Handbook, be attached to the Management Agent Certification. These items were not attached. **Please reference HUD Handbook 4381.5, Section 2.9, and provide the items specified in Section 2.9 d.(1)(a), (b), & (c), and 2.9 e.**

HUD-9832, Management Entity Profile:

- **Item 2.** Entity's Principals — This item requests the names, titles, and Social Security Numbers of the **Management Agent's** Principals, i.e., General Partner, President, Treasurer, etc. However, only one Principal is listed **and** their title is "Resident and Sole Shareholder." **Please provide all the Principals of Rockwell Management Corp., and their titles and Social Security Numbers.**

**Addendum A
to the Management Agreement**

1. HUD's rights and requirements prevail in the event of any conflicts with the terms of the Management Agreement.
 2. Scope of Services — All Management Agreements must describe the services the Management Agent is responsible for performing and for which the Management Fee will be paid.
 3. The Management Agreement shall not be assigned without the prior written approval of HUD.
 4. Management Fees will be computed and paid in accordance with HUD requirements.
 5. HUD may require Owner to terminate the Management Agreement:
 - a) Immediately, without penalty, if an Event of Default occurs under the Security Instrument, Note, or Regulatory Agreement; or
 - a) Upon 30 days written notice to Owner and Management Agent, for failure to comply with the provisions of the Management Certification, or for other good cause; or
 - b) Immediately, without penalty, when HUD takes control of the Mortgaged Property pursuant to its rights under the loan documents as Mortgagee-in-Possession.
- NOTE: The Management Agreement must always give the Owner the ability to terminate the Agreement for cause, with no more than a 30-day notice period.**
6. If HUD terminates the Management Agreement pursuant to its authority under the loan documents (HUD-92466M, Regulatory Agreement, Provision 21), the Owner will promptly make arrangements for obtaining an alternative Management Agent that is satisfactory to HUD.
 7. If Owner terminates the Management Agreement pursuant to a request from HUD, the Management Agent must turn over to Owner all the project's cash, accounts, deposits, investments, and records pertaining to the Mortgaged Property immediately, but in event no longer than 30 days after the date the Management Agreement is terminated.
 8. Borrower may terminate the management Agreement for cause with no more than a 30-day notice period.
 9. HUD may impose a maximum term on the Management Agreement if HUD approved the Management Agent on a conditional basis.
 10. Prohibited "Hold Harmless" Clauses — The Management Agreement cannot/shall not exempt the Management Agent from liability for damages, injuries or losses, resulting from the Management Agent's gross negligence or willful misconduct. This includes all

"hold harmless" provisions, such as parties holding each other harmless in the case of

liPage

willful misconduct/gross negligence. Allowing a management Agent to be held harmless for all breaches of the standard of care less than willful misconduct/gross negligence is against HUD policy.

OWNER:

AGENT:

By:

By:

[REDACTED]

From: [REDACTED]
Sent: Wednesday, October 09, 2019 3:57 PM
To: [REDACTED]
Subject: 800236117_9839 A B Management Certification.pdf La Posada del Ray

Attachments: 800236117_9839 A B Management Certification.pdf

Evidence of ins with HUD as named insured; look on page 37 of attachment.

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Southwest Multifamily Region

*Serving Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska,
New Mexico, Oklahoma, and Texas*

Multifamily Customer Service Telephone Line 1-800-568-2893

www.hud.gov

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May 20, 2019

[REDACTED]
LaPosada 1968, LLC
[REDACTED]
[REDACTED]
[REDACTED]

SUBJECT: Approved Management Agent Certification
La Posada del Rey, San Antonio, Texas
FHA Number: 11535624; iREMS No.: 800236117

Enclosed is a copy of the approved Form HUD-9839-B, Management Agent Certification, on behalf of LaPosada 1968, LLC (Owner) and National Community Renaissance (Agent), regarding the management of La Posada del Rey Apartments, located in San Antonio, Texas. No fees can be paid to the Management Agent from the property's monies except those approved herein.

The effective date for the following fees is March 1, 2019 until February 29, 2020 with a phrase to renew annually indefinitely.

- Residential Fee of 6.22% percent: This fee is collected on actual receipts of apartment rents, cooperative carrying charges, or mobile home lots. If the property receives project-based subsidy, the apartment rents may include Rent Supplement and Section 8 regular tenant assistance payments, including utility reimbursements. The fee cannot be collected on Section 8 Special Claims, the rent paid by a Section 236 resident that exceeds basic rent (regardless of whether "excess income" is due to HUD), or Section 236 Interest Reduction Payments.
- A Commercial Fee was not included on the Management Agent Certification.
- A Miscellaneous Fee was not included on the Management Agent Certification.
- No Special Fees were not included on the Management Agent Certification.

Fees may not be collected on interest earned on invested security deposits, reserves or other project funds, Section 8 Special Claims, Flexible Subsidy funds, refunds from property tax or utility rate appeals, insurance loss drafts, recovered legal fees or court costs, and replacement reserve or residual

receipt reimbursements to the property.

*Fort Worth Regional Office
801 Cheri)) Street Unit #45, Suite 2500
Fort Worth, Texas 76102*

*Kansas City Satellite Office
400 State Avenue, Suite 300
Kansas City, KS 66101*

Any changes in the fees specified above must be included on an approved revised Management Agent Certification. Any changes in the agent's principals or staff or other policies or procedures described on the Management Entity Profile, Form HUD-9832, must be shown on a revised Management Entity Profile and submitted to this Office. Any changes in the management agent's principals or affiliates baseline submission must be reported either electronically through the Active Partner Participation System (APPS) or submitted to this Office on a thoroughly and accurately completed paper version of the Form HUD-2530. Submissions should be submitted to MFSouthwesthud.gov.

Should you should have any additional questions or comments about this matter, please do not hesitate to contact [REDACTED]
Marla.S.Gaspard@hud.gov

Sincerely,



[REDACTED]
Asset Management Division Branch Chief
Southwest Multifamily Housing Region

Enclosure
HUD 9839
HUD-9832
HUD 2530

cc: [REDACTED]

**Project Owner's/Management Agent's Certification
for Multifamily Housing Projects
for Identity-of-Interest
or Independent Management Agents**

**U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner**

**OMB Approval No. 2502-0305
(exp. 11/30/2016)**

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Owners of insured and assisted multifamily housing projects are required by HUD administrative guidelines as found in HUD Handbook 4381.5 REV-2, The Management Agent Handbook, to submit certain data for review by the local HUD office of approval of a new management agent. These requirements apply to insured multifamily projects or HUD-held mortgages and subsidized, non-insured projects that are not financed by State Agencies or the Rural Housing Service Agency.

Project name La Posada Del Rey Apartments	FHA project number 115-35624	Date (mm/dd/yyyy) 03/01/2019
City, State San Antonio, TX		Section 8 number TX006MR0003

Acting on behalf of La Posada 1968 LLC the Project Owner (Owner), and Nat. Community Renaissance Development Corporation

the Management Agent (Agent), we make the following certifications and agreements to the United States Department of Housing and Urban Development (HUD) regarding management of the above project.

I We certify that:

a. We will comply with HUD requirements and contract obligations, and agree that no payments have been made to the owner in return for awarding the management contract to the agent, and that such payments will not be made in the future. 4.

b. We have executed or will execute, within 30 days after receiving the approval(s) required by paragraph b below, a Management Agreement for this project. The Agreement provides / will provide that the Management Agent will manage the project for the term and fee described below. Changes in the fee will be implemented only in accordance with HUD's requirements

(1) Terms of Agreement:

(a) From: 03/01/2019

(b) To: 02/29/20 & renews annually indefinitely

(c) Self Renew: Yes No

(2) Fees:

(a) 6.22 % of residential income collected;

(b) % of commercial income collected;

(c) % of miscellaneous income collected

(This percentage must not exceed the percentage in (2)(a) above).

(d) Special Fees No 171 Yes If yes, describe in paragraph 4 of Attachment I.

(3) Calculation of Estimated Yield (See Attachment I.)

c. We will disburse management fees from project income only after:

(1) We have submitted this Certification to HUD;

(2) HUD has approved the Agent to manage this project; and

(3) HUD has approved the management fee (if required).

d. We understand that no fees may be earned or paid after HUD has terminated the Management Agreement.

e. If HUD notifies me of an excessive management fee, I, the Agent, will within 30 days of HUD's notice either:

(1) Reduce the compensation to an amount HUD determines to be reasonable and

(2) Require the administrator to refund to the project all excessive fees collected, or

(3) Appeal HUD's decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of this decision letter on the appeal.

* Comply with HUD handbooks, notices or other policy directives that relate to the management of the project.

* Comply with HUD requirements regarding payment and reasonableness of management fees and allocation of management costs between the management fee and the project account.

* Refrain from purchasing goods or services from entities that have identity-of-interest with us unless the costs are as low as or lower than arms-length, open-market purchases.

The Agent agrees to:

* Ensure that all expenses of the project are reasonable and necessary.

* Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.

* Obtain contracts, materials, supplies and services, including the preparation of the annual audit, on terms most advantageous to the project.

* Credit the project with all discounts, rebates or commissions (including any sales or property tax relief granted by the State or local government) received.

* Obtain the necessary verbal or written cost estimates and document the reasons for accepting other than the lowest bid.

* Maintain copies of such documentation and make such documentation available for your inspection during normal business hours.

* Invest project funds that HUD policies require to be invested and take reasonable effort to invest other project funds unless the owner specifically directs the Agent not to invest those other funds.

- f. If HUD holds the residential management fee yield harmless under the transition provisions of Chapter 3, Section 4 of HUD Handbook 4381.5,**
- (1) We understand that HUD will adjust the management fee percentage each time HUD approves a rent increase**
 - (2) We agree to be bound by that percentage until the next rent increase or until HUD approves a different fee, pursuant to our request.**
- 2. We will, if the project is subsidized by HUD, select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administration responsibilities in accordance with HUD Handbook 4350.3 and other HUD instructions.**
- 3. We agree to:**
- a. Comply with this project's Regulatory Agreement, Mortgage & Mortgage Note, and any Subsidy Contract or Workout / Modification Agreement.**

- (1) any records which relate to the project's purchase of goods or services,
- (2) the records of the Owner and the Agent, and
- (3) the records of companies having an identity-of-interest with the owner and the agent

c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project: "Upon request of HUD or (name of owner or Agent), (name of contractor or supplier) will make available to HUD, at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit HUD to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per-unit and total charges levied for said services." The owner agrees to request such records within seven (7) days of receipt of HUD's request to do so.

8. We certify that any Management Agreement does not contain the type of "hold harmless" clause prohibited by HUD.

9. We agree to include the following provisions in the Management Agreement and to be bound by them:

- a. HUD has the right to terminate the Management Agreement for failure to comply with the provisions of this Certification, or other good cause, thirty days after HUD has mailed the owner a written notice of its desire to terminate the Management Agreement.
- b. In the event of a default under the Mortgage, Note or Regulatory Agreement, HUD has the right to terminate the Management Agreement immediately upon HUD's issuance of a notice of termination to the Owner and Agent.
- c. If HUD exercises this right of termination, I, the Owner, agree to promptly make arrangements for providing management that is satisfactory to HUD.
- d. If there is a conflict between the Management Agreement & HUD's rights and requirements, HUD's rights & requirements will prevail.
- e. If the Management Agreement is terminated I, the Agent, will give to the Owner all of the project's cash, trust accounts investments and records within thirty (30) days of the date the Management Agreement is terminated.

10. I, the Owner, agree to submit a new Management Certification to HUD before taking any of the following actions:

- a. Authorizing the agent to collect a fee different from the percentages fees and any special fees specified in Paragraph 1 of this Certification:
- b. Changing the expiration date of the Management Agreement.
- c. Renewing the Management Agreement.
- d. Permitting a new Agent to operate the project.
- e. Permitting a new Agent to collect a fee.
- f. Undertaking self-management of the project.

11. We agree to:

- a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act., Executive Order 11063 and all regulations implementing those laws.
- b. When the head or spouse is otherwise eligible, give families with children equal consideration for admission.
- c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.
- d. If the project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
- e. Furnish HUD's Office of Fair Housing and Equal Opportunity any reports and information required to monitor the project's compliance with HUD's fair housing and affirmative marketing requirements (including HUD Form 949, if applicable).
- f. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
- g. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.
- h. If the project receives any form of direct Federal financial assistance, comply with Section 3 of the Housing and Urban Development Act of 1968

and its implementing regulations. I, the Agent, understand that this law and the regulations require the project to make training, employment and contracting opportunities available, to the greatest extent feasible, to lower-income project area residents and small businesses.

12. We certify that we have read and understand HUD's definition of "identity-of-interest" and that the statement(s) checked and information entered below are true. (Check box a or boxes b and / or c.)

a. No identity-of-interest exists among the Owner, the Agent and any individuals or companies that regularly do business with the project.

a Only individuals and companies listed in Section I la of the Management Entity Profile have an identity-of-interest with the Agent.

a. Only the individuals and companies listed below have an identity-of-interest with the Owner. (Show the name of the individual or company; list the services rendered; and describe the nature of the identity-of-interest relationship. Attach additional sheets, if necessary.)

13. I/We, the Agent, certify & agree:

- a. that the Management Entity Profile, dated (mm/dd/yyyy) 03/31/2017, is accurate and current as of the date of this Certification.
- b. To submit an updated profile whenever there is a significant change in the organization or operations of the Management Entity.

14. The items identified in HUD Handbook 4381.5 Rev-2 The Management Agent Handbook at Sec. 2.9 "Owner/Management Entity Approval Submission Requirements" are attached.

Warnings:

There are fines and imprisonment—\$10,000/5years—for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.O 1001).

There are fines and imprisonment—\$250,000/5years—for anyone who misuses rents & proceeds in violation of HUD regulations relative to this project. This applies when the mortgage note is in default or when the project is in a nonsurplus cash position (12 U.S.O 1715z-9).

HUD may seek a "double damages" civil remedy for the use of assets or income in violation of any Regulatory Agreement or any applicable HUD regulations (12 U.S.O 1715z-4a).

HUD may seek additional civil money penalties to be paid by the mortgagor through personal funds for :

- (1) Violation of an agreement with HUD to use nonproject funds for certain specified purposes as a condition of receiving transfers of physical assets, flexible subsidy loan, capital improvement loan, modification of mortgage terms or workout. The penalties could be as much as the HUD Secretary's loss at foreclosure sale or sale after foreclosure.
- (2) Certain specific violations of the Regulatory Agreement, the penalties could be as much as \$25,000 per occurrence (12 U.S.O 1735f-15).

**By Project Owner: Name La Posada 1968 LLC by
NHDC La Posada Del Ray Apartments, Inc**
title

[Redacted Signature Area]

signature

LMJ

date (mm/dd/yyyy) *0-0*

Previous editions are obsolete

Page 2 of 4

form HUD-9839-B (06/2003)
ref. Handbook 4381.5 & 4571.4



Project Name
La Posada Del Rey Apartments

FHA Project Number
1 1 5 - 3 5 6 2 4

Date (mm/dd/yyyy)
03/01/2019

HUD Field Office Use Only (Check all boxes that apply)

An up-front review of the management fee was: Required Not required

51 The management fees quoted in paragraph is and explained in Attachment 1 of this Certification are approved.

ri The management fees quoted in Paragraph la and explained In Attachment 1 of this Certification are **not approved**.

The attached letter, dated (mmfd/yyyy) , explains the reasons for this disapproval and sets forth the allowable m anagement fees.

The residential management fee Percentage is held harmless at **ok**.

The residential management fee **Yield is** capped at \$ PUPM. Each time you approve a rent increase, adjust the management fee **Percentage** to maintain this yield and enter the Information required below.

This should be the same date the rent Increase Is effective.
** 95% unless you approve a different percentage.

By Project Manager		By Supervisory Project Manager/Hub Director	
Signature [Signature]	Date (mmldd/yyyy) 05/17/2019	Signature [Signature]	Date (mm/dd/yyyy) 05/17/2019
Name [Redacted]		Name [Redacted]	
Title Account Executive-Assets Management		Title Branch Chief-Assets Management	

Effective Date (mmdd/yyyy) of New Fee %*	Monthly Rent Potential	Collections % Assumed**	Adjusted Management Fee Percentage

Attachment 1—Calculation of Estimated Yields from Proposed Management Fees

Project Name	FHA Project No.:	
La Posada Del Rey Apartments		115-35624
	Date:	03/01/2019

1. Residential Fee

a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule

\$ 110,443.00

2. Commercial Fee (Describe commercial space, how it is used and what services management provides.)

b. Line 1a times 0.95 • \$ 104,920.00

c. Percentage fee 6.22 %

d. Monthly residential fee yield (Line 1b times 1c) 6,526.03

e. Total number of residential units (include rent-free units.)

f. Residential fee yield per unit per month (Line 1d divided by 1e.) \$ 45.00PUPM

<ul style="list-style-type: none"> Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections HUD-approved Rent percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid. 	<p>Monthly commercial rent potential (from Part E of the most recent HUD approved Rent Schedule)</p> <p>b. Percentage fee</p> <hr/> <p style="text-align: center;">145 units</p>
---	--

c. _____ Commercial fee yield (Line 2a times 2b)

3. Miscellaneous Fee

a. Percentage fee (not to exceed the residential income fee percentage in Line 1c)

a. List any miscellaneous income on which HUD allows a fee to be taken, but on which you have agreed a fee will not be paid.

b. List any miscellaneous income on which HUD allows a fee to be taken and on which AFEE will be paid.

4. Special Fees

Show dollar amount(s), purpose(s) and time period(s) covered. Describe performance standards and target dates for accomplishment of special tasks. (Attach

additional sheets, if needed.)

2530 Submission U.S. Department of Housing and Urban Development Rural Housing

U.S. Department of Agriculture

Package Office of Housing federal Housing Commissioner OMB Approval No. 2502-0118 (Exp. 05/31/2019)

Send To: HUD Office
801 Cherry Street
Unit #45, Suite 2500
Fort Worth, 1JC 76102-6882

Submission ID: 167172 Submission Contact:
Submission Reason: New Management Agent Contact Phone: 443-352-3526
Submission Status: Field Office Review Submitted To: HUD
Status Date: 06/21/2017 Sent To HUD: 06/21/2017
Property Name: La Posada del Ray City/State: San Antonio TX
Property Role: Management Agent Section of the Act (Description): OM! (221d4 NC/SR)
Primary FHA Number: 11535624 Other FHA Numbers:
Property ID: 800236117 Contract Number:

Applicant: Community Renaissance Development Corporation (A-KW-VC-5125)

Table with 2 columns: Name, Address. Row 1: National Community Renaissance Development Corporation, 9421 Jay Avenue, Rancho Cucamonga, CA 91701.

Organization Structure

her 1: Applicant Organization: National Community Renaissance Development Corporation (XXX-XX-5125)

Table with 4 columns: Name, Title, Role, Other Position. Rows include Michael, Philip Nelson, and others.

Certifications: I (meaning the individual who signs as well as corporations, partnerships or other parties listed above who certify) hereby apply to HUD or USDA-FmIa, as the case may be, for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification

Verify that you have never been found to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.105 (a). If you have been found to be in noncompliance with any such requirements, attach a signed statement explaining the relevant facts, circumstances, and resolution, if any. I certify that all statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form Wanting: HUD will prosecute false claims and statements Conviction may result in criminal and/or civil penalties. (18 U.S.O 1001, 1010, 1012;31 U.S.O 3729,38(12))

- I further certify that:
1. Schedule A contains a listing, for the last ten years, of every project assisted or insured by HUD, USDA FmIa and/or State and local government housing finance agencies in which the principal(s) have participated or are now participating.
2. For the period beginning 10 years prior to the date of this certification, and except as shown on the certification.
2a. No mortgage on a project listed has ever been in default, assigned to the Government or foreclosed, nor has it received mortgage relief from the mortgagee,
2b. The principal has no defaults or noncompliance under any Conventional Contract or Turnkey Contract of Sale in connection with a public housing project;
2c. There are no known unresolved findings as a result of HUD audits, management reviews or other Governmental investigations concerning the principal or its projects;
2d. There has not been a suspension or termination of payments under any HUD assistance contract due to the principal's fault or negligence;
2e. The principal has not been convicted of a felony and is not presently the subject of a complaint or indictment charging a felony. (A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a State and punishable by imprisonment of

two years or less),

2f The principal has not been suspended, debarred or otherwise restricted by any Department or Agency of the Federal Government or of a State Gmernment from doing business with such Department or Agency;

2g. The principal has not defaulted on on obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond;

I The principal is not a HUD/FmHA employee or a member of a HUD/FmHA employee's immediate household as defined in Standards of Ethical Conduct for Employees of the Executive Branch in 5 C.F.R. Part 2635 (57 FR 35006) and HUD's Standard of Conduct in 24 C.F.R. Part 0 and USDA's Standard of Conduct in 7 C.F.R. Part 0 Subpart B.

4 The Principal is not a participant in an assisted or insured project as of this date on which construction has stopped liir a period in excess of 20 days or which has been substantially completed for more than 90 days and documents for closing, including final cost certification, have not been tiled with HUD or FmHA.

5. The principal has not been found by HUD or FmHA to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.1.05(a). (If any principals or affiliates have been found to be in noncompliance with any requirements, attach a signed statement explaining the relevant facts, circumstances, and resolution, if any).

6. The principal is not is a Member of Congress or a Resident Commissioner nor otherwise prohibited or limited by Jaw from contracting with the Government of the United States of Amenca

Participant Certification

Na.* TINTSSN RinuA Fsplanallna For Selecting FM., to Certification filmic

[.gov/HUD_Systems/apps/apps014.cfm](http://www.hud.gov/HUD_Systems/apps/apps014.cfm)

6/21/2017

Firm, Michael

2A

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XXX-XX-13 2A

XXX-XX-7
9

XXX-XX-01	[Redacted]
XXX-XX-07	[Redacted]
XXX-XX-20	[Redacted]
2A	[Redacted]
LA	[Redacted]
5	[Redacted]
2A	[Redacted]
Contract, Date	[Redacted]

Wal-Mart Stores
Retail Development
Corporation

Portlet, Server

Home, Web

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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[Redacted]

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	<i>Name Date</i>

[REDACTED]

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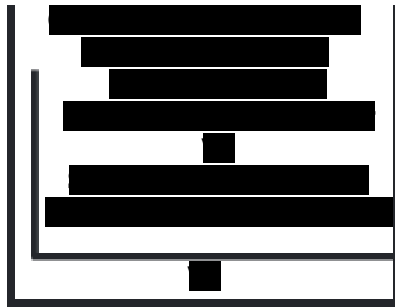
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[REDACTED]

.....

**National Community Renaissance
Development Corporation
(Management Agent)**



Passive Participants:
Armando Bucelo — Board Member
James Cashion — Board Member
Gavin Clingham — Board Member
Joseph Thigpen — Board Member
George Allan Kingston — Vice Chair
Laura Kuhns — Board Member

Stephen G Larson — Board Member
Sebastiano Sterpa — Chairperson
Andrew B Wright
— Board Member

Flag Status Report U.S. Department of Housing
and Urban Development
Office of Housing/Federal Housing Commissioner

U.S. Department of Agriculture
Rural Housing
OMB Approval No. 2502-0118
(Exp. 05/31/2019)

Participant [REDACTED]
[REDACTED]

APPS Name	Flag							
Property	Reason	Flag Active	Date	Action To Date	LDP Program	LDP Area	Federal Agency	Investigation Type
			Servicing Site					

5/6/2019

Management Entity Profile

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0305
(exp 11/30/2016)

See Public Reporting and Privacy Act statements on last page before completing this form.

Instructions: The management entity may develop its own format for providing the information requested in this form. Independent fee managers and identity-of-interest management agents must provide all the information requested. Owner-managers and administrators of projects for the elderly must provide responses only to the asterisked items. They must also state whether they have previously managed insured and/or HUD-held projects and, if so, list such projects.

*1a. Name of Management Entity

National Community Renaissance of California (NCRC)

1b. Management Entity Type

Owner/Manager Independent Fee Agent Identity-of-Interest Agent

Project Administrator

*1 d. Organization Type

Corporation | Partnership

Individual Other (specify)

*2. Give names, titles and Social Security Numbers of firm's principals

Social Security Number

(e.g., general partner, president, treasurer, etc.)

Title

[Redacted names and titles of principals]

*1c.

[Redacted information for *1c]

*4. What year (yyyy) did the company begin managing:

a. HUD-subsidized projects	b. HUD-related unsubsidized projects
2006	1992
1992	1992

c. Conventional projects	a. Conventional projects	b. HUD-related projects	c. Commercial space	d. Other
I	90 %	10 %	0%	0%

what percent of company's activities involve management of:

6a How many of the following projects does the company manage? (Both rentals and cooperatives)

HUD-unsubsidized projects	units	HUD-subsidized projects	units
61	6161	7	626

6c Approximately what percent of the projects in 6a fall into the Elderly1 Family Owned by a non-profit or coop neighborhood Suburban

27 % 12% 100 %

7. Indicate where each of the following activities are administered. Use the following codes: C = central office; R = regional office; P = project site

Bookkeeping	Landscaping	Maintenance	Purchasing	Tenant application	Certifications/recertifications	Regular monthly subsidy billings
C	I	P	C	C	C	C

C

P

C

C

8. How many of the company's full-time employees serve in the following supervisory or advisory roles? (Owner-managers and administrators of projects for the elderly should provide this information on project employees.)

*10. Describe any purchasing procedures you have implemented to control or reduce costs (e.g., bulk purchasing, paying early to take advantage of discounts, cost comparisons or bids, etc.)

Centralized Purchasing- aids in finding the best pricing, delivery and quality products from local vendors for the corresponding location of the company department. Avoids duplicity of orders and promotes benefits arising from the high volume bulk discounts, lower transportation and inventory mgmt. costs.organized transactions and improved vendor relationships; Minimum of three bids process; Analyzing budgets versus actual reports

*11a. List any companies which regularly supply goods or services to your HUD-related projects and have an identity-of-interest with the management entity or its principals (e.g., officers, general partners). Specify the type of goods and services provided. (See paragraph 2 - 3D of HUD Handbook 4381.5 for a definition of the term "Identity-of-interest.") If these companies do not provide goods/services to all your HUD-related projects, identify the projects that do not deal with these companies.

Hope Through Housing Foundation, a California non-profit organization, has some of the same directors and officers as the management entity, and also provides social service program coordination services to the HUD-related projects

*11a. Do any of the identity-of-interest companies listed in 11a. function as "pass-throughs" — i.e., does the identity-of-interest company purchase goods or services from another party and pass those goods or services through to the project? For each pass-through arrangement:

- (1) Name the identity-of-interest company involved.
 - (2) Explain how the identity-of-interest company's compensation is determined.
 - (3) Explain why it is more advantageous for the project to use the pass-through arrangement than to purchase directly from the ultimate supplier.
- (1) Hope Through Housing Foundation ("HTH") strives to obtain donation of goods and services by other local non-profits at no cost to the projects but sometimes contracts to pay for goods and services when necessary.
 - (1) Compensation is determined to cover HTH's expenses for service coordination personnel.
 - (2) The pass-through arrangement is used when necessary to obtain appropriate goods and services for the residents. HTH's experts in social services are better qualified to select and manage services, and to measure the outcomes of such services, than are the property leasing and management staff. HTH staff provide valuable expertise to assist the residents.

*12. What types of property management procedures or operating manuals are used by on-site or supervisory staff?

Core Property Management Procedures Manual
 HUD 4350.3 Occupancy Handbook
 HUD 4350.1 Handbook
 EIV Policies and Procedures
 HUD 4372 Handbook

*1. What types of recurring written reports are prepared on project operations (e.g., maintenance, move-in/outs, payables, comparisons of budgeted and actual expenses)? Specify who (by position title) prepares the report, frequency of the report, and who reviews the report.

Monthly-Variance Reports- Prepared by Property Managers - Reviewed by SVP, Regional Managers and Asset Managers
 Monthly - Economic & Physical Occupancy Reports- Reviewed by SVP, Regional Managers and Asset Managers
 Annual - Audited Financial Statements Prepared by CPM Firm - Reviewed by Executive Leadership, Investors, Asset Management, outside agencies
 Annual - Operating Budget - Prepared by Property Managers - Reviewed by Asset Managers, SVP of PM; CFO & Asset Managers

*14a. How frequently do company executives or supervisory staff visit the projects the company manages?

Monthly

*14b. Specify who (by position title) conducts the on-site visits or reviews.

Regional Manager, Compliance Specialist; Compliance Manager, SVP of Property Management; Capital Improvement Manager, Asset Manager

*15 If the company manages subsidized projects, identify by job title **who prepares and reviews** the HUD-required documents listed below. Specify the frequency of review.

Prepares documents	Reviews documents	Frequency of review
a. Form HUD-50059, Initial Certifications	Property Manager Compliance Specialist	Move In
b. Form HUD-50059, Recertifications	Property Manager Compliance Specialist	Annually
a. Regular Monthly Subsidy Billings	Property Manager	

d. Special Claims Subsidy Billings

Property Manager

Compliance Specialist & Regional Manager
Upon Occurrence

a. Proposals to terminate tenant assistance
payments

Property Manager

Compliance Specialist & Regional Manager
Upon Occurrence

f. Proposals to evict

Property Manager

Regional Manager

Upon Occurrence

a. Monthly Accounting Reports
(Forms HUD-93479, 80, 81)

Property Manager

Accounting Mgr & Controller

Monthly

h. Form HUD-949, Civil Rights
Tenant
Characteristics/Occupancy
Reports

Property Manager

Compliance

Annually

Previous editions are obsolete

Page 2 of 4

form **HUD-9832** (8/91) ref. Handbook 4381.5

Agent
Name

[REDACTED]

Date
(mm/dd/yyyy)
03/31/2017

16. If applicable, describe how the home office supervises supervisory staff (e.g., property managers, occupancy specialists, maintenance supervisors), who operate out of branch offices.

Off site property staff are managed by Regional Managers and Residential Technician Managers, who are responsible for properties within their assigned portfolio. Manager are visited by their property staff at least on a weekly basis and are required to review various reports such as Budget versus Actuals, physical and economic occupancy reports, receivable reports and a variety of other tools such as the use of daily activity through our ardi property management system.

*17. Describe how the company trains its employees in the areas listed below. Discuss both on-going training and initial training provided when the employee is hired. Specify the frequency and duration of the training and who/what organization conducts the training. Discuss training for both supervisory and front-line staff.

a. Property management practices.

CORE week- Is an in-house four day intensive training course that all front line staff are required to attend. They are trained on our property management system, internal procedures, customer service, fair housing and compliance. The same course is required of all Supervisors and Managers. Compliance Training - Compliance 101 and 102 which is an in-house training for all Community Managers, Regional Manager and other front line staff members.

Compliance staff is required to receive certifications in COS and TCS and is required to annually re-certify. These certification are south through CHM.

b. Financial and recordkeeping requirements.

In-house training is done in conjunction with HUD Handbook 4372, 4350.1, 4350.3. Staff accountants and Accounting Supervisors attend an annual ardi conference which has course related to HUD regulations, specifically financial and record-keeping requirements.

c. Civil rights and fair housing laws.

Fair Housing and Civil Rights training is conducted by an outside third party and is required by all employees on an annual basis.

d. Occupancy requirements in HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs (if the company manages subsidized projects).

In-house training, which includes the CORE week four day intensive training, followed by one -to- two weeks of shadowing on-site (depending on the position). Additionally, the Compliance department holds mini training sessions on various topics. Such topics may include waiting list, recertifications, security deposits, voucher processing, etc.

