



OFFICE OF GENERAL COUNSEL

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-0500

July 14, 2022

MEMORANDUM FOR: [REDACTED] Retaliation and Disclosure Unit  
United States Office of Special Counsel

FROM: Damon Y. Smith, General Counsel **DAMON SMITH**  
U.S. Department of Housing and Urban Development (HUD)

SUBJECT: OSC File No. DI-19-2646 Supplemental Report

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DN: CN = DAMON SMITH C = US O = U.S.  
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This letter and enclosed report further document 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).

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. Following an investigation by HUD's Departmental Enforcement Center (DEC), HUD Secretary Ben Carson issued HUD's report on this matter on November 18, 2019. In his letter to the Honorable Henry Kerner, Secretary Carson stated that HUD's 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." Secretary Carson stated that the investigation did identify some areas for improvement, and he directed Multifamily Housing (MFH) staff to address the recommendations set forth in the report.

In June of 2020, OSC posed follow up questions to HUD. The DEC responded via a memo dated August 14, 2020. The contents of that memo, along with the additional information described below, are included in this supplemental report.

### **2021 OSC Inquiry w/HUD Responses**

On February 12, 2021, OSC contacted DEC Director Craig Clemmensen concerning the Department's August 14, 2020, supplemental response. OSC requested that the contents of the DEC's August 2020 memo be repurposed into a supplemental report on behalf of HUD. OSC also requested additional information, which it requested be included in the supplemental report. Specifically, OSC requested the following:

"The responses in your memo should be incorporated into the supplemental report. Additionally, after reviewing the memo, there is one area we request additional investigation and response:

- OSC Regarding Concern A, please provide any actions HUD has taken or plans to take to address the issue of projects overdue for REAC inspection. Additionally, please provide a substantive response to the referred allegations that addresses the lack of owner certifications and evidence of repair of EH&S items.

Please also indicate whether the subsequent investigation alters the agency's findings as to whether any of the allegations are substantiated. Please also include a description of any action the agency has taken or plans to take as a result of the investigation."

The DEC forwarded this request to the Office of Multifamily Housing, which responded to the February 12, 2021, request with the following April 2021 review and response:

**REAC Inspections:** There were five projects that had overdue REAC inspections at the time of the DEC investigation. As of April 16, 2021, the five properties in question still have overdue inspection reports. Timely performance of REAC inspections has been an issue for the entire Multifamily portfolio for several years. This challenge has not been limited to the Fort Worth office. The Office of Multifamily Housing has been working with REAC to address the issue of timely inspections. Perhaps more important to note is that REAC has suspended all inspections since February of 2020 due to the pandemic. The Office of Multifamily Housing is working with REAC on a prioritization of inspections when inspections can safely begin, expected to be later this year. However, it will take well over a year to work through the backlog of inspections because of the pandemic.

**EH&S Certifications and Documentation:** Of the 66 identified projects, DEC noted 43% without the appropriate owner certification and documentation of repairs. The Ft. Worth Multifamily Office performed a document review for the "missing" certifications and documents. Ft. Worth was able to obtain missing documents either from HUD files or the owners. As the attached spreadsheet reflects, after that file review the missing documentation for owner certifications is 8% and documentation is 13%. Ft. Worth noted that four of the missing documents predated the Multifamily Transformation in 2015 and the standard seven years retention requirements of our Record Retention Schedules. Because Multifamily's records were digitized in 2015 and because of the tolling of the retention period, it is reasonable to allow for some document loss from the pre-2015 documents. Excluding these four records results in two missing certifications and five missing documentations.

**Investigation Altering Agency Finding:** The subsequent investigation has not altered the agency's findings. The number of missing EH&S documents in the sample are statistically acceptable and understandable given the wholesale scanning of documents that took place due to Transformation. The investigation did not indicate systematic failures by Fort Worth staff or management failing to obtain necessary documentation as alleged.

**Follow up Actions:** The DEC Report indicates that their 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" and the majority of the claims were found to be unsupported. The issue that stands out is the above review of EH&S documentation not being added to the database. The maintenance of accurate data in iREMS is not an issue isolated to the Ft. Worth Regional Office and

is a priority of the Office of Multifamily Housing. The Office of Multifamily Housing has a current priority goal on data quality will continue to review data quality status in quarterly discussions with the Associate Deputy Assistant Secretary.