*18. Has an owner of a HUD-related project, at any time during the past three years, cancelled a property management contract held by the company?

Yes No ,/

During the past three years, how many HUD-related projects have not renewed their management contracts with the company?
(Number)

Explain the reasons for any cancellations or failure to renew and identify the projects involved.

Previous editions are obsolete

Page 3 of
4

form **HUD-9832** (8/91)
ref. Handbook
4381.5

19a. List all HUD Field Offices that have jurisdiction over the projects included in 6a. For companies that operate in more than five FieldOffice jurisdictions, identify the five jurisdictions where the greatest number of your HUD-related projects are located.

Los Angeles, California
Little Rock, Arkansas

19a. List all State Agencies in whose jurisdiction you have managed or are managing State Agency-financed projects. For companies that operate in more than five States, identify the five where the greatest number of your State Agency projects are located.

California Development Finance Authority
California Department of Housing and Community Affairs
Arkansas Development Finance Authority

19a. List all FmHA offices in whose jurisdiction you have managed or are managing FmHA projects. For companies that operate in more than five FmHA jurisdictions, identify the five where the greatest number of your FmHA projects are located.

N/A

Certification: The undersigned hereby certifies that the statements and information contained in this profile are true and correct.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Signed by Manuel E Representative
Illie

Print Name



Public reporting burden for this collection of information is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number.

Owners of insured and assisted multifamily housing projects are required by HUD administrative guidelines as found in HUD Handbook 4381.5 REV-2, The Management Agent Handbook, to submit certain data for review by the local HUD office of approval of a new management agent. These requirements apply to insured multifamily projects or HUD-held mortgages and subsidized, non-insured projects that are not financed by State Agencies or the Rural Housing Service Agency.

Privacy Act Statement: The Department of Housing and Urban Development (HUD) is authorized to collect this information by the U.S. Housing Act of 1937, as amended, and the Social Security Numbers (SSN) by the Housing and Community Development Act of 1987, 42 U.S.C. 3543. The information concerning management documents for Multifamily Housing projects is being collected by HUD to: (1) determine the acceptability of proposed management agents, (2) ensure compliance with program requirements, (3) provide leverage for removing poor managers, and (4) recover excessive management fees. The information is being used as a management tool to avoid the misuse of HUD subsidies and defaults against the FHA insurance fund by management agents. Specifically, the information will provide for improved project management by ensuring: that subsidy funds are administered in accordance with HUD rules, project expenses are reasonable, maintenance of documented records, and use of project funds only in accordance with HUD requirements. The SSN is used as a unique identifier. HUD may disclose this information to Federal, State and local agencies when relevant to civil, criminal, or regulatory investigations and prosecutions. It will not be otherwise disclosed or released outside

of HUD, except as permitted or required by law. Failure to provide the information could result in HUD's denial of proposed management or fees or cancellation of management contracts for noncompliance with HUD procedures. Providing the SSN is mandatory, and failure to provide it could affect your participation in HUD programs.

Previous editions are obsolete

Page 4 of 4

form HUD-9832 (8/91)
ref. Handbook 4381.5

A.CCORD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MWDDITYYY)
12/20/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER [REDACTED] [REDACTED] [REDACTED]	CONTACT NAME: [REDACTED] PHONE INC. No. Extl. [REDACTED] FAX IA/C.NoI; [REDACTED] ADDRESS; denaccounttechs8imacorp .com [REDACTED]
INSURER(S) AFFORDING COVERAGE	
INSURER A: TRAVELERS CAS .5 SURETY CO OF AMER	
NAIC tr	
31194	
INSURED [REDACTED] [REDACTED] [REDACTED]	INSURER B: [REDACTED] INSURER C: [REDACTED] INSURER D: [REDACTED] INSURER E: [REDACTED] INSURER F: [REDACTED]

COVERAGES

CERTIFICATE NUMBER: 54828088

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR urn	TYPE OF INSURANCE	ADD L INS D	SUB R WVD	POLICY NUMBER	POLICY EFF (MM/DorYw Y)	POLICY EXP (MIWODPN YY)	LIMITS
	COMMERCIAL GENERAL LIABILITY CLAIMS•MADE OCCUR AGGREGATE POLICY LIMIT APPLIES PER. PRO-JECT I 1 LOC OTHER:						EACH OCCURRENCE \$ DAMAGE10 REM ED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL I. ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY HIRED AUTOS ONLY SCHEDULED AUTOS NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT fEa accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE IPer accident) \$ \$
	UMBRELLA LIAB EXCESS LIAB OCCUR CLAIMS•MADE RETENTIONS						EACH OCCURRENCE \$ AGGREGATE \$ \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANYPROPFUETORMARTNEFLEXECUTIVE OFFICEFVMEMBEREXCLUDED7 (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below	√ F N	NIA		STATUTE ER		PER OTH- E.L. EACH ACCIDENT \$ E.L. DISEASE • EA EMPLOYEE \$ E.L. DISEASE • POLICY LIMIT \$
A	Crime/Employee Theft			106601998	10/01/18	10/01/19	Limit Deductible '01,000,000 ri 25,000

DESCRIPTION OF OPERATIONS I LOCATIONS I VEHICLES (ACORD 101, Additional Remarks Schedule. may be attached If more space Is required)

U. S . Department of Housing and Urban Development is included as Joint Loss Payee on the Crime/Employee Theft Coverage if required by written contract or agreement subject to the policy terms and conditions.

Name of Property: La Posada Del Rey Apartments
3135 Roosevelt Avenue, San Antonio TX 78214

U.S. Department of Housing and Urban Development

801 Cherry Street, 27th Floor

Fort Worth, TX 76102

USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED
REPRESENTATIVE

/40

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ACORD 25 (2016/03)
SDZM
54828088

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1. Staffing Plan

La Posada Del Ray Apartment Homes is managed by [REDACTED]
[REDACTED] Property is owned by entities in the National CORE family of non-profit affordable housing providers. The apartment projects are managed from a leasing office located on the La Posada Del Ray property, and staff and resources are allocated to the property. The site staff report to and coordinate with corporate supervisors, including the Regional Property Manager, the Asset Manager, the Compliance Director and the Capital Improvements Manager.

La Posada Del Ray site staff:

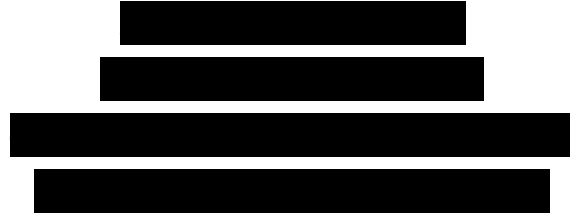
Position	Salary Allocation
Community Manager	100%
Assistant Manager	100%
Maintenance Supervisor	100%
Maintenance Technician	100%
Porter	100%

[REDACTED]

[REDACTED]

[REDACTED]

LGV PC149-41.0, pa *ReAd* Apartments



GRIEVANCE PROCEDURES

A grievance is defined as: any dispute which a resident may have with respect to Owner Management action, or failure to act in accordance with the individual resident's lease, or Owner/Management regulations which adversely affect the individual resident's rights, duties, welfare, or status.

Residents with a grievance should follow the following procedures:

- A. Submit the grievance in writing to the Management office
- B. Grievance should be to the point and specific as possible
- C. Grievance must be signed by complainant(s), dated and hand delivered to the office Manager or mailed by registered mail.
- D. Once a grievance is received, it will be reviewed by the Manager and a reply or meeting set up within 10 days of being received.

In the event satisfaction cannot be reached through consultation of Resident and Staff the Resident will be able to appeal to an executive Board Grievance Committee. If no agreement is reached through the Grievance Committee then the matter will be transferred to the Civil Courts for a settlement.

Resident Signature

Date

Management Signature

Date



**COWL HOUSING
OPPORTUNITY**

Z
N DE'1^{05Z}

May 20, 2019



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Southwest Multifamily Region

*Serving Arkansas, Iowa, Kansas, Louisiana, Missouri, Nebraska,
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Multifamily Customer Service Telephone Line 1-800-568-2893

www.hud.gov



SUBJECT: Approved Management Agent Certification

La Posada del Rey, San Antonio, Texas

FHA Number: 11535624; iREMS No.: 800236117

Enclosed is a copy of the approved Form HUD-9839-B, Management Agent Certification, on behalf of LaPosada 1968, LLC (Owner) and National Community Renaissance (Agent), regarding the management of La Posada del Rey Apartments, located in San Antonio, Texas. No fees can be paid to the Management Agent from the property's monies except those approved herein.

The effective date for the following fees is March 1, 2019 until February 29, 2020 with a phrase to renew annually indefinitely.

- Residential Fee of 6.22% percent: This fee is collected on actual receipts of apartment rents, cooperative carrying charges, or mobile home lots. If the property receives project-based subsidy, the apartment rents may include Rent Supplement and Section 8 regular tenant assistance payments, including utility reimbursements. The fee cannot be collected on Section 8 Special Claims, the rent paid by a Section 236 resident that exceeds basic rent (regardless of whether "excess income" is due to HUD), or Section 236 Interest Reduction Payments.
- A Commercial Fee was not included on the Management Agent Certification.
- A Miscellaneous Fee was not included on the Management Agent Certification.
- No Special Fees were not included on the Management Agent Certification.

Fees may not be collected on interest earned on invested security deposits, reserves or other project funds, Section 8 Special Claims, Flexible Subsidy funds, refunds from property tax or utility rate appeals,

insurance loss drafts, recovered legal fees or court costs, and replacement reserve or residual receipt reimbursements to the property.

*Fort Worth Regional Off
801 Cherry Street Unit #45, Suite 2500
Fort Worth, Texas 76102*

*Kansas City Satellite Office
400 State Avenue, Suite 300
Kansas City, KS 66101*

Any changes in the fees specified above must be included on an approved revised Management Agent Certification. Any changes in the agent's principals or staff or other policies or procedures described on the Management Entity Profile, Form HUD-9832, must be shown on a revised Management Entity Profile and submitted to this Office. Any changes in the management agent's principals or affiliates baseline submission must be reported either electronically through the Active Partner Participation System (APPS) or submitted to this Office on a thoroughly and accurately completed paper version of the Form HUD-2530. Submissions should be submitted to MFSouthwest@hud.gov.

Should you should have any additional questions or comments about this matter, please do not hesitate to contact [REDACTED]

Sincerely,

[REDACTED] .re,M

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

HUD 9839
HUD-9832
HUD 2530

cc: [REDACTED]

Project Owner's/Management Agent's Certification
 for Multifamily Housing Projects
 for Identity-of-Interest
 or Independent Management Agents

**U.S. Department of Housing
 and Urban Development**
 Office of Housing
 Federal Housing Commissioner

OMB Approval No. 2502-0305
 (exp. 11/30/2016)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number.

Owners of insured and assisted multifamily housing projects are required by HUD administrative guidelines as found in HUD Handbook 4381.5 REV-2, The Management Agent Handbook, to submit certain data for review by the local HUD office of approval of a new management agent. These requirements apply to insured multifamily projects or HUD-held mortgages and subsidized, non-insured projects that are not financed by State Agencies or the Rural Housing Service Agency.

Project name La Posada Del Rey Apartments	FHA project number 115-35624	Date (mm/dd/yyyy) 03/01/2019
City, State San Antonio, TX		Section 8 number TX006MR0003

Acting on behalf of La Posada 1968 LLC the Project Owner (Owner), 8nd Nat.Community Renaissance Development corporation the Management Agent (Agent), we make the following certifications and agreements to the United States Department of Housing and Urban Development (HUD) regarding management of the above project.

I. We certify that:

- a. We will comply with HUD requirements and contract obligations, and agree that no payments have been made to the owner in return for awarding the management contract to the agent, and that such payments will not be made in the future.
- b. We have executed or will execute, within 30 days after receiving the approval(s) required by paragraph b below, a Management Agreement for this project The Agreement provides / will provide that the Management Agent will manage the project for the term and fee described below. Changes in the fee will be implemented only in accordance with HUD's requirements

(1) Terms of Agreement:

(a) From: 03/01/2019 (b) To: 02/29/20 & renews annually indefinitely

(c) Self Renew: Yes .17 No

(2) Fees:

- (a) 6.22 % of residential income collected;
- (b) % of commercial income collected;
- (c) % of miscellaneous income collected

(This percentage must not exceed the percentage in (2)(a) above).

(d) Special Fees No **171** Yes IL If yes, describe in paragraph 4 of Attachment 1.

(3) Calculation of Estimated Yield (Sec Attachment I.)

c. We will disburse management fees from project income only after:

(1) We have submitted this Certification to HUD;

- (2) HUD has approved the Agent to manage this project; and
- (3) HUD has approved the management fee (if required).

d. We understand that no fees may be earned or paid after HUD has terminated the Management Agreement.

e. If HUD notifies me of an excessive management fee, I, the Agent, will within 30 days of HUD's notice either:

- (1) Reduce the compensation to an amount HUD determines to be reasonable and
- (2) Require the administrator to refund to the project all excessive fees collected, or
- (3) Appeal HUD's decision and abide by the results of the appeal p r o-cess, making any required reductions and refunds within 30 days after the date of

- * Comply with HUD handbooks, notices or other policy directives that relate to the management of the project.
- * Comply with HUD requirements regarding payment and reasonableness of management fees and allocation of management costs between the management fee and the project account.
- * Refrain from purchasing goods or services from entities that have identity-of-interest with us unless the costs are as low as or lower than arms-length, open-market purchases.

4. The Agent agrees to:

- * Ensure that all expenses of the project are reasonable and necessary.
- * Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.
- * Obtain contracts, materials, supplies and services, including the preparation

this decision letter on the appeal.

- f. If HUD holds the residential management fee yield harmless under the transition provisions of Chapter 3, Section 4 of HUD Handbook 4381.5,
 - (1) We understand that HUD will adjust the management fee percentage each time HUD approves a rent increase.
 - (2) We agree to be bound by that percentage until the next rent increase or until HUD approves a different fee, pursuant to our request.
- 2. We will, if the project is subsidized by HUD, select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administration responsibilities in accordance with HUD Handbook 4350.3 and other HUD instructions.
- 3. We agree to:
 - a. Comply with this project's Regulatory Agreement, Mortgage & Mortgage Note, and any Subsidy Contract or Workout / Modification Agreement.

Previous editions are obsolete

Page 1 of 4

form HUD-9839-B (06/2003)
ref. Handbook 4381.5 & 4571.4

-
- (1) any records which relate to the project's purchase of goods or services,
 - (2) the records of the Owner and the Agent, and
 - (3) the records of companies having an identity-of-interest with the owner and the agent.

c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project: "Upon request of HUD or (name of owner or Agent), (name of contractor or supplier) will make available to HUD, at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit HUD to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per-unit and total charges levied for said services." The owner agrees to request such records within seven (7) days of receipt of HUD's request to do so.

8. We certify that any Management Agreement does not contain the type of "hold harmless" clause prohibited by HUD.

9. We agree to include the following provisions in the Management Agreement and to be bound by them:

- a. HUD has the right to terminate the Management Agreement for failure to comply with the provisions of this Certification, or other good cause, thirty days after HUD has mailed the owner a written notice of its desire to terminate the Management Agreement.
- b. In the event of a default under the Mortgage, Note or Regulatory Agreement, HUD has the right to terminate the Management Agreement immediately upon HUD's issuance of a notice of termination to the Owner and Agent.
- c. If HUD exercises this right of termination, I, the Owner, agree to promptly make arrangements for providing management that is satisfactory to HUD.
- d. If there is a conflict between the Management Agreement & HUD's rights and requirements, HUD's rights & requirements will prevail.
- e. If the Management Agreement is terminated I, the Agent, will give to the Owner all of the project's cash, trust accounts investments and records within thirty (30) days of the date the Management Agreement is terminated.

10. I, the Owner, agree to submit a new Management Certification to HUD before taking any of the following actions:

- a. Authorizing the agent to collect a fee different from the percentages fees and any special fees specified in Paragraph I of this Certification:
- b. Changing the expiration date of the Management Agreement.
- c. Renewing the Management Agreement.
- d. Permitting a new Agent to operate the project.
- e. Permitting a new Agent to collect a fee.
- f. Undertaking self-management of the project.

I I. We agree to:

- a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.
- b. When the head or spouse is otherwise eligible, give families with children equal consideration for admission.
- c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.
- d. If the project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.
- e. Furnish HUD's Office of Fair Housing and Equal Opportunity any reports and information required to monitor the project's compliance with HUD's fair housing and affirmative marketing requirements (including HUD Form 949, if applicable).
- f. Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.
- g. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.
- h. If the project receives any form of direct Federal financial assistance, comply with Section 3 of the Housing and Urban Development Act of 1968

and its implementing regulations. I, the Agent, understand that this law and the regulations require the project to make training, employment and contracting opportunities available, to the greatest extent feasible, to lower-income project area residents and small businesses.

12 We certify that we have read and understand HUD's definition of "identity-of-interest" and that the statement(s) checked and information entered below are true. (Check box a or boxes b and / or c.)

- a. No identity-of-interest exists among the Owner, the Agent and any individuals or companies that regularly do business with the project.
- b. Only individuals and companies listed in Section 1 la of the Management Entity Profile have an identity-of-interest with the Agent.
- c. Only the individuals and companies listed below have an identity-of-interest with the Owner. (Show the name of the individual or company; list the services rendered; and describe the nature of the identity-of-interest relationship. Attach additional sheets, if necessary.)

13.1/We, the Agent, certify & agree:

- a. that the Management Entity Profile, dated (mm/dd/yyyy) 03/31/2017, is accurate and current as of the date of this Certification.
- b. To submit an updated profile whenever there is a significant change in the organization or operations of the Management Entity.

14. The items identified in HUD Handbook 4381.5 Rev-2 The Management Agent Handbook at Sec. 2.9 "Owner/Management Entity Approval Submission Requirements" are attached.

Warnings:

There are fines and imprisonment—\$10,000/5years—for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C. 1001).

There are fines and imprisonment—\$250,000/5years—for anyone who misuses rents & proceeds in violation of HUD regulations relative to this project. This applies when the mortgage note is in default or when the project is in a non-surplus cash position (12 U.S.C. 1715z-9).

HUD may seek a "double damages" civil remedy for the use of assets or income in

violation of any Regulatory Agreement or any applicable HUD regulations (12 U.S.C. 1715z-4a).

HUD may seek additional civil money penalties to be paid by the mortgagor through personal funds for :

- (1) Violation of an agreement with HUD to use nonproject funds for certain specified purposes as a condition of receiving transfers of physical assets, flexible subsidy loan, capital improvement loan, modification of mortgage terms or workout. The penalties could be as much as the HUD Secretary's loss at foreclosure sale or sale after foreclosure.
- (2) Certain specific violations of the Regulatory Agreement, the penalties could be as much as \$25,000 per occurrence (12 U.S.C. 1735f-15).

[Redacted signature area]

[Handwritten signature]

[Redacted signature area]

date (mm/dd/yyyy)
3/1/19

Project Name La Posada Del Rey Apartments	FHA Project Number 115-35624	Date (mmicid/yyyy) 03/01/2019
---	---------------------------------	----------------------------------

HUD Field Office Use Only (Check all boxes that apply)

An up-front review of the management fee was: Required Not required

The management fees quoted in paragraph 1a and explained in Attachment 1 of this Certification are approved.

The management fees quoted in Paragraph 1a and explained in Attachment 1 of this Certification are not approved.

The attached letter, dated (mm/dd/yyyy) _____, explains the reasons for this disapproval and sets forth the allowable management fees.

The residential management fee Percentage is held harmless at _____ %.

The residential management fee Yield is capped at \$ _____ PUPM. Each time you approve a rent increase, adjust the management fee **Percentage** to maintain this yield and enter the Information required below.

Previous editions are obsolete Page 3 of 4 form HUD-9839-B (06/2003) ref. Handbook 4381.5 & 4571.4

Effective Date (mm/dd/yyyy) of New Fee %*

Monthly Rent Potential

Collections % Assumed**

Adjusted Management Fee Percentage

* This should be the same date the rent Increase is effective. ** 95% unless you approve a different percentage.

By Project Manager
Signature _____

Date (mmicid/yyyy)
05/17/2019

By Supervisory Project Manager/Hub Director
Signature _____

Date (mmicid/yyyy)
05/17/2019

Project Name **La Posada Del Rey Apartments** FHA Project No.: **115 -35624**

Date: **03/01/2019**

1. Residential Fee		and what services management provides.)	
a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule)		\$	110,443.00
(Describe commercial space, how it is used)	2. Commercial Fee		
b. Line 1a times 0.95*		\$	104,920.00
c. Percentage fee			6.22 %
d. Monthly residential fee yield (Line 1b times 1c)	6,526.03		
e. Total number of residential units (include rent-free units.)			
f. Residential fee yield per unit per month (Line 1d divided by 1e.)		\$	45.00 PUPM

* **Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections HUD-approved Rent percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid.**

Monthly commercial rent potential (from Part E of the most recent HUD approved Rent Schedule)

a. Commercial fee yield (Line 2a times 2b)

3. a. Percentage fee (not to exceed the residential **145 units**)

Miscellaneous Fee income fee percentage in Line 1c)
b. List any miscellaneous income on which HUD allows a fee to be taken, but on

which you have agreed a fee will not be paid.

a. List any miscellaneous income on which HUD allows a fee to be taken and on which AFEE will be paid.

4. Special Fees
Show dollar amount(s), purpose(s) and time period(s) covered. Describe performance standards and target dates for accomplishment of special tasks. (Attach

additional sheets, if needed.)

Previous editions are obsolete

Page 4 of 4

form HUD-9839-B (06/2003)
ref. Handbook 4381.5 & 4571.4

2530 Submission U.S. Department of Housing and Urban Development Rural Housing Package (Exp. 05/31/2019)

U.S. Department of Agriculture Office of Housing/Federal Housing Commissioner OMB Approval No 2502-0118

Send To: HUD Office 801 Cherry Street Unit #45, Suite 2500 Fort Worth, TX 76102-6882

Submission ID: 167172 Submission Contact: [Redacted] Property Role: Management Agent Section of the Act (Description): OMI (221d4 NC/SR) Primary FHA Number: 11535624 Other FHA Numbers: Property ID: 8002361 17 Contract Number:

[Redacted signature block]

Tier 1: Applicant Organization: National Community Renaissance Development Corporation (XXX-XX-5125)

Table with 4 columns and 6 rows, containing redacted information.

Certifications: I (meaning the individual who signs as well as corporations, partnerships or other parties listed above who certify) hereby apply to HUD or USDA-FmHA, as the case may be, for approval to participate as a principal in the role and project listed above based upon my following previous participation record and this Certification.

Verify that you have never been found to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.105 (a). If you have been found to be in noncompliance with any such requirements, attach a signed statement explaining the relevant facts, circumstances, and resolution, if any. I certify that all statements made by me are true, complete and correct to the best of my knowledge and belief and are made in good faith, including the data contained in Schedule A and Exhibits signed by me and attached to this form Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C 1001, 1010, 1012; 31 U.S.C 3729,3802)

I further certify that!

- I. Schedule A contains a listing, for the last ten years, of every project assisted or insured by HUD, USDA FmHA and/or State and local government housing finance agencies in which the principal(s) have participated or are now participating. 2. For the period beginning 10 years prior to the date of this certification, and except as shown on the certification: 2a. No mortgage on a project listed has ever been in default, assigned to the Government or foreclosed, nor has it received mortgage relief from the mortgagee. 2b. The principal has no defaults or noncompliance under any Conventional Contract or Turnkey Contract of Sale in connection with a public housing project; 2c There are no known unresolved findings as a result of HUD audits, management reviews or other Governmental investigations concerning the principal or its projects: 2d. There has not been a suspension or termination of payments under any HUD assistance contract due to the principal's fault or negligence: 2c. The principal has not been convicted of a felony and is not presently the subject of a complaint or indictment charging a felony. (A felony is defined as any offense punishable by imprisonment for a term exceeding one year, but does not include any offense classified as a misdemeanor under the laws of a State and punishable by imprisonment of two years or less), 2f The principal has not been suspended, debarred or otherwise restricted by any Department or Agency of the Federal Government or of a State Government from doing business with such Department or Agency; 2g. The principal has not defaulted on an obligation covered by a surety or performance bond and has not been the subject of a claim under an employee fidelity bond;

- 3 The principal is not a HUD/FmHA employee or a member of a HUD/FmHA employee's immediate household as defined in Standards of Ethical Conduct for Employees of the Executive Branch in 5 C.F.R. Part 2635 (57 FR 35006) and HUD's Standard of Conduct in 24 C.F.R. Part 0 and USDA's Standard of Conduct in 7 C.F.R. Part 0 Subpart B.
- 4 The Principal is not a participant in an assisted or insured project as of this date on which construction has stopped for a period in excess of 20 days or which has been substantially completed for more than 90 days and documents for closing, including final cost certification, have not been filed with HUD or FmHA.
5. The principal has not been found by HUD or FmHA to be in noncompliance with any applicable fair housing and civil rights requirements in 24 CFR 5.105(a). (If any principals or affiliates have been found to be in noncompliance with any requirements, attach a signed statement explaining the relevant facts, circumstances, and resolution, if any).
6. The principal is not a Member of Congress or a Resident Commissioner nor otherwise prohibited or limited by law from contracting with the Government of the United States of America

Participant Certification

	Name	TINISSN Client	Explanation for Selecting False to Certification Clause	tl
--	------	----------------	---	----

https://hudapps2.hud.gov/HUD_Systems/apps/apps014.cfm

6/21/2017

Flno, Michael	XXX-XX-79	2A	[REDACTED]
[REDACTED]	XXX-XX-01	2A	[REDACTED]
Flno, [REDACTED]	XXX-XX-79	2A	[REDACTED]
National Community Renaissance Development Corporation	XXX-XX-01	2A	[REDACTED]
[REDACTED]	XXX-XX-00	2A	[REDACTED]
[REDACTED]	XXX-XX-25	2A	[REDACTED]
XXX-XX-10		2A	
XXX-XX-03		2A	

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



HUD Internal Processing Only

Reviewer: _____

Date: _____

Phone: _____

Date: _____

Phone: _____

Manager: _____

II Apprtwed

Referred to Headquarters

I, Referred to Applicant

(APPS I tome Page)
Last Updated: April 3, 2017

ACORD

**CERTIFICATE OF
LIABILITY INSURANCE**

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

[REDACTED] 1-303-534-4567 [REDACTED] [REDACTED] [REDACTED]	CONTACT	
	NAME:	
[REDACTED] of California [REDACTED] [REDACTED] [REDACTED]	PHONE	FAX
	IA/C. No. Erti:	(A/C. No):
	E-MAIL	
	ESS: denaccounttechs@imacorp.com	
	ADDR	
	[REDACTED]	
	INSURER A : TRAVELERS	[REDACTED]
	INSURER B:	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

**COVERAGES
NUMBER:**

CERTIFICATE NUMBER: 54828088

REVISION

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN **MAY HAVE BEEN REDUCED BY PAID CLAIMS.**

INSR LTR	TYPE OF INSURANCE		ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MWDD/YYYY)	POLICY EXP IMM/DDIYYYY	LIMITS	
	COMMERCIAL GENERAL LIABILITY							EACH OCCURRENCE	5
	CLAIMS-MADE	OCCUR						PREMISES DAMAGES (RENTED TO Ea occurrence)	\$
								MED EXP (Any one person)	5
								PERSONAL & ADV INJURY	5
	GEN'L	AGGREGATE POLICY OTHER:	LIMIT APPLIES PER. PRO, - 1 JEC i 1 LOC					GENERAL AGGREGATE	5
								PRODUCTS - COMP/OP AGG	5
									5
	AUTOMOBILE LIABILITY ANY AUTO OWNED AUTOS ONLY HIRED AUTOS ONLY	SCHEDULED AUTOS NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident)	5
								BODILY INJURY (Per person)	5
								BODILY INJURY (Per accident)	5
								PROPERTY DAMAGE (Per accident)	5
									5
	UMBRELLA LIAB EXCESS LIAB	OCCUR CLAIMS-MADE						EACH OCCURRENCE	5
								AGGREGATE	5
									5
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER MEMBER EXCLUDED (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below		YIN	NIA		STATUTE	ER	PER OTI-1-	
								E.L. EACH ACCIDENT	5
								E L DISEASE - EA EMPLOYEE	5
								E L DISEASE - POLICY LIMIT	5
A	Crime/Employee Theft				106601998	10/01/18	10/01/19	Limit Deductible	\$1,000,000 \$25,000

DESCRIPTION OF OPERATIONS / LOCATIONS! VEHICLES (ACORD 101, Additional Remarks Schodute, may be attached If more space Is required)

U.S. Department of Housing and Urban Development is included as Joint Loss Payee on the Crime/Employee Theft Coverage if required by written contract or agreement subject to the policy terms and conditions.

Name of Property: La Posada Del Rey Apartments

3135 Roosevelt Avenue, San Antonio TX 78214

CERTIFICATE HOLDER

**CANCELLATION
1988.2015 ACORD CORPORATION. All rights reserved.**

1. Staffing Plan

La Posada Del Ray Apartment Homes is managed [REDACTED]. Property is owned by entities in the National CORE family of non-profit affordable housing providers. The apartment projects are managed from a leasing office located on the La Posada Del Ray property, and staff and resources are allocated to the property. The site staff report to and coordinate with corporate supervisors, including the Regional Property Manager, the Asset Manager, the Compliance Director and the Capital Improvements Manager.

La Posada Del Ray site staff:

Position	Salary Allocation
Community Manager	100%
Assistant Manager	100% .

Maintenance Supervisor

100%

Maintenance Technician

100%

Porter 100%

[REDACTED]

From: [REDACTED]
Sent: Wednesday, October 09, 2019 3:57 PM
To: [REDACTED]
Subject: 800236117_9839 A B Management Certification.pdf La Posada del Ray
Attachments: 800236117_9839 A B Management Certification.pdf

Evidence of ins with HUD as named insured; look on page 37 of attachment.

Richardson-Solomon, Donna

From: Bolin, Debie F
Sent: Wednesday, October 09, 2019 3:30 PM
To: Richardson-Solomon, Donna
Subject: 800225390 The Residence at Eagle Pass.pdf
Attachments: 800225390 The Residence at Eagle Pass.pdf; 800225390 The Residence at Eagle Pass 2.pdf

This is available in iREMS. It appears that by Dec the property was transferred to the Resolution Team. I appears that she made contact with the lender on at least two occasions. Unfortunately, she did not follow up on the AFS letter 11/15 and close out the action. Bottom line, it appears action was taken by HUD to clear up the default or delinquent payment issues.

[REDACTED]

From: [REDACTED]
Sent: Wednesday, October 16, 2019 9:33 AM
To: [REDACTED]
[REDACTED]
Subject: RE: Per our discussion - follow up I promised

I didn't attach those. I thought y'all had laserfische access. I'll get it to you in a minute

From: [REDACTED] <donna.richardson@hud.gov>
Sent: Wednesday, October 16, 2019 11:12 AM
To: [REDACTED] <hebie.f.bolin@hud.gov>
Cc: [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: RE: Per our discussion - follow up I promised

Thanks for the information, [REDACTED]

With regard to 800244087 Tidwell, is there a laserfische tab or category for uploading Evidence of Property Insurance? Can you please forward a copy of the 9839 that claimant uploaded and the valid 9839 approval you provided? I didn't see the referenced documents attached.



.4, t,

[REDACTED]

donna.richardson@hud.gov

The information in this communication may be confidential and privileged, is intended only for the use of the recipient(s) named above, and may be subject to additional legal non-disclosure requirements. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please re-send it to the sender and delete the original message and any copy of it from your computer system.

From: [REDACTED] <[REDACTED]@hud.gov>
Sent: Wednesday, October 16, 2019 7:56 AM
To: [REDACTED] <[REDACTED]@hud.gov>
Subject: Per our discussion - follow up I promised

Management Agent SOW is attached; staff also rely on the handbook, a copy of which I believe I gave you.

800236117 La Posada del Rey (iREMS comments attached); the management agent, National Community Renaissance is entered into iREMs —their approval (9839) the 9832, certificate with HUD and named insured and management agreement is in laserfische. This task was completed by another AE. I think I sent you an email on this last week.

800231711 Point Royale (iREMs comments attached); the issue (unauthorized loan email from AFS email) was resolved with assistance from OGC; a reimbursement was made to the operating account.

800246311 Glen Hollow (iREMs comments attached); the issue was a Reserve for Replacement draw. Attached is the only one I can find that she processed. It includes mailbox replacement and I think we talked about that being an issue for her. A PCNA is not in laserfische, but I found a file in laserfische with a title of PCNA, but it looks more like a useful life analysis or maybe part of the Reserve for Replacement analysis.

80024834 Capdau Home for the Aged never got to initial endorsement, so I do not see how she could have processed a TPA. In laserfische I found a Firm Commitment, but according to iREMs the Firm Commitment was withdrawn. Unfortunately Production did not upload any evidence of the withdrawal or rescission letter.

800244087 Tidwell; we discussed the Insurance Cert and i mentioned she had them put her name on the Cert — she uploaded that to laserfische under Evidence of Property Insurance twice. It appears she uploaded a 9839 under 9839 A B Management Certification (07) that is not in the name of the management agent or applicant and only has her signature. The applicant was Hettig Management. This (07) is not a valid 9839 approval and should not be stored in laserfische. The next document is the one that I approved and clearly states that it replaces a 9839 submitted 12/12/16 to correct fees. There was no backdating.

I sent you something on the Residence at Eagle Pass last week.

I am sorry it took me two days to get this out to you. I hope this helps.

[REDACTED]

From: [REDACTED]
Sent: Thursday, October 17, 2019 4:56 AM
To: [REDACTED]
[REDACTED]
Subject: RE: Per our discussion - follow up I promised
Attachments: 800244087_9839 A B Management Certification (05).pdf;

https://hudapps.hud.gov/ssmaster_fassmf_afscommentsnew2.pdf

This was part of our discussion. The new form was to ensure the fees in iREMS and the 9839 matched. The term from date on the form serves to indicate the date from which the management agent can start charging fees. If you will notice in iREMS the effective date is 12/12/2016.

This was a refi so I didn't question that part of the 9839 form as this management agent was with the property when it came into HUD. If you look at the one we were attempting to correct the fees, the from date is April 28, 2000. You will also see how the fees on the attached form do not match on page 1 and then page 4 as page 1 indicates only residential fees are allowed, and page 4 indicates residential, commercial and misc fees. This is what we were trying to correct for the purposes of AFS reviews. This was a finding on their first AFS filing — comments from Auditor attached. This property was not with this TEAM when it came into the portfolio, the AE was [REDACTED] as the BC. I am assuming that [REDACTED] entered the fees into iREMS but she only entered the fee from page 1. This created the AFS finding of overcharging management fees. The AFS findings were given to MFH to resolve and that was the attempt with obtaining the new 9839 form. It was clear from a review of the 9839 (05) that the submitter intended to charge those 3 types of fees .

m toe me win oc impicmcmco only in accoraancc wnn tittrs requrements

(1)Terms of Agreement:

(a) From: A4=1.1 20, 2000

(b) To:

(c) Self Renew: Yes (71 No f⁷

(2) Fees:

(a) 5 of residential income collected;

(b) 0 of commercial income collected;

(c) 0 % of miscellaneous income collected

(This percentage must not exceed the percentage in (2)(a) above).

(d) Special Fees No Yes If yes, describe itt paragraph 4

of Attachment 1.

(3) Calculation of Estimated Yield (See Attachment 1.)

Attachment 1—Calculation of Eatbnatsid Yields from Proposed Management Fees

Project Name: Tidwall Estates, Ltd.		FHA Project No.: 114-11427	Date: 12/12/2016
1. Residential Fee		2. Commercial Fee (Describe commercial space, how it is used and what services management provides.)	
a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule)	\$ 115,239	N/A	
b. Line 1a times 0.95 ³	\$ 107,152		
c. Percentage fee	5.00 %		
d. Monthly residential fee yield (Line 1b times 1c)	\$ 5,359		
e. Total number of residential units (Include rent-free units.)	132 units		
f. Residential fee yield per unit per month (Line 1d divided by 1e.)	\$ 47 PUPM		
* Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections HUD-approved Rent percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid.		a. Monthly commercial rent potential (from Part E of the most recent HUD approved Rent Schedule)	\$
		b. Percentage fee	5.00 %
		c. Commercial fee yield (Line 2a times 2b)	\$
3. Miscellaneous Fee			
a. Percentage fee (not to exceed the residential income fee percentage in Line 1c)	5.00 %		
b. List any miscellaneous income on which HUD allows a fee to be taken, but on which you have agreed a fee will not be paid.			

From:

 <donna.richardson@hud.gov>

Project Name: Tidwell Estates, Ltd.		FHA Project No: 114-11427	Date: 12/12/2016
1. Residential Fee		2. Commercial Fee (Describe commercial space how it is used and what services management provides.)	
a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule)	\$	N/A	
b. Line 1a times 0.90 ³	\$		
Percentage fee	5.00 %		
d. Monthly residential fee yield (Line 1b times 1c)	\$		
e. Total number of residential units (Include rent-free units.)	132 units		
f. Residential fee yield per unit per month (Line 1d divided by 1e)	PUPM		
* Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections HUD-approved Rent percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid.		a. Monthly commercial rent potential (from Part E of the most recent HUD approved Rent Schedule)	
		b. Percentage fee	5.00 %
		c. Commercial fee yield (Line 2a times 2b)	
3. Miscellaneous Fee			
a. Percentage fee (not to exceed the residential income fee percentage in Line 1c)	5.00 %		
b. List any miscellaneous income on which HUD allows a fee to be taken, but on which you have agreed a fee will not be paid.			

To: [REDACTED] <debie.f.bolin@hud.gov>
Cc: [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: RE: Per our discussion - follow up I promised

Hi [REDACTED] — the corrected management agent's certification has Agreement Terms from May 24, 2007 to Continuous but was MFH approved on December 21, 2018...11 years later. The iREMS shows 12/12/16 as agent effective date. Why the lapse between certification approval and agreement date?

Thanks,
[REDACTED]

From: [REDACTED] <debie.f.bolin@hud.gov>
Sent: Wednesday, October 16, 2019 9:43 AM
To: [REDACTED] <donna.richardson@hud.gov>

Cc: [REDACTED] <[REDACTED]> <Marc.C.Vigo@hud.gov>

Subject: RE: Per our discussion - follow up I promised

Per your request

From: [REDACTED] <[REDACTED]> <donna.richardson@hud.gov>

Sent: Wednesday, October 16, 2019 11:12 AM

To: [REDACTED] <[REDACTED]> <debby.f.bolin@hud.gov>

Cc: [REDACTED] <[REDACTED]> <Marc.C.Vigo@hud.gov>

Subject: RE: Per our discussion - follow up I promised

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00100,
.0b

• •⁴

[REDACTED]

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From: [REDACTED] <[REDACTED]> <debby.f.bolin@hud.gov>

Sent: Wednesday, October 16, 2019 7:56 AM

To: [REDACTED] <[REDACTED]> <donna.richardson@hud.gov>

Subject: Per our discussion - follow up I promised

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I sent you something on the Residence at Eagle Pass last week.

I am sorry it took me two days to get this out to you. I hope this helps.

Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents

U.S. Department of Housing and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0305
(exp, 11/30/2016)

Public reporting burden for this collection of information is estimated to average 15 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Owners of Insured and assisted multifamily housing projects are required by HUD administrative guidelines as found in HUD Handbook 4381.5 REV-2, The Management Agent Handbook, to submit certain data for review by the local HUD office of approval of a new management agent. These requirements apply to insured multifamily projects or HUD-held mortgages and subsidized, non-insured projects that are not financed by State Agencies or the Rural Housing Service Agency.

Project name Tidwell Estates, Ltd.	FHA project number 114-11427	Data (mmIrid/yyyy) 12/12/2016
City, State Houston, Texas		Section 0 number N/A

Acting on behalf of Tidwell Estates, Ltd., the Project Owner (Owner), and Rettig Management Corp., the Management Agent (Agent), we make the following certifications and agreements to the United States Department of Housing and Urban Development (HUD) regarding management of the above project.

I. We certify that:

a. We will comply with HUD requirements and contract

obligations, and agree that no payments have been made to the owner in return for awarding the management contract to the agent, and that such payments will not be made in the future,

b. We have executed or will execute, within 39 days after receiving the approval(s) required by paragraph b below, a Management Agreement for this project The Agreement provides / will provide that the Management Agent will manage the project for the term and fee described below. Changes in the fee will be implemented only in accordance with HUD's requirements

(1) Terms of Agreement:

(a) From: April 28, 2000

(b) To:

(c) Self Renew. Yes No

(2) Fees:

(a) 5 % of residential income collected;

(b) % of commercial income collected;

(c) % of miscellaneous income collected

(This percentage must not exceed the percentage in (2)(a) above).

(d) Special Fees Nu Yes No If yes, describe in paragraph 4 of Attachment 1,

(3) Calculation of Estimated Yield (Sec Attachment 1.)

c. We will disburse management fees from project income only after. (1) We have submitted this Certification to HUD;

(2) HUD has approved the Agent to manage this project; and

(3) HUD has approved the management fee (if required)

d. We understand that no fees may be earned or paid after 111.1D has terminated the Management Agreement.

e. If HUD notifies me of an excessive management fee, I, the Agent, will within 30 days of HUD's notice either:

(1) Reduce the compensation to an amount HUD determines to be reasonable and

(2) Require the administrator to refund to the project all excessive fees collected, or

(3) Appeal HUD's decision and abide by the results of the appeal *pro* - cess, making any required reductions and refunds within 30 days after the date of this decision letter on the appeal.

f. If HUD holds the residential management fee yield harmless under the transition provisions Of Chapter 3, Section 4 of HUD Handbook 4381.5,

(1) We understand that HUD will adjust the management fee percentage each time HUD approves a rent increase

(2) We agree to be bound by that percentage until the next rent increase

or until HUD approves a different fee, pursuant to our request. 2. We will, if the project is subsidized by HI ID, select and admit tenants, compute tenant rents and assistance payments, recertify tenants and carry out other subsidy contract administration responsibilities in accordance with HUD Handbook 4350.3 and other HUD instructions.

3 We agree to:

a. Comply with this project's Regulatory Agreement, Mortgage & Mortgage Note, and any Subsidy Contract or Workout / Modification Agreement

- b Comply with HUD handbooks, notices or other policy directives that relate to the management of the project
 - c, Comply with HUD requirements regarding payment and reasonableness of management fees and allocation of management costs between the management fee and the project account.
 - d Refrain from purchasing goods or services from entities that have identity-of-interest with us unless the costs are as low as or lower than arms-length, open-market purchases
- 4_ The Agent agrees to.
- a. Ensure that all expenses of the project are reasonable and necessary.
 - b. Exert reasonable effort to maximize project income and to take advantage of discounts, rebates *and similar* money-saving techniques.
 - c. Obtain contracts, materials, supplies and services, including the preparation of the annual audit, on terms most advantageous to the project
 - d. Credit the project with all discounts, rebates or commissions (including any sales or property tax relief granted by the State or local government) received.
 - e. Obtain the necessary verbal or written cost estimates and document the reasons for accepting other than the lowest bid
 - f Maintain copies of such documentation and make such documentation available for your inspection during normal business hours
 - g. Invest project funds that HUD policies require to be invested and take reasonable effort to invest other project funds unless the owner specifically directs the Agent not to invest those other funds
5. We certify that the types of insurance policies checked below are in force and will be maintained to the best of our ability at all times Fidelity bonds and hazard insurance policies will name

HUD as an additional payee in the event of loss. Note: For any box not checked, attach an explanation as to why you cannot obtain that type of insurance. Such situations should be extremely rare.

- a. g) Fidelity bond or employee dishonesty coverage for
 - (1) all principals of the Agent and;
 - (2) all persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts and records. Coverage will be at least equal to the project's gross potential income for two (2) months.
 - b 171 Hazard insurance coverage in an amount required by the project's Mortgage.
 - c Public liability coverage with the Agent designated as one of the insured.
- 6, The Agent agrees to:
- a. Furnish a response to HUD's management review reports, physical inspection reports and written inquiries regarding the project's annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.
 - b, Establish and maintain the project's accounts, books and records in accordance with:
 - (1) HUD's administrative requirements;
 - (2) generally accepted accounting principles; and
 - (3) in a condition that will facilitate audit,
7. We agree that:
- a. All records related to the operation of the project, regardless of where they are housed, shall be considered the property of the project
 - b. HUD, the General Accounting Office (GAO), and those agencies' representatives may inspect :

- (1) any records which relate to the project's purchase of goods or services,
- (2) the records of the Owner and the Agent, and
- (3) the records of companies having an identity-of-interest with the owner and the agent.

c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project; "Upon request of HUD or (name of owner or Agent), (name of contractor or supplier) will make available to HUD, at a reasonable time and place, Its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit HUD to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per-unit and total charges levied for said services." The owner agrees to request such records within seven (7) days of receipt of HUD's request to do so.

8. We certify that any Management Agreement does not contain the type of "hold harmless" clause prohibited by HUD.

9. We agree to include the following provisions in the Management Agreement and to **be bound by them:**

a. **HUD has the right to terminate** the Management Agreement for failure to comply with the provisions of this Certification, or other good cause, thirty days after HUD has mailed the owner a written notice of its desire to terminate the Management Agreement.

a. In the event of a default under the Mortgage, Note or Regulatory Agreement, HUD *has* the right to terminate the Management Agreement immediately upon HUD's issuance of a **notice of termination to the Owner and Agent.**

b. **If HUD exercises this right of termination, I, the Owner, agree to promptly make arrangements for providing management that is satisfactory to HUD.**

c. **If there is a conflict between the Management Agreement & HUD's rights and requirements, HUD's rights & requirements will prevail.**

e. **if the Management Agreement is terminated I, the Agent, will give to the Owner all of the project's cash, trust accounts investments and records within thirty (30) days of the date the Management Agreement is terminated,**

10.1, the Owner, agree to submit a new Management Certification to HUD before taking any of the following actions.

a. **Authorizing the agent to collect a fee different from the percentages fees and any special fees specified in Paragraph I of this Certification:**

b. **Changing the expiration date of the Management Agreement.**

a. **Renewing the Management Agreement.**

b. **Permitting a new Agent to operate the project.**

c. **Permitting a new Agent to collect a fee**

1. Undertaking self-management of the project

11 We agree to:

a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, , Executive Order 11063 and all regulations implementing those laws.

b. When the head or spouse is otherwise eligible, give families with children equal consideration for admission.

c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.

d. If the project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of **the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.**

a. **Furnish HUD's Office of Fair Housing and Equal Opportunity any reports and information required to monitor the project's compliance with HUD's fair housing and affirmative marketing requirements (including HUD Form 949, if applicable).**

b. **Not discriminate against any employee, applicant for employment or contractor because of race, color, handicap, religion, sex or national origin.**

c. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities,

d. If the project receives any form of direct Federal financial assistance, comply with Section 3 of the Housing and Urban **Development Act of 1968**

and its implementing regulations. I, the Agent, understand that this law and the regulations require the project to make training, employment and contracting opportunities available, to the greatest extent feasible, to lower-income project area residents and small businesses.

12. We certify that we have read and understand HUD's definition of "identity-of-interest" and that the statement(s) checked and information entered below are true. (Check **box a** or boxes **b** and / or **c**)

a. *12j* No identity-of-interest exists among the Owner, the Agent and any individuals or companies that regularly do business with the project.

b. **Ei** Only individuals and companies listed in Section 11 is of the **Management Entity Profile** have an identity-of-interest with the Agent.

a. Only the individuals and companies listed below have an identity-of-interest with the Owner. (Show the name of the individual or company; list the services rendered; **and describe the nature of the identity-of-interest relationship.** Attach additional sheets, if necessary.)

13 I/We, the Agent, certify & agree:

a. that the Management Entity Profile, dated (mm/dd/yyyy) **3.2 /12 /2016** is accurate and current as of the date of this Certification.

b. To submit **an** updated profile whenever there is a significant change in the organization or operations of the Management Entity.

14. The items identified in HUD Handbook 4381,5 Rev-2 The Management Agent Handbook at Sec. 2.9 "Owner/Management Entity Approval Submission Requirements" are attached.

Warnings:

There are fines and imprisonment—\$10,000/5years—for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C 1001).

There are fines and imprisonment—\$250,000/5years---for anyone who misuses *rents* & proceeds in violation of HUD regulations relative to this project. This applies when the mortgage note is in default or when **the project is in a non-surplus cash position (12 U.S.O 1715z-9).**

HUD may seek a "double damages" civil remedy for the use of assets or income in violation of any Regulatory Agreement or any applicable HUD regulations (12 U.S.O 1715z-4a).

HUD may seek additional civil money penalties to be paid by the mortgagor through personal funds for:

(1) Violation of an agreement with HUD **to use** nonproject funds for certain specified purposes as a condition of receiving transfers of physical assets, flexible silbsidy loan, capital improvement loan, modification of mortgage terms or workout. The penalties could be as much as the HUD Secretary's loss at foreclosure sale or sale after foreclosure.

(2) Certain specific violations of the Regulatory Agreement, the penalties could be as much as \$25,000 per occurrence (12 U.S C 1735f-15)

By Project Owner: Name w. Barry Kahn

Manager of the General Partner

title

signature

date trnm/ddlyyyy)

14(

By Management Agent: [REDACTED]

President, -

ea cement Corp.

date (mmcid/yyyy)

title

signature

Previous editions are obsolete

Page 2 of 4

form HUD-9838-B (06/2003) ref. Handbook
4381.5 & 4571.4

Project Name Tidwell Estates, Ltd.	FHA Project Number 114-11427	Date (mm/dd/yyyy) 12/12/2016
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HUD Field Office Use Only (Check all that apply)

An up-front review of the management fee was: **Required** **Not required**

The management fees quoted in paragraph 1a and explained in Attachment 1 of this Certification are approved.

Ei The management fees quoted in Paragraph 1a and explained in Attachment 1 of this Certification are not approved.

The attached letter, dated (mm/dd/yyyy) explains the reasons for this disapproval and sets forth the allowable management fees.

The residential management fee Percentage is held harmless at %.

n The residential management fee Yield is capped at \$ PUPM. Each time you approve a rent increase, adjust the management fee Percentage to maintain this yield and enter the information required below.

Effective Date (mm/dd/yyyy) of New Fee %*	Monthly Rent Potential	Collections % Assumed**	Adjusted Management Fee Percentage

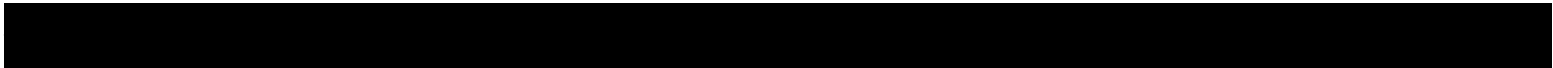
- This should be the same date the rent increase is effective.
** 96% unless you approve a different percentage.

By Project Manager		By Supervisory Project Manager/Hub Director	
Signature	Date (mm/dd/yyyy)	Signature	Date (mm/dd/yyyy)
	02/09/2017	Signature	02/09/2017
Name		Name	
[Redacted]		[Redacted]	
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		rke_A	

Previous editions are obsolete

Page 3 of 4

form HUD-9839.8 (0612003)
ref. Handbook 4381.5 & 4571.4



Attachment 1—Calculation of Estimated Yields from Proposed Management Fees

Project Name: **Tidwell Estates, Ltd.** FHA Project No.: **114-11427** Date: **12/12/2016**

1. Residential Fee	<u>115,239</u>	2. Commercial Fee (Describe commercial space, how it is used and what services management provides.)
a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule)	<u>107,152</u>	N/A

b. **One to times 0.96** \times $\frac{1}{3}$ \$ _____

c. **Percentage fee**

d. **Monthly residential fee yield (Line 1b times 1c)** \$ _____

e. **Total number or residential units (Include rent-free units.)**

f. **Residential fee yield per unit per month (Line 1d divided by 1e.)** \$ (41) PUPM

5.00%

• **Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections HUD-approved Rent percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid.**

Monthly commercial rent potential (from Part E of the most recent HUD approved Rent Schedule)

a. **Percentage fee**

c. **Commercial fee yield (Line 2a times 2b)** \$ _____

3. Miscellaneous Fee

a. **Percentage fee (not to exceed the residential income fee percentage in Line 1c)**

a. **List any miscellaneous income on which HUD allows a fee to be taken, but on which you have agreed a fee will not be paid.**

132 units

c. **List any miscellaneous income on which HUD allows a fee to be taken and on which AFEE will be paid.**

4. Special Fees
 Show dollar amount(s), purpose(s) and time period(s) covered. Describe performance standards and target dates for accomplishment of special tasks. (Attach

additional sheets, if needed.)

Previous editions are obsolete

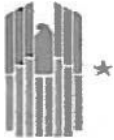
Page 4 of 4

form HUD-9839-B (06/2003)
ref. Handbook 4331.5 8, 4571.4

[Secure Systems](#)

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Homepage](#)



U.S. Dept. of Housing
and Urban Development

financial assessment subsystem - multifamily (fass-mf)

Comments

Project Name: Tidwell Estates Apartments
FHA Number: 11411427
SOA: 207/223(f)
Referred to: MFH
Referred by: GORDON , EUGENE

Sub. Type: AUD-2000.04 (Non-coop)
Date From: May. 24, 2017
Date To: Dec. 31, 2017
FYE: Dec. 31, 2017

User GORDON , EUGENE C.

Date/Time: Nov. 7, 2018 12:48PM

Based on the REAC Analyst Review this submission has been: Referred to the Multifamily Program Center

The following compliance violations were identified by the auditor:

Compliance Check	REAC Referral Decision	Auditor-generated Questioned Cost Identified	Analyst Questioned Cost
Management Fees	Referred to the Multifamily Program Center	4924	4924.00
Analyst Comments	Management Fees Auditors Non Compliance Code J Finding Reference Number 17-1 and Statement of Condition: The Management Agent's Fee exceeded the amount approved by HUD by \$4,924. Amount of Questioned Costs \$4924. Unresolved and a response is required.		
Internal Control Deficiencies	Referred to the Multifamily Program Center	0	0.00

Analyst Comments	Internal Control Deficiencies Auditors Non Compliance Code S Finding Reference Number 17-2 and Statement of Condition: A complete working trial balance was not maintained, and several of the account balances were not properly maintained and or classified, causing multiple revenue and expense accounts and retained earnings to be materially misstated, resulting in a material entry being recorded to close out prior period operating activity to retained earnings in the current period. Unresolved and a response is required.
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Compliance Check

REAC Referral Decision

**Analyst
Identified
Questioned
Cost or
Percentage**

The following potential compliance violations were identified by the FASS system:

Compliance Check	REAC Referral Decision	System-generated Questioned Cost or Percentage	Analyst Identified Questioned Cost or Percentage
------------------	------------------------	--	--

The following potential compliance violations were identified by the REAC analyst:

Financial Reporting Deficiencies: The following information was missing or reported incorrectly in the submission and the owner is being notified about this in the letter:

Missing Information	None			Other
Comments:				
The review found	that per Financial Note 7 the			
management company is listed as Investors Management Group, LLC with a fee of 6%; however, IREMS list the management company [REDACTED]				
[REDACTED] with a fee of 5% (effective 12.12.16), please clarify the project may be in violation.				
Other	Comments This was a limited review to verify the validity of the Auditor Findings			
and/or system check flags. A detailed review of the financial data was not completed. Had a detailed review been the scope of this assessment, additional findings may have been identified. The Project Manager should consider the scope and intent of this review and expand the				

review of this financial statement, as needed.

**If you have any questions about this review please contact the REAC analyst at :
eugene.gordon@hud.gov**

[Compliance](#) | [Performance](#) | [Letter](#) | [AFS](#) | [Comments](#)

<https://hudapps.hud.gov:ssmasterifassmfafscommentsnew.cfm>

10/17/2019

|

From: [REDACTED]
Sent: Thursday, October 24, 2019 12:04 PM
To: [REDACTED]
Subject: Re: Columbia Apartments 800020788

The [REDACTED] communication from the PBCA indicates that no payments have been made on those units. I will forward you their communication.

Get [Outlook for iOS](#)

[REDACTED] <donna.richardson@hud.gov>
Sent: Thursday, October 24, 2019 1:51:29 PM
To: [REDACTED] <debby.f.bolin@hud.gov>
Cc: [REDACTED] <Christie.M.Newhouse@hud.gov>; [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: Columbia Apartments 800020788

Hi [REDACTED] I'm still churning away on the OSC review and need your help understanding vouchered rents on Columbia Apartments, recall this is the project where according to iREMS, 20 units were vacated due to foundation/settling issues. Per iREMS HAP contract record, it appears that rents may still be paid out for the units. Shouldn't these not be included in the schedule? Please advise?

Thanks,
[REDACTED]

Approved Rent:

Calculated Renewal Rents:

Current OCAF Unit Type Expiration	# of Units	Contract Rent at Rent	Budget- Adjusted Rent	based	Renewed Rent
1	40	616	634		634
2	80	697	717		717
3	60	789	812		812
4	20	875	900		900
Rent Potentials					
Monthly		145240	149440		149440
Annual		1742880	1793280		1793280

os r 0:0 4:40,
* a_c | *

41 too**

[Redacted content]

donna.richardson@hud.gov

The information in this communication may be confidential and privileged, is intended only for the use of the recipient(s) named above, and may be subject to additional legal non-disclosure requirements. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please re-send it to the sender and delete the original message and any copy of it from your computer system.

[REDACTED]

From: [REDACTED]
Sent: Thursday, October 24, 2019 12:14 PM
To: Richardson-Solomon, Donna
Subject: FW: [Warning External Sender] RE: Columbia TX16M000111

Per recent email

From: [REDACTED] <annh@shccnet.org>
Sent: Monday, October 07, 2019 12:03 PM
To: [REDACTED] <hebie.f.bolin@hud.gov>
Cc: [REDACTED] <nicholasv@shccnet.org>
Subject: RE: [Warning External Sender] RE: Columbia TX16M000111

Hi [REDACTED]

No problem! The good news is that Unit 106 has not had a Section 8 resident in it since 3/22/2016. Also, it does look like there have been no HAP payments on 20 of their units in quite awhile. Units 101-120 are all showing as either Vacant or Market since March 2018 or earlier.

101	1	1		10/01/2019			0	Vacant Unit (3/21/2018)
		Bedroom						
102	1	1		10/01/2019			0	Vacant Unit (3/19/2018)
		Bedroom						
103	1	1		10/01/2019			0	Vacant Unit (5/13/2017)
		Bedroom						
104	1	1		10/01/2019			0	Vacant Unit (5/11/2017)
		Bedroom						
105	2	2	0351/2012 TM	10/01/2019 04/01/2012	606	198	0	Market Rate
		Bedroom						
106	2	2		10/01/2019			0	Vacant Unit (3/22/2016)
		Bedroom						
107	2	2	01131/2016 TM	10/01/2019 05/01/2016	651	524	0	Market Rate
		Bedroom						
108	2	2		10/01/2019			0	Vacant Unit (3/9/2016)
		Bedroom						
109	3	3		10/01/2019			0	Vacant Unit (9/30/2015)
		Bedroom						
110	3	3		10/01/2019			0	Vacant Unit (6/18/2017)
		Bedroom						
111	3	3		10/01/2019			0	Vacant Unit (11/30/2016)
		Bedroom						
112	3	3		10/01/2019			0	Vacant Unit (6/16/2017)
		Bedroom						
113	3	3		10/01/2019			0	Vacant Unit (5/10/2017)
		Bedroom						
114	3	3		10/01/2019			0	Vacant Unit (4/30/2017)
		Bedroom						
115	2	2		10/01/2019			0	Vacant Unit (6/22/2017)
		Bedroom						
116	2	2		10/01/2019			0	Vacant Unit (5/10/2017)
		Bedroom						
117	2	2		10/01/2019			0	Vacant Unit (5/31/2017)
		Bedroom						
118	2	2		10/01/2019			0	Vacant Unit (5/15/2017)
		Bedroom						
119	4	4		10/01/2019			0	Vacant Unit (5/18/2017)
		Bedroom						
120	4	4		10/01/2019			0	Vacant Unit (6/28/2017)
		Bedroom						

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Does that help? Although it doesn't show a building number, I'm assuming that those are the 20 units in question. Please let me know if I can be of further help!

[REDACTED]
Director of HAP
Southwest Housing Compliance Corporation
A subsidiary of The Housing Authority City of Austin
1124 S IH 35, Austin, TX 78704

[REDACTED]
[REDACTED]
Email: annhPshccnet.org

Web: www.shccnet.org

Bringing Opportunity Home

From [redacted] <debiefbolin@hud.gov>

Sent: Monday, October 7, 2019 11:11 AM

To: [redacted] <annh@shocnet.org>

Subject: [Warning External Sender] RE: Columbia TX16M000111

That's the problem I keep running into. It appears the City nor the owner are very forth coming with building numbers. I am finding a notation for Bldg 6 in the latest REAC inspection.

Observations

The most critical condition observed within the complex is the significant amount of settlement that has occurred at apartment 106 most notably in the northeast corner. Movement of up to 2" has

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Home Tools

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00 106%

Unit #	Room Type	Boards Up	Reason
82	1 Bedroom	Yes	
89	3 Bedrooms	Yes	
95	2 Bedrooms	Yes	

Building 6 - 6 [Excluded not in Universe , Boarded Up/Temporary Offline]

Address Line 1: 7900 Knights Dr.
Address Line 2:
City: El Paso State: TX
Zip: 79915 Extension: 4039

Type	Constructed In	Floors	Expected Unit Count	Actual Unit Count
Walkup/Multifamily Apts	1970	2	20	20

Comments: Structural damage on building. All units have been vacated and windows are boarded up. Currently being assessed by engineer for action plan.



Address Line 1: 7900 Knights Dr.
Address Line 2:

Building 6 - 6 [Excluded not in Universe , Boarded Up/Temporary Offline]

Address Line 1: 7900 Knights Dr.

From: [REDACTED] <debie.f.bolin@hud.gov>

Sent: Monday, October 7, 2019 10:31 AM

To: [REDACTED] <rammyf@shccnet.org>

Subject: [Warning External Sender- Do not click on links or open attachments in unexpected messages] Columbia TX16M000111

Good morning. I need some assistance. I have an allegation that **HUD** is paying subsidy for the units taken off line by the condemnation of the City. Who do I reach out to that can provide a report on the payments for those units since the unit(s) were vacated?