The DEC sent OSC a draft of HUD's planned supplemental report, which included the Office of Multifamily Housing's responses, in October of 2021. On May 11, 2022, OSC contacted DEC Deputy Director Mark Borum concerning follow up questions to the draft supplemental report. In that May 11, 2022, email communication, OSC requested responses to two follow-up questions concerning the supplemental report. Those follow-up questions are reproduced here, followed by the relevant portion of HUD's draft supplemental report and then HUD's additional response to the follow-up questions:

**OSC Question 1:** *It appears that at the time of OSC's disclosure referral, HUD was aware it had a significant problem concerning overdue REAC inspections and was in the midst of addressing the issue. Yet by the time of the initial report and draft, HUD finds that the backlog was significantly corrected according to the sample of properties evaluated as part of the investigation. To OSC, it appears this allegation has been partially substantiated, as HUD admits there was/is a significant issue, and it is continuing to work diligently to correct it. If HUD wishes to hold its position that this allegation is not substantiated, we request further explanation and rationale to support its position.*

**Relevant Portion of Draft Supplemental Report:** *REAC Inspections: There were five projects that had overdue REAC inspections at the time of the DEC investigation. Those five still have overdue inspection reports. Timely performance of REAC inspections has been an issue for the entire Multifamily portfolio for several years. This challenge has not been limited to the Fort Worth office. The Office of Multifamily Housing has been working with REAC to address the issue of timely inspections. Perhaps more important to note is that REAC has suspended all inspections since February of 2020 due to the pandemic. The Office of Multifamily Housing is working with REAC on a prioritization of inspections when inspections can safely begin, expected to be later this year. However, it will take well over a year to work through the backlog of inspections because of the pandemic.*

**Additional HUD Response:** **There were originally 27 alleged late REAC reports and by the time of the DEC investigation it was down to five. The pandemic caused a cessation of REAC inspections for over a year; however, REAC inspections have resumed since the last response to the OSC and the five properties have been inspected (all with scores in the 86 to 99 range). The OSC notes that "this allegation has been partially substantiated, as HUD admits there was/is a significant issue. If HUD wishes to hold its position that this allegation is not substantiated, we request further explanation and rationale to support its position." Multifamily Housing does not disagree that REAC inspections were not completed on a timely basis for the entire portfolio and for the cited properties. It is important to note that delayed REAC inspections was a national issue caused by a variety of factors including funding, hiring, and training of inspectors among other issues. HUD staff acknowledged the delay in inspections in public meetings and anyone with internet access could confirm that inspections were delayed. HUD acknowledges that the allegation related to timeliness of REAC inspections is partially substantiated.**

**OSC Question 2:** *In HUD's investigation of the missing EH&S documentation, please clarify what proportion of EH&S items needed to be collected from property owners, versus items that HUD already had in its possession but had not yet uploaded to the property files/iREMS. The concern here is that there is a distinction between the EH&S documentation not being made available in the files yet still within HUD's possession, versus HUD not requiring property owners to timely submit the documentation. The report should make clear what HUD's investigation found.*

**Relevant Portion of Draft Supplemental Report:** *EH&S Certifications and Documentation: Of the 66 identified projects, DEC noted 43% without the appropriate owner certification and documentation of repairs. The Ft. Worth Multifamily Office performed a document review for the "missing" certifications and documents. Ft. Worth was able to obtain missing documents either from HUD files or the owners. As the attached spreadsheet reflects, after that file review the missing documentation for owner certifications is 8% and documentation is 13%. Ft. Worth noted that four of the missing documents predated the Multifamily Transformation in 2015 and the standard seven years retention requirements of our Record Retention Schedules. Because Multifamily's records were digitized in 2015 and because of the tolling of the retention period, it is reasonable to allow for some document loss from the pre-2015 documents. Excluding these four records results in two missing certifications and five missing documentations.*

**Additional HUD Response:** **For the EH&S owner certifications and documentation, all of the documents noted in the Multifamily earlier response were obtained from HUD's files (HUD email; more detailed review of digitized documents; review of physical files) or from requests to owners to resubmit previously submitted documents. No documents were "recreated" by HUD for response to the DEC. Multifamily cannot definitively determine what proportion came from HUD vs owners. However, regardless of the source of the documentation, the assertion that HUD did not "require owners to timely submit the documentation" is not supported by the facts or submitted documentation.**

The balance of this supplemental report consists of relevant portions of the Department's initial report that are supplemented here.

**Relevant portions of the DEC Report November 18, 2019**  
**Office of Special Counsel - File No. DI-19-2646**

**I. Objective**

The objective of the review was to determine if there was a violation of law, policy or regulation<sup>1</sup> or gross mismanagement in administering the MFHSW portfolio by the MFHSW Branch Chiefs, Branch Chief A, and Branch Chief B.