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[REDACTED]

From: [REDACTED]
Sent: Thursday, October 24, 2019 1:18 PM
To: [REDACTED]
[REDACTED]
Subject: RE: [Warning External Sender] RE: Columbia TX16M000111

8bb is an option and I think something is in the works or at least in the discussion phase. The property has been transferred to the Resolution Team.

From: [REDACTED] <bonna.richardson@hud.gov>
Sent: Thursday, October 24, 2019 3:06 PM
To: [REDACTED] <lebie.f.bolin@hud.gov>
Cc: [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: RE: [Warning External Sender] RE: Columbia TX16M000111

Thanks, [REDACTED] This is helpful. I'm also reviewing Section 8(bb)(1) of the Housing Act and understand that transfer may be an option if contract is terminated; but in this case it seems there has to be a subdivision of this large contract into multiple HAPs and then 8bb transferred? Is this being contemplated?

[REDACTED]

Per recent email

From: [redacted] <[redacted]@shccnet.org>
Sent: Monday, October 07, 2019 12:03 PM
To: [redacted] <[redacted]@hud.gov>
Cc: [redacted] <[redacted]@shccnet.org>
Subject: RE: [Warning External Sender] RE: Columbia TX16M000111

Hi [redacted]

No problem! The good news is that Unit 106 has not had a Section 8 resident in it since 3/22/2016. Also, it does look like there have been no HAP payments on 20 of their units in quite awhile. Units 101-120 are all showing as either Vacant or Market since March 2018 or earlier.

101	1	1 Bedroom			10/01/2019				0	Vacant Unit (3/21/2018)
102	1	1 Bedroom			10/01/2019				0	Vacant Unit (3/19/2018)
103	1	1 Bedroom			10/01/2019				0	Vacant Unit (5/431/2017)
104	1	1 Bedroom			10/01/2019				0	Vacant Unit (5/10/2017)
105	2	2 Bedroom	03/31/2012	TM	10/01/2019	04/01/2012	606	198	0	Market Rate
106	2	2 Bedroom			10/01/2019				0	Vacant Unit (3/122/2016)
107	2	2 Bedroom	01/31/2016	TM	10/01/2019	05/01/2016	651	524	0	Market Rate
108	2	2 Bedroom			10/01/2019				0	Vacant Unit (3/9/2016)
109	3	3 Bedroom			10/01/2019				0	Vacant Unit (9/30/2015)
110	3	3 Bedroom			10/01/2019				0	Vacant Unit (6/18/2017)
111	3	3 Bedroom			10/01/2019				0	Vacant Unit (11/30/2016)
112	3	3 Bedroom			10/01/2019				0	Vacant Unit (6/642017)
113	3	3 Bedroom			10/01/2019				0	Vacant Unit (5/10/2017)
114	3	3 Bedroom			10/01/2019				0	Vacant Unit (4/30/2017)
11E	2	2 Bedroom			10/01/2019				0	Vacant Unit (122/2017)
116	2	2 Bedroom			10/01/2019				0	Vacant Unit (5410/2017)
117	2	2 Bedroom			10/01/2019				0	Vacant Unit (5/31/2017)
118	2	2 Bedroom			10/01/2019				0	Vacant Unit (5/15/2017)
119	4	4 Bedroom			10/01/2019				0	Vacant Unit (5/18/2017)
120	4	4 Bedroom			10/01/2019				0	Vacant Unit (6/28/2017)
171	1	1 Ratirrinm	intrinnici	rza	inlninnici	nwnir,n7n	A:1.1	977	Ira	

Does that help? Although it doesn't show a building number, I'm assuming that those are the 20 units in question.

Please let me know if I can be of further help!

Ann Hittner

Director of HAP

Southwest Housing Compliance Corporation

A subsidiary of The Housing Authority City of Austin

1124 S IH 35, Austin, TX 78704

[redacted]

[redacted]

Email: annah@shccnet.org

Web: www.shccnet.org

Bringing Opportunity Home

[REDACTED]

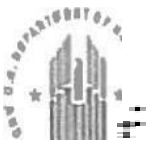
From: [REDACTED]
Sent: Monday, October 28, 2019 10:25 AM
To: [REDACTED]
[REDACTED]
Subject: RE: OSC Review

I think it would depend on how far back you are going. To get one of the certs I had to go back to the file room and those files are extremely old. They are being prepped for NARA and laserfische. If you send a list, I'll see what I can do.

From: [REDACTED] <donna.richardson@hud.gov>
Sent: Monday, October 28, 2019 12:23 PM
To: [REDACTED] <lebie.f.bolin@hud.gov>
Cc: [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: RE: OSC Review

Hi [REDACTED] — my apologies for lack of clarity...there's a ton of data to sift through. We are looking for evidence of EHS corrections that should've been submitted by owners along with EHS certifications. We have checked Laserfische and found some documents. Would EHS documents be maintained elsewhere?

Thanks,
[REDACTED]



it, •

[REDACTED]

donna.richardson@hud.gov

The information in this communication may be confidential and privileged, is intended only for the use of the recipient(s) named above, and may be subject to additional legal non-disclosure requirements. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please re-send it to the sender and delete the original message and any copy of it from your computer system.

From: [REDACTED] <[REDACTED]>
Sent: Monday, October 28, 2019 5:56 AM

To: [REDACTED] <[REDACTED]>

Cc: [REDACTED] <[REDACTED]>

Subject: RE: OSC Review

Copies of physical inspection reports and photos are found in iREMs. We do not remove those from iREMS for uploading to laserfische. I am unsure as to what you are wanting with regard to invoices, photos, work orders, etc....

From: [REDACTED] <[REDACTED]>
Sent: Thursday, October 24, 2019 7:10 PM
To: [REDACTED] <[REDACTED]>
Cc: [REDACTED] <[REDACTED]>
Subject: OSC Review

Hi [REDACTED] — in reviewing the allegation that HUD failed to ensure physical condition standards and inspection requirements were met, we are reviewing the iREMS and Laserfiche records for claimant's project portfolio. We are finding a number of missing certifications and support documents (invoices, photos, workorders). Is there some other system of record where documents are maintained?

Thanks,
[REDACTED]

*

[Redacted]

From: [Redacted]
Sent: Monday, October 28, 2019 2:45 PM
To: [Redacted]
Subject: Fwd: Rolling Brook Apartments FHA: 114HD0100

Fyi

Get [Outlook for iOS](#)

From: [Redacted] <mclysdale@maguireagency.com>
Sent: Monday, October 28, 2019 3:31:32 PM
To: [Redacted] <debie.f.bojin@hud.gov>
Cc: [Redacted] <jaune@maguireagency.com>; <CREuter@accessiblespace.org>; <MDeppa@accessiblespace.org>
Subject: Rolling Brook Apartments FHA: 114HD0100

We hereby state as the insuring agent for Rolling Brook Apartments FHA: 114HD0100 that the required Fidelity Bond has been in place according to our records since Accessible Space began managing subject property.

[Redacted]

Lic. # 20019742

[Redacted]
T 651.635.2722 I F 651.638.9762

[Redacted] www.maguireagency.com
[Redacted]

100

[REDACTED]

From: [REDACTED]
Sent: Monday, October 28, 2019 8:55 AM
To: [REDACTED]
Subject: RE: OSC Review - Fidelity Bond Docs in Laserfiche

Attachments: RE: [EXTERNAL] Rolling Brook Apartments FHA: 114HD010

Here's cert from Rollingbrook.

From: [REDACTED] a <donna.richardson@hud.gov>
Sent: Friday, October 25, 2019 4:27 PM
To: [REDACTED] <debie.f.bolin@hud.gov>
Cc: [REDACTED] <Christie.M.Newhouse@hud.gov>; [REDACTED] <Marc.C.Vigo@hud.gov>
Subject: OSC Review - Fidelity Bond Docs in Laserfiche

Hi [REDACTED] — we were able to locate fidelity bond insurance documents for about half of the claimed cases from Laserfiche records. Is it possible fidelity bond documents are maintained in paper files for the others? If so please provide fidelity bond docs for:

Columbia Apartments - per COLUMBUS CLUB ASSOCIATION OF YSLETA, TX per 10/21/69 Open Ended Management Cert
Rollingbrook Apartments - Accessible Space Inc., is Property Manger per 12/1/16 Management Cert. SharyRoad Apartments/
Plantation Apts I - MOSAIC RESIDENTIAL INC per 8/1/19 Management Cert. (this is a new manag

Thanks,



[REDACTED] e
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
donna.richardson@hud.gov

[REDACTED]

From: [REDACTED] <jaune@maguireagency.com>
Sent: Monday, October 28, 2019 7:08 AM

To: [REDACTED]
Cc: creuter@accessiblespace.org; MDenna@accessiblespace.org
Subject: RE: [EXTERNAL] Rolling Brook Apartments FHA: 114HD010
Attachments: Certificate.pdf

Hello [REDACTED]
Attached is the certificate which includes the required Fidelity Coverage on page 2.
Thank you.
[REDACTED]

[REDACTED] [REDACTED]
[REDACTED]
[REDACTED]
www.maquireagency.com
[REDACTED]

[REDACTED]
100 [REDACTED]
[REDACTED]

From: [REDACTED] <creuter@accessiblespace.org>
Sent: Monday, October 28, 2019 8:21 AM
To: [REDACTED] <laune@maquireagency.com>
Cc: [REDACTED] <MDenna@accessiblespace.org>
Subject: FW: [EXTERNAL] Rolling Brook Apartments FHA: 114HD010

Hi [REDACTED]

Per [REDACTED] email below will you please email a copy of the certificate of insurance for Baytown Supportive Housing, Inc. She is requesting a copy and a statement that we are carrying Fidelity Bonds for our Projects — she wants it by 4:30 today.

Thanks
[REDACTED]

From: [REDACTED] <MDenna@accessiblespace.org>
Sent: Monday, October 28, 2019 8:08 AM
To: [REDACTED] <creuter@accessiblespace.org>
Subject: FW: [EXTERNAL] Rolling Brook Apartments FHA: 114HD010

Good Morning [REDACTED]

Could you please help me with this.

Thank you

From: [REDACTED]
<debief.bolin@hud.gov>
Sent: Monday, October 28, 2019
7:28 AM
To: [REDACTED]
<svanderschaaf@accessiblespace.org>
Cc:
dherrera-markwaik@accessiblespace.org; [REDACTED]
<MDeppa@accessiblespace.org>
Subject: [EXTERNAL] Rolling
Brook Apartments FHA:
114HD0100

- will be at least equal to the projects gross potential
months.
- b. Hazard insurance coverage in an amount required by the Mortgage.
 - c. [Z1 Public liability coverage with the Agent designated

ASI Security Warning: This is an external email. Do not click on links or open attachments unless you trust the sender.

Good morning. We are following up on management agents and the requirements for carrying Fidelity Bonds. I understand that your organization has been managing subject property since 1997, please provide a current copy of the Fidelity Bond and a statement from you insurer that you have in fact carried the required coverage. Below is an excerpt from the form which you submitted and

CERTIFICATE OF LIABILITY INSURANCE

HUD approved. Please provide the current copy and statement to me by 4:30 today. If you have any questions, please contact me.

[REDACTED]
Asset Management Division
Southwest Region

5. We certify that the types of insurance policies checked below are in force and will be maintained to the best of our ability at all times. Fidelity bonds and hazard insurance policies will name HUD as an additional payee in the event of loss.
Note: For any box not checked, attach an explanation as to why you cannot obtain that type of insurance. Such situations should be extremely rare.

- a. Fidelity bond or employee dishonesty coverage for
- (1) all principals of the Agent and;
 - (1) all persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts and records. Coverage
-

ADD SUER LWVD	POLICY NUMBER	POLICY EFF IMMIOOIIYY YY)	POLICY EXP (MMIOOPIYY YI	LIMITS	
X	PH PK2040972	1 0/1/201 9	10/1/2020	EACH OCCURRENCE	1,000,000
				DAMAGE TO RENTED PREMISES (Ea occurrence)	1,000,000
				MED EXP (Any one person)	20,000
				PERSONAL & ADV IN-UP Y	1,000,000
				GENERAL AGGREGATE	3,000,000
				PRODUCTS-COMP/OP AGO	3,000,000
					\$
	PHFK2040972	1 0/1/201 9	10/1/2020	COMBINED SINGLE LIMIT (Ea accident)	1,000,000
				BODILY INJURY (Per person)	
				BODILY INJURY (Per accident)	
				W_e? F_e arg Y_n rMA GE	
	PHUB694597	1 0/1/201 9	10/1/2020	EACH OCCURRENCE	10,000,000
				AGGREGATE	10,000,000
N/A	UB7N475483	3/1/2019	3/1/2020	PER OTH- X STATUTE ER	
				E.L EACH ACCIDENT	1,000,000
				E.L DISEASE - EA EMPLOYEE	1,000,000
				E.L DISEASE - POLICY LIMIT	1,000,000
	PHSD1483864	1 0/1/201 9	10/1/2020	Limit	500,000
	PHSD1483864	1 0/1/201 9	10/1/2020	Limit	5,000,000

RE: 730 Rollingbrook Street Baytown, TX 77521

DESCRIPTION OF OPERATIONS I LOCATIONS I VEHICLES (ACORD 101, Additional Remarks Schedule. may be attached if more space is required)

Building Coverage PPK2040982 10/01/19 10/01/20 \$2,623,000 \$2,500 Deductible
 Building -wind/hall 2018900113502 10/01/19 10/01/20 \$2,623,000 2% Deductible
 Business Income/EE PPK2040982 10/01/19 10/01/20 \$300,000

This provides proof that the policy provides use and occupancy (rental value) insurance as required.
 SEE ATTACHED ACORD 101

CERTIFICATE HOLDER

CANCELLATION

The United States of America,
 acting by & through the Sec. of the Dept of HUD*
 451 - 7th Street SW
 Washington, DC 2041 0

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE
 THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN
 ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

ACORD 25 (2016103)

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AGENCY CUSTOMER ID: _____
ACCESPA-01
LOC #: 0 - _____

JAUNE

ADDITIONAL REMARKS

**THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance**

Description of Operations/Locations/Vehicles:

**NOTE: Endorsement added to Employee Dishonesty Policy that includes
Specified Non-Compensated Officers as Employees. Fidelity Bond coverage
is included in the Employee Dishonesty Policy.**

RE: 730 Rollingbrook Street, Baytown, TX 77521

*** The United States of America, acting by and through the Secretary of the Department of Housing and Urban Development, his/her**

successors or assigns as their interests may appear is included as Additional Insured & Mortgagee.

ACORD 101 (2008/01)

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Coverage Part	Premiere
Commerciat Property Coverage Part- Texas Standard <i>Policy</i>	9 12.797.
Electronic Equipment Protection Coverage PRO	\$
Commercial General liability Coverage Pert	\$ 2.197.
golfer <i>and</i> tkolarthlnErry Coverage Part	\$
Commercial Crime Coverage Part	\$ 1.092.
Commercial Inland Marine Coverage Part	\$
Commercial elate COvotage Pert	\$
Pr&essional Liability Coverage Part	\$
	\$

[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Tuesday, October 29, 2019 9:11 AM
To: [REDACTED]
[REDACTED]
Subject: RE: OSC Review - Fidelity Bond Docs in Laserfiche

Shary Road is Plantation I.

Y.- 116 r.

From: [REDACTED]
Sent: Tuesday, October 29, 2019 10:56 AM
To: [REDACTED] <[REDACTED]>
Cc: [REDACTED] [REDACTED]
Subject: RE: OSC Review - Fidelity Bond Docs in Laserfiche

Thanks, [REDACTED] We were searching under "SharyRoad Apartments".

From: [REDACTED]
Sent: Monday, October 28, 2019 9:03 AM
To: [REDACTED]
Subject: RE: OSC Review - Fidelity Bond Docs in Laserfiche

This was in laserfiche:

From: [REDACTED]
Sent: Friday, October 25, 2019 4:27 PM
To: [REDACTED]
Subject: OSC Review - Fidelity Bond Docs in Laserfiche

Hi [REDACTED] — we were able to locate fidelity bond insurance documents for about half of the claimed cases from Laserfiche records. Is it possible fidelity bond documents are maintained in paper files for the others? If so please provide fidelity bond docs for:

Columbia Apartments - per COLUMBUS CLUB ASSOCIATION OF YSLETA, TX per 10/21/69 Open Ended Management Cert
Rollingbrook Apartments - Accessible Space Inc., is Property Manger per 12/1/16 Management Cert.
SharyRoad Apartments/ Plantation Apts I - MOSAIC RESIDENTIAL INC per 8/1/19 Management Cert. (this is a new managem

Thanks,
[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Monday, October 28, 2019 6:22 AM
To: [REDACTED]
[REDACTED]
Subject: RE: Tidwell Estates Apartments 800244087

Attachments: FW: TIDWELL ESTATES #114-11427- Incident report for unit 2203; 800244087_afsschedule.pdf

Attached is what the property sent to me. However, with an insured loan hazard insurance would be escrowed. I am unclear why the pursuit in this. If you notice in Lease Term Notes they reference tax and insurance escrow balances. Below is an excerpt from the attached AFS/auditor comments:

''

Lease Terms Note

Restricted cash Tax and insurance escrows Monthly deposits are made to Wells Fargo Bank, National Association (the ?Lender?) for the payment of Project insurance and taxes. All deposits are pledged as additional security for the Project mortgage. As of December 31, 2018, the tax and insurance escrow balances were \$31,651 and \$34,849, respectively. Mortgage insurance premium escrow Monthly payments are made to an escrow account held with the Lender for the payment of mortgage insurance premiums. As of December 31, 2018, the mortgage insurance premium escrow balance was \$14,181. "

From: [REDACTED]
Sent: Friday, October 25, 2019 2:46 PM
To: [REDACTED]
[REDACTED]
Subject: FW: Tidwell Estates Apartments 800244087

Hi [REDACTED] — can you please contact servicing lender on this project for evidence of proper hazard insurance in place at time of fire incident and thereafter, FY 2017 — Present; and if lender was aware of a fire at the site or payment of a claim?

Tidwell Estates Apartments 800244087

Thanks,
[REDACTED]

[REDACTED]

To: [REDACTED]
Subject: FW: TIDWELL ESTATES #114-11427- Incident report for unit 2203
Attachments: Tidwell Estates_CO1_04232019_123317_405620.pdf; Tidwell Estates_EPI_04232019_122519_193092.pdf; Tidwell Estates_EP1_04232018_144552_710546.pdf; Tidwel IEstates_COL 04232018_153125_635171.pdf

From: [REDACTED]
Sent: Monday, October 07, 2019 10:31 AM
To: [REDACTED]
Subject: FW: TIDWELL ESTATES #114-11427- Incident report for unit 2203

[REDACTED]

Here is the property insurance information.

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: [REDACTED]
Sent: Monday, October 07, 2019 7:38 AM
To: [REDACTED]
Subject: Re: TIDWELL ESTATES #114-11427- Incident report for unit 2203

Good Morning

I have forwarded your email to [REDACTED] the Property Supervisor for Tidwell Estates. She was out of the office at the time of your request in February but was copied on the email.

Thank you,

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

On Oct 7, 2019, at 7:05 AM, [REDACTED] wrote:

Good morning. I am following up on the fire incident. Could you please provide proof that the ownership was carrying insurance at the time of this incident and what were the reasons for not filing an insurance claim. Also, what were the consequences for the tenant? What funds were used to make repairs? I need your answers/evidence by 4:30 pm today. Please reply directly to me.

From: [REDACTED]
Sent: Monday, February 11, 2019 12:51 PM
To: Tillman-johnson, Lynette M <Lynette.M.Tillman-Johnson@hud.gov>
Cc: [REDACTED]

Subject: RE: TIDWELL ESTATES #11411427- Incident report for unit 2203
Please see the responses below in red from the onsite manager.

Thanks,

Hilary Cox
Property Supervisor & Training Director
Hettig Management Corp. [REDACTED]
hcox@hettig-kahn.com
P:713-871-0063
F:713-871-1916

From: Tillman-johnson, Lynette M [<mailto:Lynette.M.Tillman-Johnson@hud.gov>]
Sent: Monday, February 11, 2019 10:25 AM
To: [REDACTED]
Cc: [REDACTED]
<ikizer@>
Subject: TIDWELL ESTATES #114-11427- Incident report for unit 2203

Good Morning [REDACTED],

Any time there is an **incident at the project, HUD would like a copy of the incident report** to file for our records as soon as possible. I need to **complete an incident report** for our **office** and I **need to confirm** a few details of **the incident**. Please **provide as many details as possible**.

- **How many fires where there in unit 2203?** I ask because the Nov. 2018 MARS report shows invoice date as 5/15/2018 and the incident report list the date of the incident as 10/4/2017. I would like to know if there where two separate fires or one with work completed seven months after the fire. There was only one fire in the unit. On 3/2/18 the contractor came out to access the burn unit, on 3/14/18 they came out and boarded up the unit, On 3/29/18 they started the demo on the unit and on 5/15/2018 the started the renovation and repairs to the unit work was completed on 11/14/2018.
- **During** the repairs, did the tenant(s) have to be relocated to another unit? If so, please provide the dates the tenant moved out **and** moved back in. No resident moved off the property on 10/14/2018.
- Was there any news **coverage of the incident(s)?** No

- Where any other units effected? Please list the units and the damages. No
- Have the repairs been completed? Please list the dates the repairs began and when they were completed. Was there an inspection of the unit(s) after the repairs where complete? Yes the work was started on 5/15/2018 and completed on 11/14/2018.

Once HUD receives this information, we can issue an official incident report. If you have any questions, please contact me at (817) 978-5837 or Lynette.Tillman-Johnson@hud.gov .

Thank you,

Lynette Tillman-Johnson
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27th Floor Fort Worth, TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwestPhud.gov.

Monthly Accounting Reports (MARS) should be emailed to MFSouthwestMARsPhud.gov

From: [REDACTED]
Sent: Monday, February 11, 2019 9:13 AM
To: [REDACTED] <Lynette.M.Tillman-Johnson@hud.gov>
Cc: [REDACTED]

Subject: RE: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT

Good Morning,

Please find attached incident report for unit 2203. I spoke with the Johnna Kizer, the Property Supervisor for this property and she stated that an insurance claim was not filed.

Thank you,

[REDACTED]

[REDACTED]

From: Tillman-Johnson, Lynette M [mailto:lynette.M.Tillman-Johnson@hud.gov]
Sent: Friday, February 08, 2019 3:08 PM
To: [REDACTED]

Cc: [REDACTED]

Subject: RE: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT

Hello [REDACTED],

Thank you for taking my call. As we discussed, there is a entry on the November 2018 MARS for a renovations for unit 2203 due to a fire (see below). Was there an insurance claim filed? If so, please provide a copy of the settlement of the claim and a copy of the incident report for the subject property.

3

GENSTAR COWMERLON INC

Os6s-e. 090 05/1512010 11f14/2ii8 05/1s1Toie The repaations fer unit 2203. Pend

Thank you,

Lynette Tillman-Johnson
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27' Floor Fort Worth, TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing

requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwestPhud.qov.

Monthly Accounting Reports (MARS) should be emailed to MESouthwestMARsPhud.qov

From: [REDACTED]

Sent: Monday, December 3, 2018 11:21 AM

To: MFSouthwestMARS <MFSouthwestMARS@hud.gov>

Subject: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT

Please find attached Tidwell Estates Monthly MARS Report for November 2018

Thank you

Any Questions please feel free to give me a call

[REDACTED]
Accountant

[REDACTED]

From: [REDACTED]
Sent: Wednesday, October 30, 2019 9:34 AM
To: [REDACTED]
Subject: RE: Tidwell Estates Apartments 800244087
Attachments: Microsoft Outlook - Memo Style.pdf

I have been over everything in laserfische and cannot find any evidence that an insurance claim was filed and settled with a check from the insurance company. Attached is a copy of the communication to and from Lynette about the fire incident. I pdf'd it so I could include the report from the property.

From: [REDACTED] <jonna.richardson@hud.gov>
Sent: Tuesday, October 29, 2019 11:18 AM
To: [REDACTED]
Subject: RE: Tidwell Estates Apartments 800244087

[REDACTED] — thanks for forwarding the email correspondence from Tidwell Estates property management. Yes, per the mortgage note and deed of trust, hazard insurance is required and per HUD requirements lender is to insure policies are in place on an annual basis. Also, HUD and lender are to be named as loss payees on the policy. Here, claimant argues that insurance payment was made to owner and HUD was not named on payment check. If this is not the case, we need to present this in the report along with documented evidence of such.

While there is an invoice in the record for repairs, based on management agent's email, there was no insurance claim filed and no other reference in the project's AFS of filed claim.

[REDACTED]

[REDACTED]

[REDACTED]

hud.gov

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

From: [REDACTED]
Sent: Monday, October 28, 2019 6:22 AM
To: [REDACTED]
Cc: [REDACTED]

Subject: RE: Tidwell Estates Apartments 800244087

Attached is what the property sent to me. However, with an insured loan hazard insurance would be escrowed. I am unclear why the pursuit in this. If you notice in Lease Term Notes they reference tax and insurance escrow balances. Below is an excerpt from the attached AFS/auditor comments:

"

Lease Terms Note

Restricted cash Tax and insurance escrows Monthly deposits are made to Wells Fargo Bank, National Association (the ?Lender?) for the payment of Project insurance and taxes. All deposits are pledged as additional security for the Project mortgage. As of December 31, 2018, the tax and insurance escrow balances were \$31,651 and \$34,849, respectively. Mortgage insurance premium escrow Monthly payments are made to an escrow account held with the Lender for the payment of mortgage insurance premiums. As of December 31, 2018, the mortgage insurance premium escrow balance was \$14,181. "

From: [REDACTED]
Sent: Friday, October 25, 2019 2:46 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Tidwell Estates Apartments 800244087

[REDACTED] — can you please contact servicing lender on this project for evidence of proper hazard insurance in place at time of fire incident and thereafter, FY 2017 — Present; and if lender was aware of a fire at the site or payment of a claim?

Tidwell Estates Apartments 800244087

Thanks,
Donna

[REDACTED]

From: [REDACTED]
Sent: Monday, February 11, 2019 9:13 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT
Attachments: Incident report for 2203..pdf

Good Morning,

Please find attached incident report for unit 2203. I spoke with the [REDACTED] the Property Supervisor for this property and she stated that an insurance claim was not filed.

Thank you,

[REDACTED]
[REDACTED]
hcox@hettig-kahn.com
[REDACTED]

From: Tillman-johnson, Lynette M [<mailto:Lynette.M.Tillman-Johnson@hud.gov>]
Sent: Friday, February 08, 2019 3:08 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT

[REDACTED]

Thank you for taking my call. As we discussed, there is a entry on the November 2018 MARS for a renovations for unit 2203 due to a fire (see below). Was there an insurance claim filed? If so, please provide a copy of the settlement of the claim and a copy of the incident report for the subject property.

3
GEMSTAR CONSTRUCTION INC

0565-8 090 05/15/2018 11 /14/2018 05/15/204 Me renovations fo unit 2203. Pend

Thank you,

Lynette Tillman-Johnson
Senior Account Executive
Southwest Multifamily Regional Center
801 Cherry Street, 27th Floor Fort Worth, TX 76102
Phone: (817) 978-5837

The Multifamily Southwest Region is going electronic! In order to streamline operations, we have established a centralized intake process in Asset Management. We encourage all routine servicing requests and correspondence which has been traditionally mailed to our office to be submitted via email to MFSouthwest@hud.gov.

Monthly Accounting Reports (MARs) should be emailed to MFSouthwestMARs@hud.gov

From: [REDACTED] hn.com>
Sent: Monday, December 3, 2018 11:21 AM
To: MFSouthwestMARS <MFSouthwestMARS@hud.gov>
Subject: TIDWELL ESTATES #114-11427 NOV 18 MARS REPORT

Please find attached Tidwell Estates Monthly MARS Report for November 2018

Thank you
Any Questions please feel free to give me a call

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

From: [REDACTED]
Sent: Wednesday, October 30, 2019 4:14 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: RE: Tidwell Estates Apts.
Attachments: First and Final Incident Report - London Square OK City - OK signed.pdf

There is no SOW for incident reports, it is policy that the FO's report anything that has or may have a news article regarding an incident at a property in HUD's portfolio. I have attached a copy of a typical incident report. With Tidwell, the fire was limited to one unit, no news articles and the tenant moved from the property. There was no reason to complete a formal incident report to HQ.

From: [REDACTED]
Sent: Tuesday, October 29, 2019 6:33 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: Tidwell Estates Apts.

Hi [REDACTED] — is there a Standard of Work on incident reports? I have in my notes that you explained incident

reports to be an internal function used to notify MFH upper management of potential public relations issues or questions and that such reports are elevated to senior management on a need to notify basis. Is this included in an SOW or policy?