The 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.

**II. 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. [REDACTED] 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.

**III. 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.<sup>2</sup>

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

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 Branch Chief B's team.<sup>3</sup>

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<sup>1</sup> HUD Handbooks 4350.1; 4350.4; 4370.1; 4381.5.; HUD Regulations 24 CFR Part 200; 24 CFR Part 880.

<sup>2</sup> Interview Notes Asset Management Division Director – p. 1

<sup>3</sup> Interview Notes Branch Chief Branch Chief A – p. 1

#### IV. Results of Review

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.

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#### **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.<sup>4</sup> 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*.<sup>5</sup> 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.<sup>6</sup> Regardless of the standard ranking, when HUD 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.<sup>7</sup>

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<sup>4</sup> 24 CFR § 5.703, *et seq.*

<sup>5</sup> 24 CFR § 200.855, *et seq.*

<sup>6</sup> 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-inspected every two (2) years; and scores of less than 80 points are designated as Standard 3 and will continue annual physical inspections.

<sup>7</sup> 24 CFR § 200.857(c)(2)

### 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],”<sup>8</sup> 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 these 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.<sup>9</sup>

### HUD Review Results

The Department undertook a review of Claimant’s 66-project portfolio and determined claims of HUD’s failure to ensure compliance with physical condition standards and inspection requirements to be unsupported. However, Asset Management did not always follow policies and procedures outlined in the handbook on collection of documents and REAC inspection schedules were not always in compliance with HUD Regulations. HUD’s 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 condition standard having received REAC inspection scores of less than 60c.<sup>10</sup>
- The six 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) 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

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<sup>8</sup> Claimant Interview Notes p. 1

<sup>9</sup> Claimant Interview Notes p.1-2

<sup>10</sup> Attachment A – REAC Score Column

EHS items cited in both inspections; 6) Columbia Apts 800020788 REAC Inspection date 6/10/19 yielded score of 51c and EHS items cited.<sup>11</sup>

- In 27 projects, the physical inspection schedule as required by HUD Regulations was not followed.<sup>12</sup> 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.<sup>13</sup>
- 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.<sup>14</sup>

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.<sup>15</sup> 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. However, this lack of additional documentation does not correlate to a project's overall poor physical condition, nor does it equate to gross mismanagement by MFHSW or its failure to ensure physical conditions are met as only six (6) projects received below 60 REAC inspection scores within Claimant's project portfolio and 57% of Owners that were required to provide certifications did so, under penalty of perjury.

## **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.<sup>16</sup> 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 Owners whose properties are subsidized with HAP and provide specific administrative tasks including management and

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<sup>11</sup> Attachment A – REAC Score Column

<sup>12</sup> Per 24 CFR § 200.857(b)(1)

<sup>13</sup> Attachment A – Other Column

<sup>14</sup> Attachment A – EHS Column

<sup>15</sup> 24 CFR § 200.857(c)(2)

<sup>16</sup> 24 CFR § 880.505



occupancy reviews; monthly voucher payments to Owners; contract renewals; and physical inspection monitoring for HAP assisted properties.<sup>17</sup>

### 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.

### 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 Rehab 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.<sup>18</sup> HUD was only made aware of the issues after SHCC performed a management and occupancy review (“MOR”) in August 2018 that resulted in an “unsatisfactory” score due to an underutilization of the HAP contract and no prior notification to HUD of Owner’s removal of 20 units. Claimant stated that Branch Chief B advised her not to order a REAC inspection and not to schedule a Management Occupancy Review (MOR).<sup>19</sup>

On June 10, 2019, REAC conducted a physical inspection of the project which yielded a score of 51c, an indication the property does not meet HUD’s physical condition standards.<sup>20</sup> However, according to rent subsidy records from SHCC, the Owner is neither seeking nor requesting rent subsidies for these vacant units.<sup>21</sup> According to Branch Chief B, MFHSW elevated this matter to its MFH Resolution Team which is exploring the possibility of Section 8(bb) transfer of the subsidy, if units remain vacant and offline.<sup>22</sup> While a Section 8(bb) transfer may be a

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<sup>17</sup> 24 CFR § 881, *et seq.*

<sup>18</sup> Attachment B - Columbia Apartments iREMS Report

<sup>19</sup> Claimant’s Interview Report p. 4

<sup>20</sup> Attachment B -Columbia Apartments REAC Inspection Score Report

<sup>21</sup> Attachment C - Columbia Apartments PBCA Southwest Housing Compliance Corporation Section 8 Voucher Report