Letters in **red** indicate missing owner's cert or EH&S support
 Letters in **golden brown** indicate REAC inspection performed but report pending release

Attachment A

Project Name	IREMS	REAC Score	EH&S Items (Y/N)	EH&S Cert (Y/N)	EH&S Support Docs (Y/N)	Other
Abilene North Apt LTD	800020635	88c*; 8/20/2019 95c*; 9/24/2014	Y Y	Y N	N N	Last Inspection 12/2015
Anos De Oro	800020656	95b; 7/31/2018 99a; 12/5/2014	N N	N/A N/A	N/A N/A	3.5 year lapse
Auburn Creek	800245098*	None	N/A	N/A	N/A	No Lapse RFR v. Noncritical repairs; endorsed 1/31/18
Bandera Commons Apts	800214331	59c*; 4/8/2019 66c*; 5/4/2018	Y Y	Y N	N N	No Lapse
Beard Estates	800017568	89c; 8/8/2019 86c*; 4/12/2016	Y Y	Y N	Y N	3 year lapse based on 86 score; EHS in laserfiche; 2019 EH&S support docs include EH&S Notification form, service order form and picture
Belen Apartments	800014546	94b*; 7/19/2019 90c*; 12/11/2014	Y Y	Y Y	Y Y	4 year lapse; lapse due to 90 score; support for 2014 and 2019 EH&S items consists of work orders with no photos
Birch Apartments	800222539	75c*; 7/24/2017 94b; 1/29/2014	Y N	Y N/A	Y N/A	3.5 year lapse based on 94 score last score was 7/17 based on 75 score; 2017 EH&S support docs include owner letter of certification
Birch Forest Apts	800224978	99b; 9/16/2015	N	N/A	N/A	4 year lapse based on 99 score last REAC inspection 9/2015
Broadway Lofts	800232927	94c; 4/12/2019 75c; 4/11/2018	Y Y	Y N	Y N	No Lapse
Burnett Place Apt	800247118*	None	N/A	N/A	N/A	No Lapse; Endorsed 9/27/2018
Cambridge Estates	800017580	61c*; 6/5/2019 90c; 6/26/2014	Y Y	Y N	Y N	5 year lapse based on 90 score; EH&S Cert and support dated 6/4/2019 for REAC inspection performed on 6/5/2019
Catherine Booth Gardens of Tyler, Texas	800226012	90c; 10/1/2015	Y	N	N	4 year lapse based on 91 score in 10/2015
The Classen	800234992	88b*; 9/12/2018 72c; 10/16/2017	Y Y	Y Y	Y Y	No Lapse
Cleme Manor Apts	800020777	72c*; 9/9/2015 63c; 11/5/2013	Y Y	N N	N N	2 year lapse based on 63 score; Only Owner's Cert in Laserfische is from Disaster Recovery in 2018
Colony Luxury Apts	800247042*	None	N/A	N/A	N/A	No lapse new Refinance in 10/18; effective 10/30/2018 new owner refinanced for \$14M
Columbia Apts	800020788	51c*; 6/10/2019 89c; 11/24/2015	Y Y	N N	Y N	6 Month Lapse; missing the owners cert for both 2019 and 2015 REAC inspections, laserfische includes supporting documentation with pics for 2019 but does not include supporting documentation or pics for 2015
Crescent Manor Apts	800020809	95b; 12/5/2017 82c; 11/3/2014	N Y	N/A Y	N/A Y	3 Year Lapse based on 82 score; support for 2014 EH&S items consists of work orders with no photos
Echota Heights	800017609	91c*; 9/12/2019 80c*; 5/2/2016	Y Y	Y N	Y N	1 Year Lapse
Encore Crossing Phase II	800236809	None	N/A	N/A	N/A	No lapse; endorsed 5/2018; HUD performed a physical inspection on 4/19/2019 and owner provided support showing repairs made on 5/23/2019; HUD performed a site inspection ("Trip Report") on 5/18/2016. No owner response on record for 2016 Trip Report

Evangeline Booth Friendship House, Inc.	800221425	Unreleased Score; 10/19/2019 70b; 6/25/2018 60c; 9/16/2016	Y N Y	N N/A Y	N N/A Y	Slight lapse; 1.5 years based on 60 score; 2016 EH&S items supported with work orders and pictures. Nothing in laserfische for 2019 inspection, as of 10/24/2019 the 2019 REAC inspection performed on 10/19/2019 has not been released yet
Flats at Five Mile Creek	800215629	85c; 3/8/2019 49c*; 1/11/2018	Y Y	Y N	Y Y	Owner provided support for 2018 REAC findings, however, the owners cert is missing in laserfische
Garland Towers & Garden Apts	800000606	93b; 9/3/2019 71c; 10/2/2018	N Y	N/A N	N/A N	Owner certs and support missing for 2018
Glen Hollow Apts	800246311	None	N/A	N/A	N/A	No lapse; endorsed 7/30/2018; PCNA in laserfische
Goodwill Village West II	800075292	96b; 7/14/2015 95b; 8/17/2007	N N	N/A N/A	N/A N/A	8 year lapse based on 95 score prior score 7/15 was 96; No EHS; Capital Advance loan
Granada Homes	800020912	Unreleased Score; 10/21/19 79c; 7/18/2018	Y Y	Y Y	N Y	2019 missing support in laserfische
Home Towne at Matador Ranch	800224345	92b; 8/7/2015	N	N/A	N/A	4 year lapse based on 92 score; no REAC inspection since 2015
Honeycutt House	800232197*	97a; 6/3/2019 97a; 1/4/2016	N N	N/A N/A	N/A N/A	Good 97A
Jaguar Plaza	800243659	85c*; 10/8/2019	Y	Y	Y	No lapse; endorsed 12/2017; EHS Owners cert with pictures provided
La Merced Homes	800021014	71c; 10/1/2019 93c; 7/20/2016	Y Y	Y N	N N	3 year lapse based on 93 score; 2019 owners cert with no support in laserfische. 2016 no owners cert or support in laserfische
La Posada Del Rey	800236117	92c*; 7/18/2019 79c*; 10/26/2018	Y Y	Y Y	Y Y	No lapse; EH&S cert and docs collected; 221d4; 2018 and 2019 EH&S owners certs provided with support and no pictures
Lake Park Duplexes	800243533	None	N/A	N/A	N/A	No lapse; new construction 221d4; 9/2018; Construction contract and building occ final insp report in laserfische. No HUD inspection or Trip report on file
Live Oak Manor Apts	800008100	84b; 10/4/2019 72c*; 10/9/2018	N Y	N/A Y	N/A Y	
Lookout Springs	800240851	None	N/A	N/A	N/A	No lapse; new construction 221d4; 3/2018; Building Occ final report in laserfische. Construction contract not in laserfische. No HUD inspection or Trip report on file
Magoffin Park Villas	800226628	87c; 11/29/2017 87c*; 9/10/2015	Y Y	N N	N N	Owner's certs and support missing for both inspections
Maywood Apts	800233895	None	N/A	N/A	N/A	No lapse; new construction built 9/2014; no information pertaining to construction or building occupancy on file. No HUD inspection or Trip report on file
Murray Manor -200 Oblate Inc.	800021566	82c; 12/9/2015 74c; 8/5/2014	Y Y	N N	N N	5 year lapse; Section 811 with PRAC;
New Zion	800078814	91c*; 2/2/2018 80c; 11/10/2015	Y Y	N Y	N N	3 month lapse; Missing all information with the exception of the owners cert for 2015
Nina Williams Sr Cit Housing	800075185	49b; 6/11/2018 76b; 9/9/2016	N N	N/A N/A	N/A N/A	2 year lapse based on 76; but not EHS items
Old Towne Square	800224947	85c; 5/24/2018 88b; 3/1/2016	Y N	Y N/A	N N/A	2 year lapse based on 80 score
Parc at Mansfield	800239798	92c*; 9/18/2018	Y	Y	Y	No Lapse
Park Manor Irving	800021195	63c*; 7/29/2019 82c; 5/25/2016	Y Y	Y Y	Y Y	3 year lapse based 82 score; 2016 EH&S support docs included EH&S Notification Form and service order form; 2019 EH&S support docs included service order forms and pictures
Pecan Grove Manor	800021218	50c*; 8/9/2018 90b; 12/31/2014	Y N	Y N/A	Y N/A	8 months lapse 90 based score; 12/31/2014 inspection report released 3/6/2015 ; 2018 EH&S support docs included maintenance work orders/completed actions worksheet

Pine Lake Estates	800021234	63c; 2/19/2016 95c; 11/17/2009	Y Y	N N	N N	7 year lapse last inspection Nov 2009 most recent inspection was Feb 19, 2016 but mortgage currently prepaid; effective 8/9/2017 new owner refinanced for \$3M;
Point Royale Apartments	800231711*	71c*; 5/9/2019 90c*; 6/7/2016	Y Y	N N	N N	3 years lapse but based on 90 score so good: EHS Cert and Pictures referenced in iREMS;
Reserve at Lone Oak	800246541*	None	N/A	N/A	N/A	No Lapse New Construction dated June 2018; No scores Good
Residences at Pinnacle Hills	800245429	None	N/A	N/A	N/A	No lapse; new construction 12/18/2018; Construction contract in laserfische. Unable to find Building Occ final inspection in laserfische. Also, no HUD inspection or trip report on file
Ridge Parc II Apartments	800242687	None	NA	NA	NA	Refinace purchase - endorsed 4/27/16
Ridge Parc Apts	800214563*	85c*; 1/4/2018 74c*; 12/9/2016	Y Y	Y N	Y N	No Lapse; EHS Cert and Docs loaded to Laserfiche per iREMS; 2018 EH&S docs included work orders and pictures
Robins Garden Apts	800021296	96b; 8/17/2019 61c; 3/30/2017	N Y	N/A N	N/A N	1.5 year lapse on 61 score; HAP Contract
Robinhood Apartments	800046873	72c*; 1/25/2019 80c*; 10/23/2017	Y Y	Y N	Y N	No Lapse; support and pictures provided for 2019 EHS owner cert of repair completion
Roscoe Dunjee II	800112207	78b; 9/15/2017 88b; 12/8/2014	N N	N/A N/A	N/A N/A	9 month Lapse
Roscoe Dunjee Senior Living Ctr	800075180	49c; 6/6/2018 77b; 3/27/2017	Y N	Y N/A	Y N/A	No Lapse; 2018 includes owner's cert and support without pictures
Rosemont of Hickory Trace	800245709*	None	N/A	N/A	N/A	No Lapse; mortgage terminated Aug 2019
Santa Rosa Apts	800014623	79c*; 3/21/2019 88b; 2/25/2016	Y N	Y N/A	Y N/A	3 year lapse based on 88 score; 2019 owners cert with support and pictures provided
Silver Garden Apts.	800020845	76c*; 9/12/2019 71c; 3/26/2014	Y Y	Y N	Y N	5 year lapse based on 71 score but due to construction rehab; 2019 EH&S support docs included work orders and pictures
Springdale Estates Apts	800217460	92b*; 7/10/17	N	NA		
Stratford Square	800017737	83c*; 7/3/2019 77c*; 5/5/2017	Y Y	Y Y	Y Y	2 year lapse from 77 score; 2017 and 2019 EH&S supports docs included EH&S Notification Form, maintenance/service request forms
Strawberry Fields	800017738	88c; 5/13/2019 81c; 11/27/2012	Y Y	Y Y	N Y	7 year lapse; Section 202 with HAP; 2012 EH&S support docs include work orders
Sun Valley	800021385	60c*; 8/11/2019 80c*; 8/3/2015	Y Y	Y Y	Y Y	4 year lapse based on 80 score; 2019 EH&S support docs included owner certification letter and work orders; 2015 EH&S support docs included owner certification letter
Tall Timbers Apts	800021406	96b*; 8/15/2019 96b; 9/18/2015	Y N	Y N/A	Y N/A	4 year lapse based on 96 score; 2019 EH&S support docs included EH&S Notification form and service request form
The Ravinia Apts	800212655*	89c*; 8/16/2019 51c*; 11/16/2018	Y Y	Y N	N N	No Lapse EHS Cert
Tidwell Estates Apts	800244087*	73c*; 2/27/2019	Y	Y	Y	No Lapse; this was fire incident in one unit last inspection was 2/19 – 73 c; 223f Refinance on 5/24/17; 2019 EH&S support docs include EH&S Notification form and work order forms.
Travis Park	800046872	95*; 9/3/2019 87b*; 10/30/2015	Y Y	N N	Y N	Lapse; 2019 support includes the EH&S notification signed by the owner but not the owner's certification as to the completion of repairs
Villa Madre Apts	800021478	91c; 8/13/2019 92b; 1/24/2014	Y N	Y N/A	Y N/A	Five years between inspections
Ware Meadows Apts	800021511	89c*; 6/10/2019 74b; 8/3/2016	Y N	Y N/A	Y N/A	Three years between inspections

Villa De Amistad	800021473	Unknown; 10/23/2019 78c*; 7/17/2018 92b; 10/21/2014	Y N	N N/A	N N/A	Last Inspection 7-18-18 was 78c; so due now; <i>recent inspection on 10/23/19 with EH&S items but report not released as of 10/24/19</i>
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Total properties reviewed	REAC Insp	103	EH&S ITEMS = Y	EH&S Cert not on file	EH&S Support not on file
66	No REAC Insp	12	75	32	37

Percentage of Owner's Certs not on file	43%
Percentage of files without EH&S support	49%

Project Name	IREMS	Proof of fidelity bond insurance in laserfische (Y/N)
Broadway Lofts	800232927	Y
Columbia Apartments	800020788	N
La Posada Del Rey	800236117	Y
Oakcreek Village	800021156	Y
Point Royale Apartments	800231711	Y
Rainbow Village II	800211669	Y
Rollingbrook Apartments	800074547	N
SharyRoad Apartments/ Plantation Apts I	800232562	Y
The Residence at Eagle Pass	800225390	Y
Total properties reviewed		Total with Fidelity Bond Support
9		7

Percentage of properties with Fidelity Bond Support in HUD Records	78%
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Other
Cert of Ins includes Commercial General Liability Insurance
Branch Chief located
Crime theft coverage included in document titled "Evidence of Property Insurance" in laserfische. Coverage period 10/1/18 - 10/1/19
Cert of Ins includes General Liability plus an umbrella policy. Effective 7/13/07 - 7/13/08
Included on last page of document titled "Certificate of Insurance"; effective 10/16/09 - 10/16/10
Actual fidelity bond certificate included in laserfische under document titled "Bond or Indenture Agreements"; Effective 4/21/2004
No certificate of insurance in laserfische -- Branch Chief requested copy from management agent which was provided.
Proof of insurance provided, however, Cert of Ins includes General Liability, Automobile, Excess Umbrella, Workers Comp and Employers Liability. Also proof of Builders Risk Ins included in document---Was filed under management agent's name.
3/24/08 - 3/24/09; Cert of Ins includes General Liability, Automobile, Excess Umbrella, Workers Comp, Employers Liability and Professional Liability . Also proof of Builders Risk Ins included in document

Exhibit 4 - Interview Notes, Claimant

Interview Notes
Initial Telephone Interview
Claimant
October 2, 2019
4054 North Los Angeles Street
Los Angeles , California
Via phone at 8:00 am Pacific Standard Time

Claimant. Called started at 8:01 am. OSC referral. Plan to meet with you next week.

Title: Senior Asset Manager

Background: Qualified as SAE been in mortgage finance industry for 10 years. Residential and Commercial. Also worked at SBA (audit/compliance side). Testing that all loans complied with regs.

Audit and compliance type work (transactional testing as well) i.e. reviewed loans.

Management structure in FTW MFH reported to Branch Chief A who was her manager when she started.

Claimant's start date was September 4, 2018.

How many teams in FTW Asset Management MFH: 5 Branch Chiefs with SAE and AE under each with program assistants.

Two SAEs under Branch Chief A with six AEs on Branch Chief A's team.

First month Branch Chief A was supervisor, then moved to Branch Chief B's team after discussion with MFH Director,

Terminated in March 2019. So, on Branch Chief B's team from October 2018 through March 2019.

Responsibilities: handing portfolio of approximately 30 properties while on Branch Chief A's team.

Look at the monthly report (Portfolio and Exceptions) which we can get from FTW.

Each month they send out a list of your properties in iREMS. September and October 2018 should have the reports. May not have all the properties that were assigned to her but iREMS should have it. Claimant suggested we ask MFH for it.

Portfolio and Exceptions report that is generated monthly that spreadsheet sent out to Asset Management with every property assigned to each Account Executive. Filtered by name all SW region.

What system did you rely on for documents; Laserfiche, iREMS, APPS. But something from production team would be Sharepoint site. All should be uploaded in Laserfiche.

Training modules provided to you when onboarded;

- Electronic file all of main duties broken down;

- Old training modules;

- Take what you can throw rest away as not needed;

- Any online guidance; HUD at Work. Yes, found online at HUDClips;

References to certain properties; Oak Creek, Rainbow Village, Rollingbrook. Relates to risk rating changes. No action plan from prior Account Executives. No help or no training. Branch Chief A told her to just do it as she is a Grade 13 and should be able to do it. No changes in property i.e. same condition, yet risk rating changed.

They should have had an Action Plan. It should have been a Troubled property. In DEC and in litigation so should be Troubled and sent to Resolution team. Last note in iREMS was in 2017. Should have had a handle on it prior to her starting in the position.

Need Action Plan when rated 1 through 5. It was re-rated as a 7 with nothing changed so why did it change. Why did it go from a 5 to a 7? This risk rating changed before it got to her. Should have had an action plan and gone to resolution.

Asked Branch Chief A to train her on the Action Plan and he ignored her. She spoke with MFH Director and told her about everything i.e. no training, not sure what to do and she offered to help her. MFH Director moved her to Branch Chief B's team and the five properties that Branch Chief A identified as lacking Action Plans would stay with Branch Chief A's team.

MFH supposed to document who changed the ratings.

Name of Project: She will get it to us.

REAC inspections EH&S (across the board on her portfolio) where did not have the certifications from owner and told to close?

Several emails documenting conversations. She will send to us.

3 names; recording and emails on the insurance.

2530's Branch Chief B told her to stop doing the reviews. When she is doing a review of her projects, she was told did not have to do it as MFHSW Asset Director knew them so no need to ask.

Insurance (will send us the three). Some of the documents will be backdated. Was told to accept a back dated Management Certification.

All DEC referrals had to go through Branch Chief B related to AFS \$80K UAD, Fire incident; should have been in 2017.

Any NoVs on Physicals? Someone in the dept. (Program Analyst) did that for them. Email from Program Analyst that NoD was issued, and AE had to follow up on it. AE would look at score, report in iREMS.

EH&S items handled; AE was to contact owner. Owner has 3 days to correct. They would send you a Certification indicating it was completed with proof. NoV provided a list of items.

When she received the properties, over 90 EH&S old (back to 2013), were told to just close them. Nothing from the Owner. She put comments in iREMS about it. Advised to close by Branch Chief. Not sure if re-inspected.

Regardless of score, EH&S must be addressed via documentation. Escalation actions on that.

Nothing in writing; but another Senior Account Executive helped her close them out.

No MORs or onsite physicals.

AMPs log: everything submitted to AMPs log from owner i.e. RFR requests.

RFR: some arbitrary releases on different properties. Every RFR request goes through AMP and Branch Chief B would tell her what to work on.

HUD Handbooks state -can't release RFR in first year of property unless emergency. Deny it and send them to use of funds for non-critical repairs.

\$1 million non-critical repairs RFR for items not disclosed in underwriting. Anything set aside for non-critical repairs is returned to Owner at end of one year. Holding non-critical repair funds and

In her termination letter: 2 properties non-critical repair funds set aside; repaired items in the first year so should have used the non-critical reserve fund vs. the actual RFR. Branch Chief B signed off on them as above her authority. Names of properties: Point Real 800231711.

Followed up with Owner to get the insurance document. Auburn Creek 115-11267

“Email December 11, 2018”

UDAAP – unfair, deceptive, or abusive acts or practices

Are there are others in MFH; has a list of employees. She will send it.

Interview Notes
In Person Interview
Claimant Tillman-Johnson
October 8, 2019 @1pm
Fort Worth DEC Office

[REDACTED]

Claimant has Banking background for over 12 years; Chase, BoA, NationStar (Zome) in the compliance, audit division.

Eventually assigned about 70 projects. Initially, started with Branch Chief A.

Tidwell: Fire in the building in October 2017. Contractor came out to assess damage. Claimant stated that an Incident report must be completed by HUD and Owner. (Check requirement for this in HUD policies. Any incident report must be issued by HUD to the Owner; explains everything that must be done. Branch Chief B told her not to do it since it was old so not going to issue. Look in Statement of Work for reference that Incident reports requirement. Owner submitted an Incident report to MFH but Branch Chief B said not to do anything and move on from it.

Look in Laserfiche to verify that HUD was not additional payee. HUD was not required to sign off on it.

\$10K check on Monthly Accounting Report MAR is how she figured it out about fire and that HUD was not the additional payee.

Columbia Apartments: 200 units; one of the buildings was taken offline with safety concerns. How did you determine it was not insurable property as stated in your Claim; conversations with owner that he said not insurable because of the damage. Not sure if all 10 buildings but not sure if all or just one. Owner feared for other units. Claimant was not sure what happened to the 20 tenants.

Was it being subsidized still? If properly servicing it, would have known the reserves were low. When asked if there was an RFR requirement on this HAP only property, Claimant indicated not sure.

Owner has asked for help from prior Account Executive at HUD. Still had other concerns. Still receiving HAP subsidies. [REDACTED] (MFH Asset Manager) reviewed property details with her with another AE before going to property. Not sure about individual units receiving HAP i.e. not sure if Owner was fraudulently billing for vacant units.

Any contact with SHCC? Claimant said she did not have any contact with the PBCA. Branch Chief B told her to get an engineer report. Columbia's Owner did not pay for the report so never

released. Up until the time she left, nothing was done in terms of REAC or MOR and Branch Chief B told her not to do anything.

On HAP only properties, where is it required that the project have insurance.? Will have to look it up and Claimant will get it to us. She was not sure offhand.

What is an Orange report? Report issued to MFH that needs a MOR review or not done by contract administrator. Each AE has to pick 3 properties to do MORs on but since she was new, she had to shadow other AEs to learn even though she had properties that needed them.

She stated that she never had access to Risk Rating system. OPIIS rating in iREMS is incorrect as well as in Sharepoint. But she never got access to it.

No training; asked for it but did not get anything but check the box training. Material is old, pull from it what you need. Statements of Work is being updated, ask your team lead. She had access to HUDClips, HUDUniversity but was not aware until fellow asset manager sent her an email with it. Even when you bring it to them, Branch Chief A and Branch Chief B stated the material is old and not cookie cutter, won't have a specific way to do things. They control it and it's a "do as I say" management style.

Up until date she left, nothing had been done by HUD. Owner did not specify how many other units were affected.

TPA: Capdau. This TPA was received at the time of originations and should have been completed before final endorsement. Branch Chief B assigned the property to me ordered me to use the documents that she emailed. Instead of getting new documents to replace the expired documents.

When looking at the TPA, all documents were old. TPA was not completed under underwriting. The whole TPA package was submitted during origination. She would need all new updated documents but Branch Chief B told to her to use the existing documents. Branch Chief B told her no attorney review was necessary as they already reviewed it. When asked what needed to be updated in the TPA package, the Claimant stated that she was not sure specifically, but the entire package needed updating. She used the Apps system for flags that were not there initially during underwriting. She indicated that this task was transferred to another AE to [REDACTED], who likely pulled the new documents. Another AE is on Branch Chief B's team so not sure why Claimant's requests for updated documents was denied where another AE was allowed to do it.

She went to other teammates and told not to ask her teammates but ask Branch Chief B directly who sometimes offered conflicting responses. Inconsistent responses with what other staff on team were provided. Claimant went to MFHSW Asset Director with concerns about inconsistent treatment against SoW and Handbooks. Branch Chief B isolated Claimant and Claimant would have to call other teammates. Branch Chief B would threaten her job. Just do

what I say; having an issue with doing what she is told, and she is on probation to determine if we go forward with your career here or not.

Hazard/Fidelity Bond Insurance Requirement

What is HUD policy; HUD must be an additional payee on the insurance per regulations. Where is the requirement for this? Claimant stated that the requirement is in the HUD Handbooks but did not have it readily available or specific citation. She retrieved her phone and searched online but was not able to provide specifics. HUD Form 9839 (Management Agent Cert Form). When asked if it is a HUD regulation, she stated she was not sure but googled while we discuss it and stated, “ HUD Handbooks 4381.5 and 4175.4.”

Frequency provided to HUD? Claimant stated that proof of insurance should be annually, and the certificate of insurance form has to be sent to HUD Account Executive. Anytime you approve a management agent certification, Owner must provide HUD the certificate of insurance per the Statement of Work, Claimant stated. These apply to FHA insured, not sure if applicable to HAP only. Claimant did not bring any documents with her but instead searched through emails.

On the nine properties listed, there was nothing in HUD’s files i.e. Laserfiche. Claim is that there was no active proof that HUD was named additional payee via the certificate of insurance that would list HUD as such. Claimant stated that she did not contact any of the lenders to verify if they maintained such insurance documentation.

Backdating Management Agent Certifications; La Posada and Point Royale

Management Certification was expired; Branch Chief B attended meeting with the management agent and told the management agent she could backdate them i.e. the effective date of the management agent fees. 9/4/2018 was Claimant’s start date so the date would be before she started. Claimant did not sign them, Branch Chief B told her she would do it. At time of Claimant’s departure from HUD in March 2019, those certs were reportedly still not signed by Branch Chief B.

Cert Form has both signature lines for AE and Supervisor i.e. Branch Chief.

Claimant contacted prior management agent and stated that the IREMS information was incorrect. Prior management agent sent letter to Claimant about when they ceased as management agent, but she was not aware of the time gap between management agents. Owner initialed change in management agent. Indicated that we need to check out the dates. After learning about new management agent, Branch Chief B told new management agent to backdate

the agreements so they can receive the fee. Was not sure why Owner did not contact HUD approval for new management agent. Claimant instructed us to look in her notes to see if there was an actual gap in management agents at the property.

Claimant sent the invite for initial meeting with owner and management agent.

EH&S Items Dated and Closed

Claimant clarified from original interview that Actionable items were not actually all EH&S items only, but activities that are past due including expired HAP contracts and loan defaults. Branch Chief A told her to close any out that were over 1 year old. Loan defaults were also on there. Claimant stated that there was no validation that the items were actually resolved.

EH&S items, maybe 30 items and could have been across different properties or just one. Anything that had REAC inspection, some of the items cannot be closed as system does not allow it. iREMS should show history of these closures with comments.

She initially thought the items needed immediate attention.

One had lead based paint that would have required more documentation to close it. Had to tell owner to sign cert. documentation even though it was not fully abated. Claimant was not able to provide which property this applied to but instructed us to look in her emails. Branch Chief A told her to have Owner sign the certificate even though they knew.

Branch Chief B, on one property, had already entered the cert was received because they have 3 days to certify. However, the Assistant gave Claimant the cert days later so when she went into the system, it was already done. Claimant stated that she's not sure which property this is applicable to. Claimant stated that if we dig into the system, nothing is deemed late so possible mishandling of the receipt of actual certification. Have to look at Laserfiche to see when the actual cert was signed. Laserfiche has the emails from the owner. AMP log what they have to do each day. Claimant stated that MFWSW mailbox where the AE can access it. You can see the mailbox when the cert was received vs. iREMS date where it is closed. Does iREMS show actual user that closed? Should be a digital log of who closed it so can see who closed it i.e. Branch Chief B or the AE.

Auburn Creek

Non-Critical Repairs versus RFR:

Do you work with HUD MFH Production team to determine what comes out each reserve? Statement of Work? Claimant stated that if non-critical funds, it goes to that production team.

Another Senior Account Executive looked at this one with her. 50% of units escrow for non-critical repairs. Claimant called the servicer; they had spreadsheet with details. They could not determine which units were to be repaired now vs the other 50% to be rehabbed 5 years later.

Branch Chief B said don't worry it. Owner sent in 3 RFR requests to Claimant. She asked for spreadsheet for lender. 11 draws already on the property for non-critical repairs iREMS at that time did not show any withdrawals for non-critical repairs. First request for RFR was around time 11 draws already on non-critical repairs. Millions disbursed and owner in process of depleting the non-critical repair reserves. She declined an RFR for remodeling repairs. Work had already been done in April 2018 (receipts dated) with requests coming in February 2019.

Claimant instructed us to look in her emails about this one. RFR requests: \$11K, \$40K, and last one was canceled by owner. She stated the Owner did specify unit numbers on receipts. Branch Chief B told her she had to approve these 2 RFR requests even though the Owner had non-critical repairs escrow funds available. The PCNA did not specify which units but only 50% of units with other 50% done using the RFR. (Need PCNA to verify statement). So PCNA detailed that the first 50% rehabbed be funded via non-critical repairs with other 50% completed using RFR within in five years. She claims that after one year, the non-critical reserve is refunded back to the owner to do what they want. She believes the 12th draw on the non-critical repair reserve was given back to the owner. iREMS indicates around \$882K the DEC found. Do you know if they completed the 50% rehab of the units? Claimant stated that she does not believe the 50% of units were rehabbed by that non-critical reserves. Branch Chief B told her not to focus on non-critical repairs as not in job description.

Branch Chief B told her to send it to her and she approved it. What did the lender say; it's the owner's money. HUD has to approve releases from both reserves. Claimant's delegation is \$25K so her name is on the \$11K but Branch Chief B's name is on the \$44K.

MFH SoW states that only one RFR per quarter. 2/5/2019 2/13/2019 a second request was entered and only one per quarter. \$10,914.22 Final endorsement.

RFR release decisions i.e. good vs. bad areas:

Mailboxes replaced but it was not in the PCNA. Claimant stated that HUD Handbook's states that items must be listed on the PCNA list, if not, must deny requests. Claimant denied the requests because of this. Branch Chief B told her it was in a nice neighborhood so go ahead and approve it. Claimant will get us the name of the property.

Also, something on the cement needed repair but that was not in the PCNA either, but they approved it regardless. When asked if this item could have come from the REAC inspection, Claimant was not sure. Even though it put them under the \$1K per unit minimum threshold HUD wants at all properties. Claimant stated that Branch Chief B Googled it and since it's located in nice neighborhood, we have to compete, so go ahead and approve it.

We asked Claimant to provide other instances and she indicated she had none at this time but will provide if she finds others. Bad neighborhoods. Claimant stated that Branch Chief B would not say a bad neighborhood but say it's challenged, or trash around the properties. Claimant could not provide cases for us to review but Branch Chief B would google it. Claimant stated

that she has no proof that any RFR requests specifically were denied for this reason. Claimant then stated it could have been EH&S items but could not offer any specifics.

Claimant instructed investigators to get the list of properties that Branch Chief B and another Account Executive and Claimant visited, Branch Chief B told her when driving through certain neighborhoods, they should require proof of work and extra critique of RFR requests.

Another Senior Account Executive directed Branch Chief B to Handbooks for RFR guidance. She would know who was responsible to replace the blinds because if tenant is required to, then RFR could be used because it was in good neighborhood. Claimant did not have the name of that property. Will try to find it. She can get us a list of all her RFR approvals so we can do the research on them.

Exhibit 5 - Interview Notes, Branch Chief B

Columbia Apartments

Nothing in REAC prior inspections about settling at the property. Owner sent MFH some information with a draft engineer report and they got into litigation with engineer. 8bb budget authority for 20 units; so want to move budget authority to another property. Owner wants to tear down building and build new building. Settlement issues with foundation.

PBCA (SHCC) determined that the Owner was not billing for the 20 units. Owner has to request action. Branch Chief B told her to start looking into an 8bb with PBCA. It could take two years to get an 8bb done. MFH HQ has to approve it. Property was transferred to Resolution Team recently.

Not sure when REAC inspection was ordered on the property. Not sure where to get that information as to when ordered. See if we can find out when.

SHCC is PBCA. TRACS might have the information. PBCA has data about when the units were being marked as vacant. Will see if she can share with us the PBCA communication about the offline units.

Backdating of Management Certs:

Sometimes management agents change or walk off a property. Approve them as of a specific date. Would not be fair to not allow the new management agent fees when they actually worked during the time they took over. Branch Chief B stated that she never asked to backdate the signature date but maybe the effective date of the management agent agreement to allow new agent to collect earned fees.

La Posada del Ray:

Point Royale:

Branch Chief B will check records and provide us information on these two.

To sign off on the 9839's, require all the documents tenant resolution, approved 2530's, etc.

Is there a SoW on management certs? Doesn't think there is one.

TPA (Capdau)

TPA process not followed per Claim. 2530 APPS or 2520 Written. The 2530 processed at preliminary. If 2530 approved, then don't need to get an updated 2530. APPS might just be for a non-filer so just because flagged doesn't automatically necessitate a new form.

Does AM touch a TPA before final endorsement? Production handles if is before final endorsement.

AE checks for completeness of submitted TPA package; it will be rejected as incomplete and owner would have to resubmit everything. Guidelines on TPA, if incomplete, send it back. They will make them pay the TPA fees if not complete to resubmit.

Insurance on Properties

Only at origination does the Owner have to submit it to HUD. Insurance policies are not required to be submitted to HUD on an annual basis after final endorsement.

Could be that Laserfiche is complicated and the documents may be there but hard to search. Could be in the hard files or difficulties in uploading.

Will check Statement of Work to see if certificate of insurance is required to be submitted to HUD directly vs. the lender.

Inherited Cases

She was not happy with Branch Chief A and asked to be on Branch Chief B's team. [REDACTED] put her on Branch Chief B's team.

The Residences at Eagle Pass

When there is a delinquency, AE calls the Owner. Not solved overnight. Can take a few days.

Auburn Creek:

Claimant processed all RFRs under \$25,000. One item should have been paid from non-critical account.

She could not get Claimant to get everyone together to determine which units were being repaired. Escrow Agreement did not specify which 51% of units to be rehabbed. She could not provide the specifics on the units. As Claimant could provide her details, Branch Chief B paid it (\$10K) and reassigned the account to new AE. Given Escrow Agreement is so vague, just wanted to make sure nothing was double paid. Owner stated to Branch Chief B that none of the RFR were non-critical repairs covered in Escrow Account. The \$40K one RFR was RFR repairs, not non-critical.

Owner got a six-month extension on the non-critical repairs. Production approved the six-month extension. She could not get Claimant to work with everyone to get this resolved.

Go with Escrow Agreement as binding and not the PCNA.

SoW supposedly only one RFR in a quarter, but two were completed within days. Branch Chief B pointed to the RFR Handbook. 223f is an exception to the rule about RFR withdrawals. Need to quote in DEC report.

Transformation resulted in brain drain of experienced staff.

Claim was that RFR is based on PCNA and must be detailed in the PNA to be released. Branch Chief B stated this is not accurate as things change.

RFR Releases

Glen Hollow: Claimant stated that mailboxes and cement not included in the PCNA and Branch Chief B approved them. Branch Chief B says not always the case that RFR be only for items found in PCNA. RFR releases and the \$1K at discretion of Branch Chief in the Handbook. Program Director designated in Handbooks. RFR Handbooks.

She does admit there are cases where RFR below the \$1K threshold but warns owner that no more releases until over threshold.

Exhibit 6 - Interview Notes, Branch Chief A

Branch Chief A

October 9, 2019 1:00pm Central Time

FTW DEC Conference Room



Claimant was on Branch Chief A's team for about two months. Branch Chief A explained MFHSW's onboard training; at tail end of long term 2-3 years training using modules for newer staff. Claimant was hired at tail end of hiring. Branch Chief A was part of hiring process. His expectations of an SAE is that hit the ground running. However, he noted that is going to take time to get head around matters. Generally, SAE's are assigned a higher number of properties for and if the employee is coming from outside of HUD, it will take longer for them to comprehend the program(s). Claimant interviewed well during hiring process and indicated she could handle complex issues. Training provided to Claimant while on Branch Chief A's team included; modules were provided. AMPS = tracking system.

He indicated that an SAE could have 300 tasks, but they start them off simpler items.

Branch Chief A has been with HUD for 17 years, all in MFH. He is no longer in Asset Management, but now a branch chief in Production.

Reply to non-critical repairs reserves versus RFR reserves: Approximately 1.5 years ago; if AM handled non-critical, then AM would handle it the disbursements. Timeframe of closing the non-critical repair reserve account; all critical items must be addressed before final endorsement while all non-critical items is generally within one year from final endorsement however, the Escrow Agreement would detail it and there can be extensions granted. There was confusion about who should handle non-critical. Escrow Agreement for duration of non-critical reserve and it possible for the deadline to be extended. Discouraged to extend it but can do it. Escrow Agreement has the details of non-critical.

Reply to question if an RFR request is received while the Project still has non-critical funds available; if other items have come up after PCNA was done, there could be justification for releasing RFR funds. Another possibility is that the final inspection of property could bring up new items that were not in PCNA. Items on the non-critical list must be completed. If the non-critical reserve account is depleted, the other possible sources of funds could be Owner contributions or the RFR. An example would be broken toilets that would not have been in the PCNA. MFHSW has the rights to make a judgement call to determine if for the benefit of tenant e.g. a tenant not living with a broken toilet. The Branch Chiefs have some discretion taking into account if is for the good of the property. Reply to Claimant's position that the RFR for first year can't be touched; Branch Chief A indicated that there is a strong preference not to pull from RFR in first year. However, some items come up that must be addressed. Response to Claimant's position regarding the \$1,000 per unit threshold should not be violated; it may occur

on some properties where the RFR may fall below the \$1K threshold, which is the standard, but MFH Branch Chiefs have discretion especially if it is to ensure betterment of the property.

Response to movement in Risk Ratings i.e. arbitrary changes. He indicated that MFH is always trying to sort out troubled properties. The risk rating is generally revisited annually, if not a troubled property, however, not necessarily every January say. Lots of factors go into the rating. AFS, REAC inspection with risk rating scale 1 through 10 with one being the worst.

Response to if a risk rating can be overridden by a Branch Chief; Yes, with examples of 1) AFS is late but a discussion with the Owner finds that it's an issue with REAC and beyond the Owner's control and 2) new information is received which can come in at any time. This could improve a risk rating. The risk rating system used to be more manual with mostly input from the AE/SAE. Reply to why a risk rating could have changed when Claimant first arrived despite no changes in the property over the prior 3 months: He indicated that it could have been some properties that were temporarily not addressed for a short period of time and this was the reason MFH hired the Complainant and other AEs. The Complainant was hired to replace a SAE, with a case load of approximately 90 properties, left HUD. Branch Chief A was not aware if the system captures who made the changes to risk ratings. She was given 40 possibly at first to get feet wet.

Reply to question about if Owner is required to annually submit proof of insurance to HUD directly; he was not sure if there is a policy about annual cert. of insurance to HUD and noted he can't speak to it i.e. not sure if it is a requirement. He noted that an MOR review would catch if it is a HUD insured property. He stated that the MOR schedule based on Project's risk rating. He was not sure if there is a mechanism for Owner to submit annual certificate of insurance.

Regarding HAP only properties requirement to submit proof of insurance to HUD directly, he was unsure of any requirement but did not that an MOR completed by the PBCA would likely check for insurance.

Branch Chief A managed 7-8 staff with 70-80 assigned properties per staff member.

Reply to an Incident report requirement; he stated that you try to get it done promptly. Informed us of what is included in an Incident report; loan details, what happened, then processed by AE, then to BC and on up. Is it required and where is it required? Doesn't think it's in the HUD Handbooks. Indicated it is a best practice so HQ is aware of any issues like shootings, fires, that might make the news. Any provides information to HUD officials that might visiting the area, so they are not surprised. Stated that it is always good to have an administrative record.

Comments on Columbia Apartments regarding settling at the property. PBCA would be doing management reviews and coordinating REAC inspections on HAP only properties. He could not speak to if subsidy was being paid for the 20 units offline. Most important is that safety of the tenants. Might be able to go in TRACS to determine which units are occupied.

New employee training on TRACS; maybe not as so much to learn. Not everyone has TRACS access and many of times when staff get locked out time and time again.

He suggested looking at the Problem Statement as maybe the item may not have cleared out by oversight. If not an ongoing concern, like one missed payment. When Laserfiche was brought on, some docs not uploaded, and paper file archived.

MDDR all SAE should have access. If there was a gap in SAE's, have to professional judgement to determine what to close. Make an attempt to fix.

Reply to a TPA processed without proper documentation relating to Claimant's position that old documents and process delayed, so needed new TPA documents. Branch Chief A indicated that MFH would request a statement from the Owner that nothing has changed from the original documents submitted. Would have input from Branch Chief. If time period expires between it, he stated that is a judgement call to see if new documents are required. No specific time frame that he is aware of to submit new documents if time lapsed. OGC involved in organization documents. Finalized as appropriate and all documents on file with OGC concurrence.

Exhibit 7 - Interview Notes, Asset Management Director C

MFHSW Asset Management Director C

October 3, 2019

9:00 am Pacific Time

Phone Interview

Onboarding of new account executives and senior account executives – first day with Admin and OCHICO, broader spectrum of HUD. Once in MFH, branch chief assigned. MFH Operations has an onboarding individually or in a group. MFH Operations provides how to use webTA, InCompass, Sharepoint, travel card, etc. via a Power point presentation.

Once on the job, start with a light portfolio. No classroom training and more informal and using the actual projects they are assigned. Not an official training program but they have 52 modules with common tasks that an AE will see. They are exposed to the most common issues first, then more complex issues. Also working with them as items come in for first-hand experience.

There's also an MFH national Standards of Work site; a set protocol for the most common type tasks. AEs can go to library to follow step by step process.

Not throwing them all at once. A lot of observations. You are not going to know everything off the bat and it will take time. MFH provides them the resources they need.

Senior AE would be expected to know a bit more and more up to speed than an AE as it's a grade 13. Same process is provided for everyone when they come in. Same training and an opportunity to learn and time to learn.

OAMPO provides update frequently. All AE have access to OAMPO.

Each branch chief has weekly meetings to go over training and updates on where the staff are with portfolio.

New AEs have mentors. Give them an opportunity to learn. AM Director C meets with each new employee with a check in to inquire what do you need help with. Once a month, all the branches in on a call where anyone can ask questions to ensure issues are clear and consistent. AM Director C and the branch chiefs head this up.

Why a risk rating might be changed.

Detailed documents on it. QAS allows specific employee to be an individual input but not change it,

Troubled property. Have not filed the AFS, but the AE may know that it's a REAC issue.

Not uncommon that rating changes. Almost 5,000 properties in the SW MFH portfolio. Sometimes portfolio change. So, if it was just a late AFS, may have been overridden based on this knowledge. Constantly gauging what is the most important to focus on.

Action Plan: Owner initiated, or HUD started. Plan between HUD and Owner that could be as simple as a letter.

Exceptions report; HEREMS and iREMS and match it up. Advance notification of what to come up on monthly HQ call. Do we need to correct it? Someone has to change the rating.

Employee confrontational when she challenged on the rating as one item not a full-on issue to be gauged a troubled property. Happened when on both teams. Changed branch chiefs after a month. New branch chief different style and did not solve anything.

Owner has opportunity to appeal the REAC score so could be a delay in the risk rating to catch up.

Is there a method for someone to manipulate the risk? Data will pull from HEREMS, fail checks are calls with HQ portfolio assessment.

Process for handling abandoned projects.

AM Director C been with HUD for 8 years and no abandoned properties since with HUD. Sometimes properties are damaged and not all properties but assisted, would not being paid subsidy on it. Anytime there is a unit that is uninhabitable, cut off funding with contract administrator. Relocate residents to new property while rehab ongoing so subsidy continues. Not sure if any in her portfolio. A number of pass throughs. It could be if one or two units were damaged, then allowed to move residents to vacant units and then provide subsidy on the newly housed units.

TPA process entered into AMPS intake system, goes to AE and goes to their workload queue so branch chief sees who has it. Standard of Work to follow for written procedures and step-by-step. Have to get legal concurrence and they provide to branch chief for approval. Could a branch chief override an incomplete package and make the AE approve it. Possibly as not all items apply. There is some discretion. Legal does not review that. And has to be legal concurrence on the completed package.

Hazard Insurance certifications. Follow the Standard of Work. Owner provides a statement so may not request insurance underwriting. All documents uploaded to Laserfiche.

No annual requirement to submit insurance certification. Could be the lender. Not in Laserfiche??? Not aware of any discrepancies between branch chiefs.

Backdating of management agent certifications; as of the effective date of running the property. They can only charge management fees after HUD approved them as the agent. Not sure why

there is a need to backdate. It would be policy not to backdate but could be extenuating circumstances that allowed for it.

EH&S items. All tracked through AMPS workload, would have been in branch chief's control to close. IREMS may leave them hanging. Before EHS closed, is there a certification. 2013 is before the AMPS system came in. In 2013 REAC inspection, a certification would have been provided. No Laserfiche at that time. By 2016, a new inspection would have been completed.

Should have been noted in iREMS to close it out. Three business days to provide certification to address EHS and most of time they provide it. If not AE, follows up.

Escrow non-critical repairs is in production area of HUD. 12 months to complete the non-critical repairs. When releases requested, go to Production.

There is no requirement that the non-critical escrow be used before the RFR. Two different divisions.

No determination for RFR releases based on geographic location of property. What are the needs of property, etc.

Rationale for denial on the 9250 for RFR so would be on the form.

Never enough staff. Claimant was a replacement for another employee who left. Not sure if she came on as other employees.

One instance, where second branch chief properties were not the issues, but instead of using guidance from branch chief, she wanted to do something different. Spent a lot time going back and forth on wording, approach. Just follow the directions and task would have been completed. She was wrong and guidance was given but ignored. Complaint about second branch chief too much direction and first did not give enough feedback.

Talked about the resources available and who to utilize. Did not ask for assistance from AM Director C.

MFHSW Asset Management Director C

In Person Interview

FTW Conference Room

Thursday October 10, 2019 10 am

Incident Reports - Reply to when is an incident report required; would be done if media event, harm to property especially if insured, shooting at property. Incident Reports are not required, but it is a best practice; you will not find it as a requirement anywhere in the HUD Handbooks or SoW.

Reply to if Owner must submit proof of insurance directly HUD annually; She stated that it is not a requirement except at closing. As HUD is only the insurer and not the lender (the loan servicer), it is not HUD's responsibility. Lender has the responsibility to ensure that. No instance she can remember where this has been an issue where a policy was not in effect. On an MOR, it would be discussed. She is not aware that is a requirement in HUD's policies i.e. Handbooks or SoW. Claimant indicated some AEs do request it from the Owner and she indicated that some AEs are more zealous but still not a requirement.

MARS required for 12 months after final endorsement. If meet the 12 months, then Branch Chief can approve discontinuation of the submission requirement. Regarding UAD's based solely on MARS report, have to dig and wait for AFS to see if S/C. Holiday expenses maybe part of allowed tenant services but would have to investigate more before declaring a UAD.

There is a national SoW site (not locally generated or specific to one MFH region) and committee works on it constantly that is published on OAMPO's Sharepoint site. There are only certain SoWs, not for each type of action because it could be hundreds of items. It is a guide but not hard and fast rules that must be adhered to.

Onboarding training; third party training on HAP.

Columbia Apartments; would never go immediately to abatement and would try to work with Owner to determine what is best for residents. Could have been a lot of scenarios to assist affected tenants including put up in a hotel with kitchen, pass throughs to another property, etc.

If residents are being taken care of, then acceptable. And it takes time and final resolution of the issue can take time.

SHCC (PBCA) does a line by line review for each unit. MFH in close communication with PBCA to determine what is going on. If decision is to abate, has to come from HUD MFH management level, not at AE level. The voucher is technically still being utilized by the resident via a pass through, an 8bb, hotel, etc. so there is no loss of it where someone else might have benefited from it.

Is there a maximum timeframe that HUD must meet to resolve issues like this? Not that she is aware of and cannot imagine it would be given the complexities of each individual property.

Reply to TPA approval process i.e. HUD not requiring updated docs if there is a delay in a TPA. There is a national SoW on TPAs. If there is a change in information, it winds up in the business documents so there is incentive for owner to provide HUD updates. For APPS concern, you just simply access the system to see if there any new flags.

If TPA package is incomplete, it could be rejected, and it depends on what is missing in the package. If something that can be completed via collaborative effort with the stakeholder, MFH will work them. If rejected and resubmitted, not necessary to update all the prior documents if the Owner provides a cover letter explaining any updates.

La Posada and Point Royale; backdate certifications process reply: Could be a time where there is no management agent onsite so need an agent onsite immediately.

Are management agent agreement invalid if AE does not sign; no. Should look to AFS to verify what the management fees that were paid in that year.

Reply to closing Actionable Items by the AE without actual confirmation of completed work. EH&S items, AM Director C is not aware of any of this and disputes this allegation that staff engage in this practice.

Residences at Eagle Pass – mortgage delinquency. Lender has to submit through MDDR which AEs have access to. Could be there was old outstanding item from prior AE and there was a new delinquency occurrence.

Non-Critical repairs. This escrow account would be under the supervision of HUD Production not AM during the Complainant's tenure at HUD. AM is not looking at non-critical reserve. The non-critical requests can be found in Laserfiche.

If recently underwritten, there are emergencies that arise up and not anticipated so can approve RFR releases to allow property to use for benefit of property and residents which may fall below \$1K/unit guidance.

If conflict between RFR and non-critical, then denial of RFR by AM. AE Approval levels but over threshold, BC has to approve. For new employees, want BC to review before rejecting RFR.

Non-Critical generally have 12 months to exhaust though MFH Production may extend it.

HUD Handbooks reportedly states that HUD should not approve more than one RFR release per quarter within first 12 months of final endorsement date of loan. AM Director C explained that emergencies happen and if they need the money to correct, want to protect the physical structure. The SF9250 form (RFR release request) would be uploaded in Laserfiche but there is not requirement for BC to document why approved in contrast to HUD Handbooks/SoW.

Reply to allegation of arbitrary releases of RFR based on status of neighborhood. Glen Hollow; RFR approved for mailboxes, flooring, cement with release dipping the RFR below the \$1K/unit threshold. Claimant alleged that the funds were released because in right neighborhood and need to help with curb appeal: AM Director C stated that if these were eligible expenses, you might question if you look at property online and see if necessary. HUD does not have discretion on the release if an allowable RFR expense. Even if not an allowable expense, HUD still has the option/discretion to approve a release. Just a guideline, not a hard a fast regulation. Curb appeal (or similar language) is in the Handbooks (RFR section of Handbooks).

She stated that MFH has to make judgement calls what's best for property. Handbooks outdated but not necessarily inaccurate i.e. can send an email vs. mail or computation of surplus cash, allowable items like big screen TVs.

Transformation: when did you start hiring to make up for the loss of staff under Transformation. The change in risk rating could have simply been from Branch Chief reviewing the portfolio to be assigned to new SAE and updated system for the new SAE to address given she came in as an SAE who should be able to create Action Plans. That is what SAE's are hired to do.

Exhibit 8

iREMS Records

Auburn Creek Apts. 800245098 iREMS

Problem Statements

Entered Date	Last Update User	Role
10/17/2019	[REDACTED]	Project Manager
Owner requested and HQ	approved prepayment approval. Uploaded to LF.	
10/07/2019	[REDACTED]	1 Project Manager
R4R request sent in for pool have been completed no later replacement. Both items denied, addressed by either critical	and decking repairs. The pool was part of the non-criticals than 1/31/19. The invoice is dated 4/19/19. Also decking told them to submit again if they have capital repairs or non-critical escrows.	repairs and should is a repair, not that were not
09/25/2019	1 [REDACTED]	1 Project Manager
MAR 08--2019 - had incorrect "erroneously went to the continue to be high —\$133k accountant says they pay to 93%; tenant AR dropped this month; Includes \$158,767 both going back to February.	starting balance requested new Schedule A. Error wrong report to pick up the carry forward dollar amount." this month includes \$25k to M&M for make readies; for all tenants Internet and then bill them as part of their \$5k to —\$15k, and aged payables jumped from last month due to M&M and \$62,065 to Countertop and Cabinet	was accountant Routine operations —\$6.2k for "Internet" rent. Occupancy dropped —\$269k to —\$335k Solutions for rehab,
08/14/2019	1 [REDACTED]	1 Project Manager
07-2019 MAR - AP are up is only from tenants; bookkeeper and AR are still high, or higher	to —\$270k and tenant AR up to —\$21k. Still paying off said she would stress to site manager to get that next month, SAE will put them on a HIP .	rehab and the tenant AR money collected. If AP
08/12/2019	1 [REDACTED]	1 Project Manager
Misrepresented numbers in Tenant apartment rent was numbers were \$167,449.42	June MAR, corrections sent when I questioned beginning reported at \$90,026.94 and subsidy reported at \$4,562 and \$27,078 respectively. Uploaded a corrected version	balance for July when in reality these of the June report. .
07/18/2019	1 [REDACTED]	1 Project Manager

<p>MAR for 06-2019 -Occupancy month to —\$270k this month. tenant Accounts Receivables, showed an owner contribution</p>	<p>up to 92% and agent is getting the aged payables SAE will look next month to see the AP going down up from \$9k last month to —\$15k this month, to drop of —\$106k.</p>	<p>down from —\$491k last even further and the as well. MAR also</p>
<p>06/24/2019</p>	<p>I [REDACTED]</p>	<p>l Project Manager</p>
<p>Spoke with owner A. David they found other issues that and have drawn almost \$300k</p>	<p>Lynd: when rehabbing 50% of the units required by the needed to be fixed and corrected them. They started out in first year. Aged payables are down from —\$501k</p>	<p>non-critical escrow, with \$224k in Reserve last month to \$491k in</p>

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May and will be paid from once account is over the \$1k/unit cash.	operating account as occupancy allows and then a request amount. Owner assured SAE that if the property	for R4R will be made falters, they will infuse
06/20/2019 I		DEC Analyst
Referral #1 is for non-filing DEC closed referral #1.	of 12/31/2018 AFS. DEC contacted owner and owner	filed audit on 06/14/2019.
05/17/2019 I		Project Manager
R4R submitted 05/09/2019 escrow was —\$3.85 million deposit was required into required 50% of units (112) years 3-5. Owner upgraded stated that heavy (f)s with include the full unit as contractor's the loan closes and without completed. We accepted all repair line item." In addition, Lender said, "It was decided were processed using combined SAE and lender also found would start using their additional money was spent on which for unit rehabs that were listed	for —\$240k. Current balance in account is only \$1070/unit. (including a \$1M cash out) and three previously approved the R4R account, so only monthly deposits accruing. Nonto be rehabbed, with the second 50% to be rehabbed only 51 units fully, with a total of 175 either fully or partially specific unit upgrades are "difficult to maintain...because request work as it's completed. No one knows an exact list, we would have no reason not to accept items unit renovation items as long as there was still money SAE found \$149,647.21 was reimbursed for items not that contingency would be used to cover those items disbursements with the understanding that once the a \$5,467.80 double payment on 9250 in 11-2018, Funds deposit and their cash holdback." Since SAE cannot repairs, only new items on 9250 were approved since as paid from Non-Critical Escrow.	Non-Critical Repair 9250s. No initial -Critical Escrow out of R4R account in rehabbed. Lender draws don't always the exact list of units when in units as they get left in the designated on critical repair list. and as stated in #1. Draws actual Repair Escrow . were used. Borrower determine what most of the receipts were
04/03/2019 I		Project Manager
Property requested an extension auditor is asking for a lot Multifamily could not override accountant said she would	from REAC/FASS to file their AFS (as it is their of items) and it was denied. SAE explained that if REAC that. SAE also explained about the 30 day grace period push to get it filed by that deadline.	first for the property and denied request, for non-filers, so
02/15/2019 I		1 Project Manager

Received \$40,466.00 reserve on 2/5/2019 in the amount 1/31/2018 and has a PCNA. \$40,466.00 R4R, uploaded	for replacement request from [REDACTED]. The of \$10,942.14. The work was not done in the current FYE. Request sent to Branch Chief B for decisioning. Branch Chief B into Laserfiche, and AMPS: 37497 closed	last R4R was approved Project final endorsed approved the
02/11/2019	1 [REDACTED]	1 Project Manager
Received \$165,170 reserve the R4R request was received email sent to Ms. Villarreal	for replacement request from [REDACTED] on 2/4/2019. on 2/11/2019. Email sent to MFSouthwest mailbox advising the replacement request has been closed and	A request to retract to close AMPS 37299 and will not be processed.
04/03/2018	1 [REDACTED]	1 Project Manager
Non-critical repair forwarded	to SWConstruction mailbox for processing.	

03/28/2018

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Project Manager

[MARS reports being received

Auburn Creek Property History

Date Entered	Updated By	Role
10/21/2019	[REDACTED]	PM
Newer property, had issues with nondetermine which escrow paid for certain critical; owner did 100% and now wants check critical and non-critical repairs. about surplus cash, borrowed funds cash without calculating (almost immediately non-criticals were not complete within determination on a referral; also heard and they will decide. HQ approved .	-critical repair / cash out commingling by lender so never repairs; in addition 50% of units were to be rehabbed to use R4R money. SAE has to watch 9250s that come Late filer, now 12 flags on AFS. SAE spoke with Auditors and non-critical repairs. Flags will be placed on AFS for taking after closing) and no calculations have been done 12 months, so no surplus cash allowed. REAC/FASS has from HQ they are wanting to prepay. Sent AFS information	could as non-in and on 4/16/19 surplus for the year; made no to HQ
10/08/2019	I [REDACTED]	1 PM
Newer property, had issues with nondetermine which escrow paid for certain critical; owner did 100% and now wants check critical and non-critical repairs. about surplus cash, borrowed funds cash without calculating (almost immediately non-criticals were not complete within determination on a referral; also heard and they will decide.	-critical repair / cash out commingling by lender so never repairs; in addition 50% of units were to be rehabbed to use R4R money. SAE has to watch 9250s that come Late filer, now 12 flags on AFS. SAE spoke with Auditors and non-critical repairs. Flags will be placed on AFS for taking after closing) and no calculations have been done 12 months, so no surplus cash allowed. REAC/FASS has from HQ they are wanting to prepay. Sent AFS information	could as non-in and on 4/16/19 surplus for the year; made no to HQ
06/13/2019	[REDACTED]	1 PM
Initial/final endorsement wasi,01/31/2018, 4/11/1, now at DEC for non-filing. Property it is their first for the property and auditor she would push to get it filed by that filed and can be reviewed.	previous SAE did not collect MARS.1,1,1,Nonfiler email requested an extension from REAC/FASS to file their is asking for a lot of items) and it was denied. Accountant deadline, but they have not. Calculated 5 overridden to a	sent AFS (as said 7 until AFS is
05/22/2019	1 [REDACTED]	1 PM future

<p>MARS submitted on 5/16/19 for January, reference: RD Fuller is listed on other collections and the amount is what they —\$53 per unit in deposits. If tenant passes charge security deposits, only fees. Listed as "professional Services" Lippes appeal. Overall on the last report (04-2019), occupied, and operating expenses have doing repairs that should be done in <u>I</u> since January of \$123,506 but only through</p>	<p>February, March and April. Questions SAE had for income amounts each month. This is a vendor the property received that month. Security Deposit account showed credit, criminal, rental and employment history, property No listing of dates on Aged Payables, they will now submit is used for evictions; Morison & Heal LP was used for aged payables are extremely high —\$515k, they are ballooned to —\$203k (see non-critical escrow comments year 3-5 from the R4R.) Property does have a positive net owner contributions.</p>	<p>uses for only about does not a full report. property tax at 85% they are cash flow</p>
<p>04/03/2019</p>	<p style="text-align: center;">[REDACTED]</p>	<p>I PM</p>

Auburn Creek

Non-critical draws 1 - 11 are complete, but the escrow agreement allows for only 12 months to complete work. Completion is now 3 months overdue; reached out to accountant and she is going to find out if they received an extension for the work to be completed, or if they are complete.

04/02/2019

I

PM

New SAE assigned; could only find 4 non-critical escrow withdrawals from production, leaving a balance of more than \$2M last July. Reached out to lender, received draws 5 - 11; entered all into the servicing area and uploaded to LF.

Columbia Apartments
IREMS 800020788

Summary Narrative: Occupancy

Entered Date

10/25/2019

Visited property in September 2019. Very responsive O/A. Owners are still trying to decide what to do with the 20 vacant HAP. Property is in the process of painting all building and placing new windows and doors throughout the property. All findings from the most recent audit are being addressed and SAE is closely monitoring the plan to ensure property passes next REAC inspection. SAE reviewed the most recent audit and

06/19/2019

I ACTION PLAN REQUIRED: Sent 6/19/19: Due to the spate problems occurring at the property HUD will require a Formal A
The AP includes: submission of MARS starting with the June report due 07/10/19; Plan must include, at a minimum, the ways
remove the 20 HAP units, due to the one condemned unit in building six. The formal request sent in November 2018, indicated
property to do the Management Review in August of 2018. The engineer's report submitted at that time is dated 2012 and a cur
report cannot be attained, from the board having to approve money to pay for it, to now having to sue to get report already paid
condemned by the city, to what is occurring now. Please be sure to include: a. When HUD was notified of the problem with the
sent; b. When tenant from Apartment 106 was moved, and where they went; c. When the decision was made to remove all tena
report, with dates; e. Submit a formal request to remove the 20 HAP units from the contract. 2. Please identify the reasons ther
are still open. Please detail actions taken since the MOR was performed to rectify the violations found including all actions tak
since April. Note: the response to SHCC is due 6/23/19 and if MOR is not closed out after that response, flags will be place in
(NOD) been issued for the failing REAC inspection. Indicate what the plan is for the 100% inspection, how the required repair
for Columbia Apartments has been flagged with compliance issues since at least 2011 for the Tenant Security deposit account t
repeat finding from prior year, indicating a major trend of non-compliance. Per 24 CFR § 880.608 - Security deposits, paragrap
The balance of this account must at all times be equal to the total amount collected from the families then in occupancy, plus an
ensure the balances are correct. 5. With Columbia Apartments now rated Troubled due to the severity of problems listed above
to HUD due 07/19/2019.

Summary Narrative: Occupancy

Problem Statements

06/18/2019	I [REDACTED]	Project Manager
<p>FAILED MOR — Performed Findings included amenities not repaired; verified as corrected with no contract with notification insufficient application move outs since July 2011 find that statistically improbable property was assigned was still open on 2/13/18 that the SHCC reviewer sent a letter that the SAE SAE received an email MOR; now 0/A is blaming had no received any files SHCC and HUD due to 0/A said his consultant too hard on them. On call SHCC issued a follow findings #21 and #22; inconsistency.</p>	<p>by SHCC on 08/02/2019 with a rating of unsatisfactory on rent schedule not available to tenants; REAC unit inspections missing from tenant files; emergency 24-hours as work order log was not being used to HUD or SHCC about the 20 vacant units and TSP; no application added to waiting list since are effective either the 15th of the month, or so they required a 100% file audit. Current and found they hired a third-party management consultant after numerous extensions by SHCC; during conference was unprofessional in their opinion and that attitude forwarded to the BC on 3/18/19 and to Nancy from SHCC on 6/7/19 stating they still cannot get the hold up on their third-party consultant and to review since April. SHCC asked for conference the MOR being open for 275 days at that point. is too expensive, they have a property to run, not SAE told them they have 15 days to correct all up letter noting they had the 15 days(until 6/28/19) both file audits for 50059 certification corrections</p>	<p>with a total score of 56. deficiencies from previous work orders could not be correctly; underutilization of HAP until MOR was performed; 08/02/2017; and 91% of the the last day of the month and they SAE reached out to SHCC after to help close the MOR that call with 0/A SAE heard is the reason they failed. They McIlhaney at SHCC on 3/18/19. 0/A to resolve their file audit and when asked, consultant said they call with consultant, 0/A, It was set up 6/13/19. During call files to audit, they feel we're being open items on MOR (per BC.). to correct the last two open (175 issues) and one move-out date</p>
06/18/2019	I [REDACTED]	Project Manager
<p>FAILED REAC — in the score of 51,c*. No NOD said they were aware of had to be sent in no later Informed them a NOD all deficient items on REAC inspection. NOD</p>	<p>midst of the other two open issues, the property has been issued to SAE's knowledge to date, but the score and wanted to appeal. Sent them instructions than 30 days after inspection date. To date, have would be issued that would require 100% inspection and their own inspection, and once certified 6/8/19</p>	<p>failed it's REAC on 6/10/19 with a informed 0/A on 6/13/19 and they about appeal and told them it not seen appeal come through. and repair and certification of HUD would schedule another</p>

issued		
06/18/2019	I [REDACTED]	I Project Manager
REMOVAL OF 20 HAP units due to one unit being and those have been vacants request to remove units engineer's report. Previous responded on 1/30/19 of directors to approve. property was assigned MOR, FASS letter issued removing all tenants from through. They said they engineer's report. Repeated answered with "the engineer and finally "we're looking	UNITS: When SAE inherited this property there condemned by the city. 0/A removed all tenants since at least November 19, 2018 (this is all submitted to previous SAE on 11/29/18. Request SAE request on 01/28/19 (after shutdown) asking saying they did not have money to pay for the report No other correspondence that current SAE can on 3/11/19 asking for a call to discuss the removal by REAC. 0/A informed SAE about situation that building. We discussed repairing the building, would discuss, wait for the engineer's repot and requests (3/21/19, 4/22/19 and 5/21/19) for won't answer us" "they're giving us the runaround at suing for the report."	was a request to remove 20 HAP from the building to be "safe" information SAE has.) Formal incomplete as it was missing the for report again. 0/A and were waiting for the board find. Current SAE recached out after of the HAP units, as well as failed with city condemning one unit and 8bbing the building or a pass get back to me. Still did not have status on engineer's report have been and won't provide the report"
04/03/2019	I [REDACTED]	I Project Manager

Project assigned to LT-J on September 19, 2018 by Branch Chief A. Pr [REDACTED]

Spoke with owner about several things: failing MOR - they have hired a consultant to help work out their issues; their response is late to SHCC and asked HUD for an extension. SAE informed them they have to work that out with SHCC. They also had concerns about the person performing the MOR. Those concerns were forwarded to Nancy McIlhaney at SHCC. The one unit that has been condemned by city - Removed all tenants from building due to safety concerns regarding settling foundation, leaving a minimum of 20 HAP vacancies. To determine if they will repair, rebuild or demolish, they have been waiting for engineer report; SAE explained they have three options: let the 20 units of HPA go and they will be gone for ever; do a pass through lease until repairs are complete; or an 8bb. Waiting for response from owner.

03/21/2019

[REDACTED] Project Manager:ct

FASS flag for security deposit account not fully funded; second year in a row. Owners have responded with a bank statement showing fully funded and a plan to ensure it stays that way. Uploaded review under FASS Issues Resolved.

11/30/2018

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LYNE M TILLMAN-JOHNSON

Project Manager

Received a request from Eugene Gordon to update distribution source info in iREMS. documents were uploaded to laserfiche and iREMS updated. Email sent to Eugene advising of actions.

06/02/2015

I

[REDACTED] Manager

SAE spoke with Fred Cortez in regards to an email inquiry received via email on November 19, 2018 to remove 20 units from the contract. Per Mr. Cortez, 1 of the 10 buildings on the property was shut down by the city almost 2 years ago due to settling. More buildings are experiencing settlement issues. The insurance claim was denied. Advised to send a formal request in writing explaining the circumstances in detail and send supporting documentation (insurance denial, city citations, etc.) . Here are some examples of information needed in your request. 1. Temporary suspension or Permanent removal- We need to understand if this is a temporary suspension request or a permanent removal. Is repairing the building an option? What will it take? How did you arrive at this decision. 2. Timing- We need to understand how long has the building been in need of repairs. When did the city condemn the building? Were there any attempts to repair damages? 3. Insurance Denial- We need to understand why the insurance claim was denied. Please

Received documentation of deposits to the Security Deposit Account. The Account is currently underfunded by \$6000 but the property reports is hopes to make this payment in June.

05/29/2015	I [REDACTED] I	Project Manager
5/29/15 discussed with record of repayment along property repays. Additionally, large capital improvements	management agent the security deposit audit finding. with est. completion of repayment to the field the RS is working to assist the property is to the property.	The management is providing office. RS will monitor until identifying all options for making
05/14/2015	I [REDACTED] I	Project Manager
The property is currently have need more than routine struggling with increasing outs have been driven market. The board meets improvements. Of concern reserve for replacement made into the account. cash flow. The property agent and owner indicated property spent 2.36 times There was over \$450,162 While the prior PM noted submit Owner Certified audited submission ahead been an MOR conducted	94% occupied with 12 vacancies. Some of the repairs to make-ready. The property management occupancy because people are moving out as by EIV income discrepancies that result in increased monthly to discuss occupancy and outreach goals for this property is the declining REAC score reserves. The FYE 6/30/14 AFS show the balance Additionally, review of the financial statements incurred over \$15,000 in bank overdraft fees, but they believed this to be incorrect and would more money per unit on operating and maintenance in contracts and \$237,537 in payroll expenses. the owner was flagged for non-filer of AFS, it Statements within the 90 period; however, the owner of the nine-month deadline. Additionally the in the last 3.5 years.	vacancies are aging as the units agent states that have been fast as they are moving in. Move-rent to tenants at or close to as well as plan for capital (61 in 2014) and the lack of to be \$0 and no monthly deposits indicated concerns with liquidity and conversations with management follow up with auditor. Further, the expenses than the peer group. There are 8-9 maintenance staff. was because the owner did not did submit the required A-133 prior PM noted that there has not
12/18/2014	1 [REDACTED] 1	DEC Analyst
DEC Nonfiler referral 30-2014 Owner Certified ownership entity. In accordance ownership entity has nine the end of March of the A-133 AFS on December pursue nonprofit ownership penalty (CMP) authority Worth DEC is closing	review indicates that Nonfiler referral I.D. # 13 is AFS, which would have been due by September with the Single Audit Act and OMB Circular months following their FYE within which to following year. The CPA for the ownership submitted 4, 2014, well within the nine-month allowable entities who do not submit Owner Certified with regard to Owner Certified AFS. Based on Nonfiler referral I.D. # 13.	for the fiscal year ending (FYE) 628, 2014 from the nonprofit A-133, the nonprofit submit the audited A-133 AFS, or by the FYE 6-30-2014 audited timeframe. The DEC does not AFS, due to a lack of civil money the foregoing information, the Fort

01/17/2014	I [REDACTED] I	DEC Analyst
DEC Nonfiler referral 30-2013 Owner Certified accordance with the Single months following their subsequent year. The CPA The DEC does not pursue on the foregoing information,	[REDACTED]	for the fiscal year ending (FYE) 6this HAP-only property. In ownership entity has nine or by March 31st of each the audited A-133 AFS annually. and Owner Certified AFS. Based I.D. # 12.
01/29/2013	[REDACTED]	DEC Analyst
DEC Nonfiler referral I.D. # 11 is for the Fiscal 90 days following their	review indicates that according to the iREMS Referral Year Ending (FYE) June 30, 2012 Owner Certified FYE, or by September 28, 2012. This former 221(d)3	Detail screen, Nonfiler referral AFS, which was officially due HUD-insured loan was

<p>terminated due to maturity According to the Single months following their March 31, 2013. The CPA nine-month timeframe. not submitted an Owner Nonfiler referral I.D. #</p>	<p>during June 2011. The property receives subsidy Audit Act and OMB Circular A-133, the nonprofit June 30th FYE within which to submit an audited electronically submitted the audited A-133 AFS The DEC does not pursue CMPs in regard to nonprofit Certified AFS. Based on the foregoing information, 11.</p>	<p>on all of the 200 units. ownership entity has nine A-133 AFS, or not later than on January 2, 2013, within the ownership entities who have the Fort Worth DEC is closing</p>
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Property History

HAP only property. Unsatisfactory MOR findings have been mitigated and closed out. Property placed on HUD Initiated Action plan to mitigate REAC deficiencies and for owners to come up with a plan for the vacant building with 20 HAP units on it. SAE visited property in 9/2019 and is working closely with the O/A.

07/03/2019 [REDACTED] PM

HAP only property, no regulatory agreement', Unsatisfactory MOR that has been open for more than 275 days; one unit condemned by the city so they removed all tenants from building = 20 vacant HAP units; has not submitted a complete formal request to remove HAP units as they cannot get engineer's report for changing reasons. HUD only found out about vacant units due to MOR in 08-2018; incomplete request

[submitted in November 2018; now has a failed REAC 51,c*. Putting on a HIP to get items taken care of.i,Effective 07/02/2019 property moved to FTW Resolution Team.

Columbia Apartments
IREMS 800020788

Summary Narrative: Occupancy

Problem Statements

Entered Date	Last Update User	Role
10/25/2019	[REDACTED]	Project Manager
<p>I Visited property in September 2019. Very responsive 0/A. Owners are still trying to decide what to do with the 20 vacant HAP units. Advised they could leave the units offline while they came up with a plan of action. 0/A is in the process of painting all building and placing new windows and doors throughout the property. All findings from the most recent MOR have been mitigated and closed out by SHCC. Property placed on action plan and SAE is closely monitoring the plan to ensure property passes next REAC inspection. SAE reviewed the most recent audit and findings have been addressed in the action plan.</p> <p>L</p>		
06/19/2019	I [REDACTED]	Project Manager
<p>FACTION PLAN REQUIRED: Sent 6/19/19: Due to the spate problems occurring at the property HUD will require a Formal Action Plan to correct the following issues that make Columbia Apartments a Troubled property. The AP includes: submission of MARS starting with the June report due 07/10/19; Plan must include, at a minimum, the ways the following problem areas will be corrected and/or improved: 1. Please address request to remove the 20 HAP units, due to the one condemned unit in building six. The formal request sent in November 2018, indicated the unit was condemned in 2015 and HUD was not notified of this issue until SHCC came to property to do the Management Review in August of 2018. The engineer's report submitted at that time is dated 2012 and a current report is required. There have been varying responses as to why an updated engineer's report cannot be attained, from the board having to approve money to pay for it, to now having to sue to get report already paid for. Please provide timeline of actions taken from September 23, 2015, the day unit was condemned by the city, to what is occurring now. Please be sure to include: a. When HUD was notified of the problem with the unit/building, and if no notification was provided, an explanation of why no notification was sent; b. When tenant from Apartment 106 was moved, and where they went; c. When the decision was made to remove all tenants from that building, and where they went; d. The steps taken to get a current engineers report, with dates; e. Submit a formal request to remove the 20 HAP units from the contract. 2. Please identify the reasons there were so many findings on the latest Management and Occupancy Review, and why the issues are still open. Please detail actions taken since the MOR was performed to rectify the violations found including all actions taken and the hiring of a consultant and why there has been no communication on the file audit since April. Note: the response to SHCC is due 6/23/19 and if MOR is not closed out after that response, flags will be place in APPS for violation of controlling documents and non-responsiveness. 3. A Notice of Default (NOD) been issued for the failing REAC inspection. Indicate what the plan is for the 100% inspection, how the required repairs will be paid for, and if an appeal will be filed. 4. In addition, the Annual Financial Statement for Columbia Apartments has been flagged with compliance issues since at least 2011 for the Tenant Security deposit account not being fully funded; each year was corrected once auditor found issue; and is listed as a repeat finding from prior year, indicating a major trend of non-compliance. Per 24 CFR § 880.608 - Security deposits, paragraph (b), " The owner must place the security deposits in a segregated, interest-bearing account. The balance of this account must at all times be equal to the total amount collected from the families then in occupancy, plus any accrued</p>		

interest." Please include in the plan the procedures that will be implemented to ensure the balances are correct. 5. With Columbia Apartments now rated Troubled due to the severity of problems listed above, please explain why HUD should allow Columbus Club Association of Ysleta, TX to Respond to HUD due 07/19/2019.

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FAILED MOR — Performed by SHCC on 08/02/2019 with a rating of unsatisfactory with a total score of 56. Findings included amenities on rent schedule not available to tenants; REAC deficiencies from previous inspection not repaired; unit inspections missing from tenant files; emergency work orders could not be verified as corrected with 24-hours as work order log was not being used correctly; underutilization of HAP contract with no notification to HUD or SHCC about the 20 vacant units until MOR was performed;

no 06/18/2019 insufficient application and application added to waiting Project Manager TSP; list since 08/02/2017; and 91% of the move outs since July 2011 are effective either the 15th of the month, or the last day of the month and they find that statistically improbable so they required a 100% file audit. Current SAE reached out to SHCC after property was assigned and found they hired a third-party management consultant to help close the MOR that was still open on 2/13/18 after numerous extensions by SHCC; during conference call with O/A SAE heard that the SHCC reviewer was unprofessional in their opinion and that attitude is the reason they failed. They sent a letter that the SAE forwarded to the BC on 3/18/19 and to Nancy McIlhaney at SHCC on 3/18/19. SAE received an email from SHCC on 6/7/19 stating they still cannot get O/A to resolve their file audit and MOR; now O/A is blaming the hold up on their third-party consultant and when asked, consultant said they had no received any files to review since April. SHCC asked for conference call with consultant, O/A, SHCC and HUD due to the MOR being open for 275 days at that point. It was set up 6/13/19. During call O/A said his consultant is too expensive, they have a property to run, not files to audit, they feel we're being too hard on them. On call SAE told them they have 15 days to correct all open items on MOR (per BC.). SHCC issued a follow up letter noting they had the 15 days(until 6/28/19) to correct the last two open findings #21 and #22; both file audits for 50059 certification corrections (175 issues) and one move-out date inconsistency.

06/18/2019

FAILED REAC — in the midst of the other two open issues, the property failed it's REAC on 6/10/19 with a score of 51,c*. No NOD has been issued to SAE's knowledge to date, but informed O/A on 6/13/19 and they said they were aware of the score and wanted to appeal. Sent them instructions about appeal and told them it had to be sent in no later than 30 days after inspection date. To date, have not seen appeal come through. Informed them a NOD would be issued that would require 100% inspection and repair and certification of all deficient items on REAC and their own inspection, and once certified HUD would schedule another inspection. NOD issued 6/18/19

06/18/2019

Project Manager

REMOVAL OF 20 HAP UNITS: When SAE inherited this property there was a request to remove 20 HAP units due to one unit being condemned by the city. O/A removed all tenants from the building to be "safe" and those have been vacant since at least November 19, 2018 (this is all information SAE has.) Formal request to remove units submitted to previous SAE on 11/29/18. Request incomplete as it was missing the engineer's report. Previous SAE request on 01/28/19 (after shutdown) asking for report again. O/A responded on 1/30/19 saying they did not have money to pay for the report and were waiting for the board of directors to approve. No other correspondence that current SAE can find. Current SAE reached out after property was assigned on 3/11/19 asking for a call to discuss the removal of the HAP units, as well as failed MOR, FASS letter issued by REAC. O/A informed SAE about situation with city condemning one unit and removing all tenants from that building. We discussed repairing the building, 8bbing the building or a pass through. They said they would discuss, wait for the engineer's report and get back to me. Still did

Project Manager

not have engineer's report. Repeated requests (3/21/19, 4/22/19 and 5/21/19) for status on engineer's report have been answered with "the engineer won't answer us" "they're giving us the runaround and won't provide the report" and finally "we're looking at suing for the report."

04/03/2019



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Project Manager

Spoke with owner about several things: failing MOR - they have hired a consultant to help work out their issues; their response is late to SHCC and asked HUD for an extension. work that out with SHCC. They also had concerns about the person performing were forwarded to Nancy McIlhane at SHCC. The one unit that has been tenants from building due to safety concerns regarding settling foundation, vacancies. To determine if they will repair, rebuild or demolish, they have SAE explained they have three options: let the 20 units of HPA go and through lease until repairs are complete; or an 8bb. Waiting for response		a consultant to help work out their SAE informed them they have to the MOR. Those concerns condemned by city - Removed all leaving a minimum of 20 HAP been waiting for engineer report; they will be gone for ever; do a pass from owner.
03/21/2019	I [REDACTED]	1 Project Manager
FASS flag for security deposit account not fully funded; second year in a row. Owners have responded with a bank statement showing fully funded and a plan to ensure it stays that way. Uploaded review under FASS Issues Resolved.		
11/30/2018	1 [REDACTED]	1 Project Manager
Received a request from Eugene Gordon to update distribution source info in iREMS. documents were uploaded to laserfiche and iREMS updated. Email sent to Eugene advising of actions.		
11/20/2018	1 [REDACTED]	1 Project Manager
SAE spoke with Fred Cortez in regards to an email inquiry received via email on November 19, 2018 to remove 20 units from the contract. Per Mr. Cortez, 1 of the 10 buildings on the property was shut down by the city almost 2 years ago due to settling. More buildings are experiencing settlement issues. The insurance claim was denied. Advised to send a formal request in writing explaining the circumstances in detail and send supporting documentation (insurance denial, city citations, etc.) . Here are some examples of information needed in your request. 1. Temporary suspension or Permanent removal- We need to understand if this is a temporary suspension request or a permanent removal. Is repairing the building an option? What will it take? How did you arrive at this decision. 2. Timing- We need to understand how long has the building been in need of repairs. When did the city condemn the building? Were there any attempts to repair damages? 3. Insurance Denial- We need to understand why the insurance claim was denied. Please provide a copy of the insurance claim denial. 4. Isolated event — We need to understand the magnitude of the damages. How many buildings are currently in need of repairs? Has the damages been evaluated? If so, what was the extent of the damages? As always, the more information the better.		
10/16/2018	1 [REDACTED]	1 Backup Project Manager
History of Columbia Apts. while assigned to GG - PBCA performed MOR on 8/2/18 and rated Unsatisfactory and response was due 9/28/2018 and has not been closed by PBCA. Many findings and concerns in report. Copy sent to new Sr. AE, LT-J.		
09/27/2018	1 [REDACTED]	1 Project Manager

Project assigned to LT-J on September 19, 2018 by Branch Chief A. Previous AE, G [REDACTED]

06/02/2015
1 [REDACTED] Project Manager

Received documentation by \$6000 but the property of deposits to the Security Deposit Account. The reports is hopes to make this payment in June. Account is currently underfunded

5/29/15 discussed with management agent the security deposit audit finding. The management is providing record of repayment along with est. completion of repayment to the field office. RS will monitor until property repays. Additionally, the RS is working to assist the property is identifying all options for making large capital improvements to the property.

05/14/2015



Project Manager

The property is currently 94% occupied with 12 vacancies. Some of the vacancies are aging as the units have need more than routine repairs to make-ready. The property management agent states that have been struggling with increasing occupancy because people are moving out as fast as they are moving in. Move-outs have been driven by EIV income discrepancies that result in increased rent to tenants at or close to market. The board meets monthly to discuss occupancy and outreach goals as well as plan for capital improvements. Of concern for this property is the declining REAC score (61 in 2014) and the lack of reserve for replacement reserves. The FYE 6/30/14 AFS show the balance to be \$0 and no monthly deposits made into the account. Additionally, review of the financial statements indicated concerns with liquidity and cash flow. The property incurred over \$15,000 in bank overdraft fees, but conversations with management agent and owner indicated they believed this to be incorrect and would follow up with auditor. Further, the property spent 2.36 times more money per unit on operating and maintenance expenses than the peer group. There was over \$450,162 in contracts and \$237,537 in payroll expenses. There are 8-9 maintenance staff. While the prior PM noted the owner was flagged for non-filer of AFS, it was because the owner did not submit Owner Certified Statements within the 90 period; however, the owner did submit the required A-133 audited submission ahead of the nine-month deadline. Additionally the prior PM noted that there has not been an MOR conducted in the last 3.5 years.

11/18/2014



DEC Analyst

DEC Nonfiler referral review indicates that Nonfiler referral I.D. # 13 is for the fiscal year ending (FYE) 630-2014 Owner Certified AFS, which would have been due by September 28, 2014 from the nonprofit ownership entity. In accordance with the Single Audit Act and OMB Circular A-133, the nonprofit ownership entity has nine months following their FYE within which to submit the audited A-133 AFS, or by the end of March of the following year. The CPA for the ownership submitted the FYE 6-30-2014 audited A-133 AFS on December 4, 2014, well within the nine-month allowable timeframe. The DEC does not pursue nonprofit ownership entities who do not submit Owner Certified AFS, due to a lack of civil money penalty (CMP) authority with regard to Owner Certified AFS. Based on the foregoing information, the Fort Worth DEC is closing Nonfiler referral I.D. # 13.

DEC Analyst

DEC Nonfiler referral review indicates that Nonfiler referral I. D. # 12 is for the fiscal year ending (FYE) 630-2013 Owner Certified AFS, which was officially due by 9-28-2013 for this HAP-only property. In accordance with the Single Audit Act and OMB Circular A-133, the nonprofit ownership entity has nine


months following their FYE within which to submit an audited A-133 AFS, or by March 31st of each subsequent year. The CPA for the ownership entity has been submitting the audited A-133 AFS annually. The DEC does not pursue nonprofit ownership entities who do not submit and Owner Certified AFS. Based on the foregoing information, the Fort Worth DEC is closing Nonfiler referral I.D. # 12.

DEC Analyst

DEC Nonfiler referral review indicates that according to the iREMS Referral Detail screen, Nonfiler referral I.D. # 11 is for the Fiscal Year Ending (FYE) June 30, 2012 Owner Certified AFS, which was officially due 90 days following their FYE, or by September 28, 2012. This former 221(d)3 HUD-insured loan was

05/29/201
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 Project Manager

01/29/2013 I


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Property History

Date Entered Updated By

Role

10/25/2019

[REDACTED]

PM

HAP only property. Unsatisfactory MOR Endings have been mitigated and closed out. Property placed on HUD Initiated Action plan to mitigate REAC deficiencies and for owners to come up with a plan for the vacant building with 20 HAP units on it. SAE visited property in 9/2019 and is working closely with the O/A.

07/03/2019

1

[REDACTED]

1

PM

[HAP only property, no regulatory agreement./, Unsatisfactory MOR that has been open for more than 275 days; one unit condemned by the city so they removed all tenants from building = 20 vacant HAP units; has not submitted a complete formal request to remove HAP units as they cannot get engineers report for submitted in November 2018; now has a failed REAC 51,c*. Putting on a HIP to get items taken care of.i,Effective 07/02/2019

Capdau Home for the Aged 800248394 iREMS

Financing Detail

Save | Reset |

Current Status

FHA Number: 06435683 **Primary Financing Instrument:** I^o _7_1

SOA Description/Group Type: OMI - 221d4 NC/SR

Active Financing Instrument: No **Business Phase:** Firm Commitment App

Under Management: No **In Development Pipeline:** No

Change to Manual Status Update j

Field Office Status: Firm Commitment App - Inactive

Additional Field Office Status Info: I —II

Source System: DAP **Last Update:** 04/16/2019

Financing Comments:



Select to View data from:DAP

From Development Application Processing System (DAP)

DAP Status: Firm Commitment Withdrawn **DAP Status Date:** 04/15/2019

Mortgage/Capital Advance

Construction Start Date:

Construction Percent Complete:

Construction Status:

Initial Occupancy Approved Date:

Initial Endorsement Date:

Cost Cut Off Date:

Cost Cert Review Completed Date:

Final Endorsement Date:

Mortgage Amount at Final Endorsement:

Project Information

Small Project Processing: Unconfirmed

Property Located in an Underserved Area at
Yes

Time of Initial Endorsement or Refinance:

Originating Mortgagee

Name: WALKER AND DUNLOP LLC

Street: FHA MORTGAGE DEPARTMENT7501 WISCONSIN AVE STE
1200

City: BETHESDA

State: MD

Zip Code: 20814-6531

Lender ID: 3048300009

Point Royale A ts 800231711

Problem Statements

Entered Date	Last Update User	Role
06/26/2019	[REDACTED]	Project Manager
Property provided proof	of repayment to clear the A/R Balance of \$5,869.	
03/27/2019	1 [REDACTED]	1 Supervisory Project Manager
OGC approved a Promissory Note is uploaded in Laserfische.	Note which requires reimbursement from surplus cash/owner distribution only.	
02/21/2019	1 [REDACTED]	1 Supervisory Project Manager
Spoke with Miller Frishman Agent could only be repaid an unauthorized loan.	Group and explained that the loan placed for from surplus cash. Operating funds are not to be used to make repayment as it is	operations by the Management to be used to make repayment as it is
12/11/2018	1 [REDACTED]	1 Project Manager
October 2018 MAR review provided proof of repayment: pending loan agreement Requested items: Loan (2564, 2573, 2575-6, 2578, more than 5%), management	complete, signed, uploaded to Laserfiche and Principal \$33,680.08 + Interest \$2,527.81=Total that evidences the exact loan amount, date taken agreement for unauthorized loan, check registry 2580-3, and 2587), explanation for vacancy cert. , and management agreement. MARS	AMPS log: 35844 closed. PM amount \$36,207.89 . Still out, and payments (\$36,207.89). for Schedule B missing checks and plan to increase(vacancy is
12/04/2018	1 [REDACTED]	1 Project Manager

<p>Reviewed October 2018 questionable disbursements: of \$596 for "Interest on and who the loan is to. to fund Point Royale low responsibility of the Management approval from HUD must not have any record of obtained by the Miller a copy of this loan so that unauthorized loan. o Check \$8,345.17 for "Paydown See response above. As used to paydown the loan. Agent. Further, even if contributing funds to the HUD must be obtained out of the project's Operating Project Funds, which is</p>	<p>MARS, • Schedule B, Schedule of Disbursements o Check 2554 issued on 10/2/18 to Miller Loan." Please explain who Miller Frishman Group, This was a capital injection from the management operating cash balance. Loan balance as of 10/31/2018 Agent to fund monetary deficiencies be obtained before secondary debt is placed prior approval being requested or obtained, please Frishman Group, LLC, does not place a lien against Asset Management can make an informed decision 2574 issued on 10/17/18 to Miller Frishman MFG loan." Please explain who/what "MFG" Point Royale was able to generate positive cash Project funds cannot be utilized to repay a loan the Management Agent had followed the correct project with the intention to repay themselves before repayment is ever made out of the project's Account without prior HUD approval is an a violation of the Regulatory Agreement. The \$8,345.17</p>	<p>reflects the following Frishman Group, LLC, in the amount LLC. is, what this loan is for, company borrowed from the bank is \$119,437.16. It is not the of the project. Further, prior against the project. Since HUD does provide evidence that this loan the project. Also, please provide with regard to this Group, LLC, in the amount of is and what loan is being paid down. flow at month end, the funds are obtained by the Management procedures with regard to at a later date, prior approval from Operating Account. Taking funds Unauthorized Distribution of must be repaid to the</p>
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<p>project's Operating Account 2584 issued on 10/18/18 Expense." Please explain this expense between. such as postage, software, Reports, please detail such o Check 2588 issued on "Intercompany Expense." companies is this expense the repayment of the \$627.73 Project Funds to the Management immediately. Please repay ***Needed items: (1) provide place a lien against the of \$8,972.90 to the project's Along with all other payments</p>	<p>immediately. Documentation must be provided to Miller Frishman Group, LLC, in the amount in detail what this intercompany expense is comprised See attached detail. The management company pays payroll processing fee which are billed back administrative fees instead of utilizing the general 10/19/18 to Miller Frishman Group, LLC, in the Please explain in detail what this intercompany between. This was for interest on the above for interest on the unauthorized loan is an Agent and must be repaid to the project's the \$627.73 immediately and provide documentation evidence that the loan obtained by Miller project, (2) a copy of the unauthorized loan (3) Operating Account immediately but No Later and interest paid for this unauthorized loan.</p>	<p>evidencing repayment. o Check of \$457.39 for "Intercompany of and what companies is for certain administrative fees to the property. In all future MARS title of Intercompany Expense. amount of \$627.73 for expense is comprised of and what mentioned loan. As explained above, Unauthorized Distribution of Operating Account evidencing repayment. Frishman Group, LLC, does not documentation evidencing repayment Than Friday, December 14, 2018. AMPS#: 35844</p>
<p>10/31/2018</p>	<p>1 LYNEILb M TILLMAN-JOHNSON</p>	<p>Project Manager</p>
<p>MARS notification to to monitor the performance be reviewing the monthly income for the property Typically, we will continue actual performance, or underwritten, you may first six (6) months, our physical condition of the marketing data, and a comparison occupancy, income and monthly bank statements</p>	<p>property sent 10/31/2018- This is to inform you that of the property due to the decline in the Debt accounting reports (MARS) and using the actual to compare the figures to the estimates that were to monitor the performance for six (6) month market conditions, it could be longer. If the property be asked to provide an explanation for the discrepancies. office will conduct an annual assessment of the property as well as reviewing the annual financial of the properties performance compared expenses levels. Please submit HUD- 93479, HUDfor October 2018 by the November 10, 2018.</p>	<p>our office is implementing a plan Service Coverage(DSCR). We will occupancy levels, expenses and used for underwriting the loan. period, but based on the property's is not performing as After completion of the property based on assessing the statement, occupancy trends, to the underwriting estimates for -93480, HUD- 93481, and</p>
<p>10/31/2018</p>	<p>1 LYNETTE M TILLMAN-JOHNSON</p>	<p>Project Manager</p>

Initial review completed REAC has been conducted, 2016. MARS submissions monitor property and determine	which included a risk rating update. FY17 AFS-75 scored 90. Occupancy is at 88 %. DSCR is required beginning Nov. 2018 due to the DSCR action needed.	RED, MOR is Above Average , 0.681 which decreased from .798 in and Occupancy rate. Will
10/01/2018	I [REDACTED]	I Project Manager
This property was re-assigned Sandi Orta was the previous	to Claimant by Branch Chief AE.	Branch Chief A on 9/26/2018.
01/25/2018	I [REDACTED]	I Project Manager
01/18/2018: Received result of Hurricane Harvey	Owner Certification (Disaster-Recovery): All physical have been corrected/completed.	deficiencies incurred as a
09/27/2013	I [REDACTED]	DEC Financial Analyst

<p>I DEC FASS Referral #1: FY2012 annual financial flag for unauthorized distributions Distribution of Project Statement of Cash Flows: This project assumed financial property. The 2012 Computation surplus cash computation. accept the current negative reported the violation and 2013, the owner responded account. The owner provided on August 27, 2013. The closing the DEC FASS</p>	<p>The DEC financial referral assigned to the Fort statements (AFS). The iREMS referral is id#1. of project funds. Resolution of Compliance Funds— The compliance issue was triggered because 1. Distribution — (\$300,000). This distribution responsibility on June 1, 2012. This is the of Surplus Cash shows a deficiency of Since this project is a first time referral to the surplus cash amount of (\$43,503). In a letter requested that the owner repay the negative surplus with repayment of the negative surplus cash a copy of the bank statement showing that recovery on the referral is \$43,503. Based on referral id#1. The close out email was sent on 9/26/13.</p>	<p>Worth Satellite Office is for the In 2012, there was one compliance Issues: 1. Unauthorized of the following line item on the was an auditor finding. Analysis: first year of operation for this (\$43,503), and there was no prior DEC, the DEC was willing to dated July 30, 2013, the DEC cash amount. On August 28, amount to the project's operating a repayment of \$43,503 was made the information above, I recommend</p>
<p>06/21/2013</p>	<p>1 [REDACTED]</p>	<p>1 Project Manager</p>
<p>Performed MOR, rated Property is exceeding</p>	<p>Above Average. Cited Concern & Observations projections and has a lengthy waiting list of applicants</p>	<p>on Financial & Maintenance. for all 3 unit sizes.</p>
<p>06/21/2013</p>	<p>I</p>	<p>I Project Manager</p>
<p>16/10/13-Referred to DEC submission, and SC comp L</p>	<p>for FY12 AFS because the owner took distribution had been completed.</p>	<p>before cost cert, audit</p>
<p>03/08/2013</p>	<p>I [REDACTED]</p>	<p>I Project Manager</p>
<p>FY13 Desk Review/DSA</p>	<p>Completed 3/8/13</p>	
<p>07/20/2012</p>	<p>I</p>	<p>I Project Manager</p>
<p>FY12 Desk Review/DSA</p>	<p>Completed 7/20/12</p>	
<p>11/14/2011</p>	<p>I</p>	<p>I Project Manager</p>

FY12 OPHS-Low Risk	-Score 0-M/S-Desk Review/DSA, still under construction.	
10/06/2011		Project Manager
E FY11 Desk Review/DSA	Completed 9/19/11	

Property History

MORLisi, Above Average ,i,REAC has been conducted, scored 90.1,0ccupancy is at j,88 %.i, AE will continue to monitor.

01/17/2014



IPM

MARS-2/13-87% Econ Occ, 98% Occ; 3/13-87% Econ Occ, 88% Occ; 4/13-91% Econ Occ, 88% Occ; 5/13-85% Econ Occ, 93% Occ; 6/13-91% Econ Occ, 94% Occ; 7/13-95% Econ Occ, 97% Occ; 8/13-95% Econ Occ & Occ, asset mgmt fee pd and distribution pd-requested mid-year SC Comp, sent email 9/17/13, repaid asset mgmt fee shown on 9/13 MARS; 9/13-98% Econ Occ, 90% Occ; 10/13-92% Econ Occ, 88% Occ; 11/13-90% Econ Occ, 91% Occ; sent email 12/12/13 to remove MARS requirement.

06/10/2013

[REDACTED]

PM

Initial Occupancy Report-120 units built; 3/12-86 Units Vacant, 34 Units Occupied; 6/12-32 Units Vacant, 88 Units Occupied; 7/12-13 Units Vacant, 107 Units Occupied; 9/12-1 Unit Vacant, 119 Units Occupied; no longer required.

03/19/2013

[REDACTED]

PM

MARS-11/12-85% Econ Occ, 93% Occ; 12/12-97% Econ Occ, 93% Occ; 1/13-90% Econ Occ, 97% Occ;
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La Posada del Rev Apt 800236117

Problem Statements

Entered Date	Last Update User	Role
06/07/2019	[REDACTED]	Project Manager
Talked to Bea Lloyd (underwriter)	in FW). Owner has inquired about additional	financing.
05/20/2019	I [REDACTED]	Project Manager
Management agent approved.		
04/15/2019	I [REDACTED]	I Project Manager
Management Agent Issue: agent until flag is removed. to agent about suspending reserves.	Cannot process paperwork for National Community As of this morning, flag is still there. Once flag is Total reserves \$405,385 for 145 units.	Renaissance as management removed, I would like to talk
04/03/2019	I [REDACTED]	1 Project Manager
MANAGEMENT AGENT the property since July 2017. Gardens Phase I (IREMS #800242724) management fee increase. I	ISSUE: National Community Renaissance has been However, they are not approved. The entity has in 10/08/2018. [REDACTED] e-mailed cannot assist her until the flag is resolved.	the management agent for been flagged for Waterman me requesting a
03/22/2019	1 [REDACTED]	1 Project Manager
Reassigned to Marla Gaspard		
12/21/2018	1 [REDACTED]	I Project Manager
Received the HUD- 9839 Management insurance, hazard insurance Branch Chief, [REDACTED] and documenting the account.	certification, HUD-9832 management coverage. Advised to add HUD as an additional payee advised she would close AMPS: 35932 and she would	entity profile, fidelity to insurance policies. handle the processing
11/05/2018		Project Manager

	1 [REDACTED]	I
<p>During initial review of the introduction email was returned.</p> <ul style="list-style-type: none"> • Contacted management company listed in the property participants. as of July 1, 2017). SAE advised, violation of the Regulatory Management Agent fee and been obtained. All fees taken and proof of such deposit is approval, please provide the 	<p>https://www.hud.gov/program_offices/administration/hudclips</p> <p>project, SAE determined contact information</p> <ul style="list-style-type: none"> • Contacted the lender and received updated contact advised no longer manages property. • Sent Confirmation of management company change Obtaining a new management company without Agreement that HUD has with the owner(s). HUD the new agent is not allowed to take a fee until the by the new management agent are to be refunded to be submitted to HUD within five (5) calendar days. documents listed below as soon as possible. The • Copy of the 	<p>need of updating and the information.</p> <p>email to owners and everyone was received (Terminated prior HUD approval is a has not approved a appropriate approval has to the property immediately</p> <p>To obtain proper HUD forms may be found at notice from previous</p>

<p>management agent stating discontinue date. • HUD Form 2530 -Submitted for appropriate representative Certification. • HUD Form 935.2A supporting documentation - this form as well; therefore, documentation is submitted. Bond Coverage showing HUD applicable). • List of Proposed actual examples of implementation. taking further action including affect the ability to do future</p>	<p>of management service; the notice should thru Active Partners Performance System within the requesting parent entity. • HUD Form 9832 Management Entity Profile. • HUD Form 92458 Affirmative Fair Housing Marketing Plan (Multifamily Please note: HUD's Fair Housing & Equal Opportunity please be sure everything is completed in its entirety</p> <ul style="list-style-type: none"> • Management Agreement between the owner/agent. as an additional Loss Payee. • SF Form 1199 staffing to be charged to the property. • Complaints Failure to obtain appropriate management but not limited to flagging the Owner(s) and agent business with HUD. • Entered R4R deposit amount 	<p>indicate the termination (APPS). • Brokers License 9839 Management Agent Rent Schedule (if Housing) with Division will review and supporting</p> <ul style="list-style-type: none"> • Proof of current Fidelity Direct Deposit Form (if and resolution with approval will result in HUD in APPS which could
<p>11/05/2018</p>	<p>[REDACTED]</p>	<p>I Project Manager</p>
<p>Risk Rating Update: SAE reCash 757.021, Cash Throw but it is more than the 95% has the ASF been referred. and no other attributes evident</p>	<p>rated risk rating as ASF 12/31/2017- Overall Rating off 914.331, R4R 2492.117, DSCR 1.525. The occupancy U/W percentage. Received on 10/25/2018 a letter No MOR on file. REAC 10/26/2018 scored 79, c. that would lower the rating.</p>	<p>82 Green, the Surplus was 96.412(yellow), has not been sent out yet. Nor Financial condition is stable</p>
<p>11/05/2018</p>	<p>[REDACTED]</p>	<p>I Project Manager</p>
<p>SAE entered EH&S mitigation to LaserFiche, closed AMPS#:</p>	<p>status in the Physical Inspection/EH&S Event 35685</p>	<p>Tracking (iREMS), uploaded</p>
<p>11/01/2018</p>	<p>[REDACTED]</p>	<p>I DEC Financial Analyst</p>
<p>FASS Referral #4: FASS Referral 12/31/2017 AFS. Resubmission marked the original 12/31/2017 10/26/2018.</p>	<p>#4 was triggered due to unauthorized distribution of the 12/31/2017 AFS was received by REAC AFS submission as inactive and closed FASS</p>	<p>of project funds for the on 10/25/2018. REAC then referral #4 in iREMS on</p>
<p>10/05/2018</p>	<p>[REDACTED]</p>	<p>I Project Manager</p>
<p>Introduction email sent to gilp@prosperahcs.org</p>	<p>along with the contact sheet</p>	<p>to get updated contact</p>

information.		
10/01/2018	1	LYNETTE M TILLMAN-JOHNSON Project Manager
This property was re-assigned Janice Ayi was the previous		to Claimant by Branch Chief Jessie AE. Villarreal on 9/7/2018.
03/07/2016	1	DEC Financial Analyst
FASS Referral #3: The DEC annual financial statements unauthorized distribution of surplus cash of \$163,210. There AFS. The 2014 Statement of outflows: \$40,385 of Entity/Construction		financial referral assigned to the Fort Worth Satellite (AFS) referred by REAC (id #3) based upon system project funds. The 12/31/2013 Computation of Surplus was no Mid-Year Computation of Surplus Cash Cash Flows reported a Contribution of \$556,813 Disbursements, \$703,371 of Entity/Construction Office is for the FY 2014 generated flag for the Cash reported positive submitted with the 2014 and the following cash Investing

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Property History

Date Entered	Updated By	Role
09/16/2019		PM
09/16/2019 two benchmarks for low	risk properties are met. Needs a MOR.	
09/16/2019	1	1 PM
09/16/2019 three benchmarks for low	risk properties are met. Needs a MOR.	
08/21/2019	1	1 PM
ASF 12/31/2018-Overall Rating 52 Red, was a 82 Green 12/31/20174 Need to Also, I plan talk to Branch Chief about \$500,000.00 in reserves. Owner had issues management agent.i,	No MORI, (not rated) j,, physical inspection score 79, schedule MOR.i,i, Low surplus cash is cause of drop in suspending reserves because property has 154 units and with management agent.i, Will process paperwork	1 PM cud, Property AFS rating. over on new
12/20/2017	1	1 PM

Property Summary Narratives

Summary Narrative: Ownership

Summary Narrative: Annual Financial Statement

Summary Narrative: Physical Condition

Summary Narrative: Property Management

Summary Narrative: Assistance Contracts

Summary Narrative: Residents & Neighborhood

Summary Narrative: Occupancy

Problem Statements

Entered Date	Last Update User	Role
06/07/2019	[REDACTED]	Project Manager
Talked to Bea Lloyd (underwriter in FW). Owner has inquired about additional financing.		
05/20/2019	T [REDACTED]	Project Manager
Management agent approved.		
04/15/2019	[REDACTED]	Project Manager
Management Agent Issue: Cannot process paperwork for National Community Renaissance as management agent until flag is removed. As of this morning, flag is still there. Once flag is removed, I would like to talk to agent about suspending reserves. Total reserves \$405,385 for 145 units.		
04/03/2019	[REDACTED]	Project Manager
MANAGEMENT AGENT ISSUE: National Community Renaissance has been the management agent for the property since July 2017. However, they are not approved. The entity has been flagged for Waterman Gardens Phase I (IREMS #800242724) in 10/08/2018. Mildred Bvundura e-mailed me requesting a management fee increase. I cannot assist her until the flag is resolved.		
03/22/2019	[REDACTED]	Project Manager

Reassigned to Marla Gaspard		
12/21/2018	[REDACTED]	[Project Manager
Received the HUD- 9839 Management certification, HUD-9832 management entity profile, fidelity insurance, hazard insurance coverage. Advised to add HUD as an additional payee to insurance		

2 of 3

policies. Branch [REDACTED] advised she would close AMPS: 35932 and she would handle the processing and documenting the account.		
11/05/2018	[REDACTED]	Project Manager
<p>During initial review of the project, SAE determined contact information is in need of updating and the introduction email was returned. •Contacted the lender and received updated contact information.</p> <ul style="list-style-type: none"> • Contacted management company advised no longer manages property. •Sent email to owners and everyone listed in the property participants. Confirmation of management company change was received (Terminated as of July 1, 2017). SAE advised, Obtaining a new management company without prior HUD approval is a violation of the Regulatory Agreement that HUD has with the owner(s). HUD has not approved a Management Agent fee and the new agent is not allowed to take a fee until the appropriate approval has been obtained. All fees taken by the new management agent are to be refunded to the property immediately and proof of such deposit is to be submitted to HUD within five (5) calendar days. To obtain proper approval, please provide the documents listed below as soon as possible. The HUD forms may be found at https://www.hud.gov/program_offices/administration/hudclips. • Copy of the notice from previous management agent stating discontinue of management service; the notice should indicate the termination date. • HUD Form 2530 -Submitted thru Active Partners Performance System (APPS). • Brokers License for appropriate representative within the requesting parent entity. • HUD Form 9839 Management Agent Certification. • HUD Form 9832 Management Entity Profile. • HUD Form 92458 Rent Schedule (if applicable). • HUD Form 935.2A Affirmative Fair Housing Marketing Plan (Multifamily Housing) with supporting documentation - Please note: HUD's Fair Housing & Equal Opportunity. Division will review this form as well; therefore, please be sure everything is completed in its entirety and supporting documentation is submitted. • Management Agreement between the owner/agent. • Proof of current Fidelity Bond Coverage showing HUD as an additional Loss Payee. • SF Form 1199 Direct Deposit Form (if applicable). • List of Proposed staffing to be charged to the property. • Complaints and resolution with actual examples of implementation. Failure to obtain appropriate management approval will result in HUD taking further action including but not limited to flagging the Owner(s) and agent in APPS which could affect the ability to do future business with HUD. • Entered R4R deposit amount 		
11/05/2018	[REDACTED]	Project Manager

Risk Rating Update: SAE re-rated risk rating as ASF 12/31/2017- Overall Rating 82 Green, the Surplus Cash 757.021, Cash Throw off 914.331, R4R 2492.117, DSCR 1.525. The occupancy was 96.412 (yellow), but it is more than the 95% U/W percentage. Received on 10/25/2018 a letter has not been sent out yet. Nor has the ASF been referred. No MOR on file. REAC 10/26/2018 scored 79, c. Financial condition is stable and no other attributes evident that would lower the rating.		
11/05/2018	L [REDACTED]	I Project Manager
SAE entered EH&S mitigation status in the Physical Inspection/EH&S Event Tracking (iREMS), uploaded to LaserFiche, closed AMPS#: 35685		
11/01/2018	[REDACTED]	DEC Financial Analyst
FASS Referral #4: FASS Referral #4 was triggered due to unauthorized distribution of project funds for the 12/31/2017 AFS. Resubmission of the 12/31/2017 AFS was received by REAC on 10/25/2018. REAC then marked the original 12/31/2017 AFS submission as inactive and closed FASS referral #4 in iREMS on 10/26/2018.		
10/05/2018	L [REDACTED]	Project Manager
Introduction email sent to gilp@prosperahcs.org along with the contact sheet to get updated contact information.		
10/01/2018	[REDACTED]	Project Manager
This property was re-assigned to Claimant by [REDACTED] on 9/7/2018.		

[REDACTED] the previous AE.		
03/07/2016	[REDACTED]	DEC Financial Analyst
FASS Referral #3: The DEC financial referral assigned to the Fort Worth Satellite Office is for the FY 2014 annual financial statements (AFS) referred by REAC (id #3) based upon system generated flag for the unauthorized distribution of project funds. The 12/31/2013 Computation of Surplus Cash reported positive surplus cash of \$163,210. There was no Mid-Year Computation of Surplus Cash submitted with the 2014 AFS. The 2014 Statement of Cash Flows reported a Contribution of \$556,813 and the following cash outflows: \$40,385 of Entity/Construction Disbursements, \$703,371 of Entity/Construction Investing Activities and Entity/Construction Financing Activities of \$119,290. Therefore, there appears to be an unauthorized distribution of \$143,023 (\$163,210 + \$556,813 - \$40,385 - \$703,371 - \$119,290). Since this owner is a first time offender (the two prior referrals were non-filers) and ended the most current year, 2014, in a positive surplus cash position of \$159,960, the DEC will close the FASS referral #3 and issue a warning letter to the owner.		
09/12/2014	[REDACTED]	DEC Analyst

<p>Referral #2 was referred to the DEC due to the non-filing of the 2013 AFS. Upon review it was noted that the 2013 AFS was submitted to iREMS on 8/27/2014. This office has reviewed the data in iREMS and determined that the AFS late-filer referral should be closed since the AFS was submitted prior to sending the Pre-Penalty Letter. A warning letter will be sent to the owner advising the owner that should they fail to submit future AFS in a timely manner, HUD may impose penalties for those failures, as well as the failure to file the subject AFS timely. The DEC is closing the referral for the reason stated above and in accordance with the DEC's SOP for non-filers.</p>		
01/10/2014	██████████	DEC Analyst
<p>Referral #1 was referred to the DEC due to the non-filing of the 2012 AFS. According to iREMS the owner assumed financial responsibility on 11/1/2012, therefore owing less than 90 days of AFS. This owner is qualified for a waiver for the stub period. The DEC notified the owner advising that they should contact the REAC for a waiver for the stub period. The DEC is closing the referral for the reason stated above and in accordance with the DEC's SOP for non-filers.</p>		

Property History

Date Entered	Updated By	Role
09/16/2019	██████████	PM
09/16/2019 two benchmarks for low risk properties are met. Needs a MOR.		
09/16/2019	██████████	PM
09/16/2019 three benchmarks for low risk properties are met. Needs a MOR.		
08/21/2019	██████████	PM
ASF 12/31/2018-Overall Rating 52 Red, No MOIR ₇ , (not rated), physical inspection score 79, cud, Property was a 82 Green 12/31/2017.6 Need to schedule MOR.66 Low surplus cash is cause of drop in AFS rating. Also, I plan talk to Branch Chief about suspending reserves because property has 154 units and over \$500,000.00 in reserves. Owner had issues with management agent., Will process paperwork on new management agent.L		
12/20/2017	██████████	PM
Property assigned ██████████ 12/01/2017		

Tidwell Estates Apartments

800244087

iREMS

Problem

from project. No further action	is needed.	
02/08/2019	I [REDACTED]	1 Project Manager
MARS Reports received for to a fire. Spoke [REDACTED] Filled in the MARS Summary that MARS review forms	November 2018 - There is a 10,425.00 charge for renovations Cox and emailed questions. Need incident report and insurance excel spreadsheet and attached to the Schedules Aare not required at this time. Closed amps: 36566	for unit 2203 due claim information. -C. [REDACTED] advised
12/21/2018	I [REDACTED]	1 Project Manager
Received management agreement, Documents submitted to Branch AMPS: 36125. AMPS closed it.	HUD- 9839, Fidelity Bond, and insurance coverage Chief, Branch Chief B who advised she would handle and no documents have been uploaded to Laserfiche	documentation. this and to close the as Debie is working on
12/21/2018	I [REDACTED]	1 Project Manager
Received two HUD-9839b- to [REDACTED] documents uploaded at this	one with the incorrect name and the other with the correct for approval who advised to close the AMPS#: 36126. time as the forms have not been signed by BC.	name and fees. Send Amps closed, no
12/20/2018	I [REDACTED]	1 Project Manager
MARS review- reviewed documents uploaded to Laserfiche.	the August-October 2018. AMPS logs: 36193, 36194,	36195 closed and
12/18/2018	I [REDACTED]	1 Project Manager
HUD- 9839B Management property payroll was submitted Management has been updated.	Certification, Liability insurance, hazard insurance, fidelity for review. The documents have been uploaded to	bond, org. chart, and Laserfiche and Workload
12/18/2018	I [REDACTED]	Project Manager

<p>Management Agreement and Addendum A with the required No further action required.</p>	<p>Amendment received. The project attached the amendment HUD verbiage. The Management Agreement was</p>	<p>to include the uploaded to Laserfiche.</p>
<p>11/28/2018</p>	<p>I [REDACTED]</p>	<p>1 Project Manager</p>
<p>August, September and October 35536 closed. Property Manager salary. The Manager is a 11 discount. All employees get Tidwell and wanted to continue 50% out of her payroll check. Annually her salary is \$52,836. Parenting classes, Substance Development, Health & Safety Branch Chief B advised Social</p>	<p>2018 MARS have been rejected. The PM will review explained that the rent paid to Cottages is a portion year Employee. She was the Asst Manager at the Cottages a rent discount if living on site. She was promoted to living at Cottages. Her rent discount is 50% of \$905 Her salary is \$3,950 plus the 50% rent discount equals The rent is then paid to the Cottages. Social Services Abuse Counseling, Job Referral Services, Personal Education, HIV/AIDS Education, Discounted Child services and employee rent payment are acceptable.</p>	<p>and resubmit. AMPS: of the Manager's and living with a rent the Manager's position at rent. She pays the other \$4,403 per month. covers Job Training, & Teamwork Care. Branch Chief,</p>

11/21/2018	I [REDACTED]	Project Manager
MARS reviewed and rejected. Register which was sent in disbursements doesn't match accurate figures on all schedules were not uploaded as the forms 35503 and 35501 as they	Emailed rejection as the figures on Schedule A does not match Check and the Advised need October 2018. MARS Also closed AMPS	
11/19/2018	I [REDACTED]	Project Manager
[REDACTED] discuss the audit no later than November 30, payee) 3. Copy of the hazard liability coverage with Agent of staff to be charged against including hourly rate, a statement Copy of the executed Management	[REDACTED] had a conference call with [REDACTED] findings and 9839. Management company will submit 2018: 1. HUD 9839 2. Copy of the Fidelity Bond(with insurance coverage(with 1-11.1D as additional payee) designated as one of the insured 5. Copy of the Organizational the project operating account annotating job titles and of each position, duties and whether the position Agreement	Lori Stinnett and Jean the following documents HUD as additional 4. Copy of the Public Chart; 6. A list approximate salary is full or part time. 7.
10/29/2018	1 [REDACTED]	Project Manager
During the project review, 'Jean Yentsch' < [REDACTED] > [REDACTED] < [REDACTED] > [REDACTED] documentation needed. Please 93481) and the corresponding of the month following the authorized representative attached. Please fill out and being released for non-critical corrections showed a release ALL non critical repair disbursements.	there were a number of outstanding items noted. SAE [REDACTED] >; 1. August and September 2018 MARS -An email was note one copy of the monthly report forms (forms bank statement are due in the HUD Field Office no month of operation covered by the report. The report of the management agent or mortgagor. 2. Contact List-repairs. However, the August 2018 Schedule A that of non-critical repair funds. Please provide approved	requested via email to [REDACTED] sent with the correct HUD-93479, 93480, and later than the tenth (10th) must be signed by an The document has been no history of funds was returned for releases and receipts for
10/26/2018	I [REDACTED]	Project Manager

August 2018 MARS received, Project with instructions on	forms are not filled out correctly. AMPS log 35028 filling out the forms correctly. MARS was not uploaded	closed and email sent to to Laserfiche.
10/01/2018	I [REDACTED]	Project Manager
This property was re-assigned [REDACTED] was	to Claimant by Branch Chief Jessie the previous AE.	[REDACTED] on 9/7/2018.

Property History

Date Entered	Updated By	Role
08/19/2019 [REDACTED]	PM	
New 223(f) to HUD portfolio.i,i,2018,AFS received REAC FASS assessment of i,97 Green with 0 Compliance Findings, but DSCR was low due to initial AFS submission.i,		

Glen Hollow A ts 800246311

Problem Statements

E rec'd auto email the UW has placed this property in Preliminary Reject effective 4.23.18. Reason #2.
Lender failure to submit requested information, generally within one week (five business days), during application processing that materially impacts processing timelines.

07/31/2019 I



Residence at Eagle Pass 800225390 iREMS

Problem Statements

Entered Date	Last Update User	Role
10/25/2019	[REDACTED]	Project Manager
[Sunridge Management Group	took over as management agent on 10/13/2019.	
10/25/2019	I [REDACTED]	I Project Manager
August Mortgage payment completing a refinance which project. First order will be	was made 8/15/19. September and October payments should close in the coming week and then the to bring mortgage current.	are outstanding. Investor is investor funds will come to this
09/18/2019	1 [REDACTED]	Project Manager
Property recently moved August and September 2019 payments, management	to Erin Ferguson, RS. 9/13 - Property submitted the still open. 9/18 - EF sent follow up email to property agent approval, FASS submission and limited partner	July 2019 mortgage payment. to request status of status.
11/09/2018	I [REDACTED]	1 Project Manager
SAE received the binder Mortgage. The documents	commitment, deed of trust, mortgage note, and regulatory were uploaded to Laserfiche and the project forwarded	agreement from Red to the Resolution team.
11/08/2018	I [REDACTED]	1 Project Manager
SAE updated risk rating currently in default and the	to a 4a due to delinquency occurrences in the last two owner needs help with the payment.	years. The mortgage is
11/08/2018	1 [REDACTED] S [REDACTED]	Project Manager

<p>SharePoint notes from Previous occupancy. REAC score category Green (RFR). Occupancy 6/14/18: Open DEC Referral Referral closed on 07/30/2018.</p>	<p>AE, [REDACTED] Project final endorsed on 08/22/2013. Currently of 95. MOR 01/13/2011 Satisfactory. All MROC is at 89%. Requested MARS and will monitor for non-filer of AFS. email sent by DEC on 4/11/2018, DSCR 0.142 and owner submitting MARS for</p>	<p>at 95 % scores are Red with one sub DSCR for next 6 months. pending review. DEC review. Will monitor.</p>
<p>11/06/2018</p>	<p>1 [REDACTED] 1</p>	<p>Project Manager</p>
<p>Received requested to stop shows the mortgage has 22(red) with a 0.142 DSCR project is currently under Loss of \$59,822.07 from last two years which is evident</p>	<p>R4R and allow project to use R4R funds to pay been late every month in 2018. MDDR notifications and 67.258 occupancy rate , the Mor is 7 years review for the Resolution to referral. ASF from mortgage Oct.2017 to Sept. 2018. Project has been experiencing by the Workload Management log. Owner needs</p>	<p>mortgage. Payment history reflect the same. The ASF is old, and the REAC is 66,c. The company shows a Net financial hardship for the some help and has explored</p>

all of their options.		
11/02/2018	1 [REDACTED]	1 Project Manager
SAE review 11/2/2018- Due to MDDR alert, SAE contacted Red Mortgage to get status update. No payment has been received for November 2018. Went over the history and requested full history for 2018 be sent for review. Updated lender contact person in iREMS. Uploaded the history into Laserfiche. Jan 2018 payment received on 1/31/2018 / Feb payment received on 2/13/2018 / March payment received on 3/9/2018 / April payment received on 4/11/2018 / May payment received on 5/9/2018/ June payment received on 6/20/2018 / July payment received on 7/11/2018 / Aug. payment received on 8/14/2018 / Sept. payment received on 9/18/2018 / Oct. and Nov. payment has not been received as of 11/2/2018		
10/01/2018	1 [REDACTED]	1 Project Manager
This property was re-assigned to Claimant by Branch Chief A on 9/26/2018. S [REDACTED] was the previous AE.		
07/30/2018	1 [REDACTED]	1 DEC Financial Analyst
Non-Filer Referral #2: -filer referral #2 was triggered due to the non-filing of the 12/31/2017 AFS. The Non12/31/2017 AFS were submitted action. on 07/20/2018. The non-filer referral #2 will be closed without further		
01/30/2014	[REDACTED]	1 DEC Financial Analyst
DEC FASS Referral #1: The DEC financial referral assigned to the Fort Worth (AFS). The iREMS referral is id#1. In 2012, statements for of project funds, which was an auditor finding. unauthorized distribution of project funds — The compliance was reported by their auditor distributions Issues: 1. issue line item on the 2012 Statement of Cash Distributions — (\$99,729). Unauthorized because Flows: 1. Cash shows that the project had positive The cash of \$52,229. The of the following 2011 surplus of Surplus Cash shows that the project had 2012 surplus cash of \$35,989. The 2012 Computation of Surplus positive to be an excess distribution of (\$11,511). \$35,989. The 2012 Mid-Year Computation Resolution: the project had positive surplus cash of Computation of project Therefore, there appears \$17,524. This the DEC. Since the project ended owner is also a first surplus Surplus Cash shows that 2012 in positive send a warning letter to the owner cash and this is a first time financial referral to explaining the violation and not pursue time referral, the DEC will repayment on this one occasion.		

FY10 DESK REVIEW, AFS REVIEW

Property History

Date Entered	Updated By	Role
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10/10/2019	[REDACTED]	PM
<p>Project final endorsed on 08/22/2013. Currently Satisfactory. All MROC scores are Requested MARS and will monitor, AFS. email sent by DEC on 4/11/2018, and owner submitting MARS for 12/6/2018. Phase II was brought to re-submit 9250 after reviewing through R4R request. RS is hoping wjh. UPDATE: RS received notification UPDATE: Property is in DEC due AFS asap. wjh UPDATE: 8/18/19 engaged and this investor will put current including August and September these funds and the AFS submission.</p>	<p>at 95 % occupancy. REAC score of 95. MOR 01/13/2011 Red with one sub category Green (RFR). Occupancy is at 89%. DSCR for next 6 months. 6/14/18: Open DEC Referral for pending review. DEC Referral closed on 07/30/2018. DSCR review. Will monitor. UPDATE: RS had a call with lender and up to date and Phase I should be paid through November. Owner expenses that was paid out of project funds that should have been that will alleviate delinquency while occupancy slowly creeps from the lender that April payment was received on 5/9/2019. to non-filer status and RS is communicating with the property Property has made the July payment and a limited investor has \$300K into this property and Eagle Pass II which will bring payables mortgage payments. RS reached out to ownership for status Property is now at 95% occupancy.</p>	<p>non-filer of 0.142 owner on was going paid upwards. to submit been on</p>
09/19/2019	I [REDACTED]	1 PM
<p>Project final endorsed on 08/22/2013. Currently Satisfactory. All MROC scores are Requested MARS and will monitor, AFS. email sent by DEC on 4/11/2018, and owner submitting MARS for 12/6/2018. Phase II was brought to re-submit 9250 after reviewing through R4R request. RS is hoping wjh. UPDATE: RS received notification UPDATE: Property is in DEC due AFS asap. wjh UPDATE: 8/18/19 engaged and this investor will put current including August and September these funds and the AFS submission.</p>	<p>at 95 % occupancy. REAC score of 95. MOR 01/13/2011 Red with one sub category Green (RFR). Occupancy is at 89%. DSCR for next 6 months. 6/14/18: Open DEC Referral for pending review. DEC Referral closed on 07/30/2018. DSCR review. Will monitor. UPDATE: RS had a call with lender and up to date and Phase I should be paid through November. Owner expenses that was paid out of project funds that should have been that will alleviate delinquency while occupancy slowly creeps from the lender that April payment was received on 5/9/2019. to non-filer status and RS is communicating with the property Property has made the July payment and a limited investor has \$300K into this property and Eagle Pass II which will bring payables mortgage payments. RS reached out to ownership for status Property is now at 95% occupancy.</p>	<p>non-filer of 0.142 owner on was going paid upwards. to submit been on</p>
08/28/2019	I [REDACTED]	1 PM

<p>RS received the following email response, but I was putting a plan news is while we still need a couple weeks for good here shortly. Below Management Company will take yesterday, and I'll put the current their proposed operating budgets, payments), they're showing positive We've brought in a limited partner \$220K to pay back payables (including enhance the clubhouse and amenities.</p>	<p>from the owner on 8/27/2019: Good afternoon Bill! Sorry for in motion and didn't have all the pieces in place until yesterday. weeks to get everything squared away, I believe we'll be out are bullet points of what I've been working on: 1) Sunridge over as the new management agent. I believe you officially approved management agent on notice when I return to town Friday. I've and if everything was paid current (including July & August cashflow in September. Current occupancy is 95% for both to recapitalize the project with \$300K. The \$300K will be used July and August mortgage payments), and the remaining We anticipate all documents to be finalized in the next week,</p>	<p>my delayed Good of the them reviewed mortgage phases. 2) as such: \$80K to and the</p>
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\$300K funded within two weeks. Currently Phase I owes July and August, and Phase II just owes August. Phase I has approximately \$40K in the operating account, and I'm trying to see if I can get the investor to at least put a small portion in this week so we can cover the July mortgage payment while we're finalizing the other docs. I understand these projects have been on your radar for WAY too long, but I believe this change in management agents, and the recapitalization will get both phases back on track and off your radar for good. As I mentioned both phases are currently 95% occupied so the hard part is done. We just need to get the operating expenses back to a reasonable number and we should be cash flow positive in September.

06/24/2019



1 PM

Project final endorsed on 08/22/2013. Currently at 95 % occupancy. .REAC score of 954 MOR 01/13/2011 Satisfactory.i, All MROC scores are Red 1, with one sub category Green (RFR).1,1,i,i3Occupancy is at,89%. LRequested MARS and will monitorLDSCRi for next 6 months. 6/14/18: Open DEC Referral for non-filer of AFS. email sent by DEC on 4/11/2018, pending review.i, DEC Referral closed on 07/30/2018. DSCR 0.142 and owner submitting MARS for review.i, Will monitor.i, UPDATE:I, RS had a call with lender and owner on 12/6/2018.2, Phase II was brought up to date and Phase I should be paid through November.i, Owner was going to re-submit 9250 after reviewing expenses that was paid out of project funds that should have been paid through R4R requesti, RS is hoping that will alleviate delinquency while occupancy slowly creeps upwards.i, wjh.i, UPDATE: RS received notification from the lender that April payment was received on 5/9/2019.2,UPDATE: Property is in DEC due to non-filer status and RS is communicating with the property to submit AFS asap.i, wjh