<sup>22</sup> 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

possible solution in this case, the position from Claimant that contract funds related to the units could be quickly transferred for the benefit of other tenants is not accurate. Primarily, 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). HUD maintains a process for transfer of Section 8 budget authority when a contract has been fully terminated and there's remaining funding tied to the authorization. In such cases, there must be budget neutrality and transfer made to similarly situated properties within the same geographical jurisdiction.<sup>23</sup> 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.<sup>24</sup> 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.<sup>25</sup>

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

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when the contract or one of the contracts from its subdivision into multiple HAP contracts is terminated

<sup>23</sup> Housing Notice H 2015-03, establishing guidance for transfer of HAP Contract Budget Authority

<sup>24</sup> 24 CFR §207.19(f)

<sup>25</sup> 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.

increase the property's marketability without inordinately depleting the RFR Fund.<sup>26</sup>

### 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 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.<sup>27</sup>

### 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 cement 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.<sup>28</sup> 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.<sup>29</sup> 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 where Branch Chief B exercised this. As well, project's size and location are permitted factors that may be considered in RFR reviews.<sup>30</sup> Therefore, Claimant's allegations of arbitrary and capricious decision-making and abuse of authority are unsupported.

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<sup>26</sup> HUD Handbook 4350.1, Chapter 4.10

<sup>27</sup> Claimant Interview Notes – p. 8

<sup>28</sup> Branch Chief's Interview Notes - p. 3

<sup>29</sup> HUD Handbook 4350.1, Chapter 4.5

<sup>30</sup> 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. 31

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.<sup>32</sup>

### 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 coverage but

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<sup>31</sup> HUD Handbook 4381.5, Chapter 2.9.

<sup>32</sup> HUD Handbook 4381.5, Chapter 2.14

often referred to umbrella and employer's liability coverage.<sup>33</sup> 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. Thus, Claimant's allegation is unsupported.

## **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.<sup>34</sup>

### 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 the

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<sup>33</sup> Attachment D - 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.

<sup>34</sup>HUD Handbook 4350.1, Chapter 21.12.

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.<sup>35</sup> 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.<sup>36</sup> 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.<sup>37</sup> 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 insulated to one unit; there was no media coverage of the fire; and occurrence was in previous fiscal year.<sup>38</sup>

### 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 headquarters as the tenant had been relocated and Owner was repairing damage.<sup>39</sup> 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.

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<sup>35</sup> Tidwell iREMS; Email Correspondence

<sup>36</sup> HUD Handbook 4350.1, Chapter 21.11

<sup>38</sup> Claimant's Interview Notes – p. 4

<sup>39</sup> Branch Chief'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.<sup>40</sup> 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.<sup>41</sup>

##### 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.<sup>42</sup>

##### HUD Review Results

According to the 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.<sup>43</sup>

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.<sup>44</sup>

According to the iREMS record, on May 20, 2019, MFHSW approved the management

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<sup>40</sup> HUD Handbook 4381.5 Chapter 2.6; 2.7; 2.9

<sup>41</sup> 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.

<sup>42</sup> Claimant Interview Notes – p. 6

<sup>43</sup> Branch Chief Interview Notes – p. 2

<sup>44</sup> Email Correspondence – La Posada del Rey Apts.

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.<sup>45</sup> 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.<sup>46</sup> The management agent certification had not expired as averred by the Claimant and so there was no need to request new documents from management agent and Owner. However, Claimant insisted that because the management agent agreement did not include the required contract clauses per HUD Handbook Policy, the agreement needed to be amended.

### HUD Review Results

Claimant's position that associated management fees had to be repaid on the expired contract was erroneous and was never documented in the HUD record. However, while there are no compliance issues regarding expired management contracts in this instance, MFHSW needs to consistently apply contract clause requirements in all identity of interest and fee management contracts.<sup>47</sup> 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.<sup>48</sup>

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<sup>45</sup> La Posada – iREMS Problem Statement

<sup>46</sup>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.

<sup>47</sup> HUD Handbook 4381.5 REV-2. Chapter 2.17(b)(2)

<sup>48</sup> 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.<sup>49</sup>

### HUD Review Results

According to the iREMS record, claimant questioned alleged distributions totaling less than \$5,000.<sup>50</sup> 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.<sup>51</sup> 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.<sup>52</sup>

### 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.<sup>53</sup>

### 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 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

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<sup>49</sup> Claimant's Interview Notes – p. 4

<sup>50</sup> iREMS Problem Statement – Tidwell Estates Project

<sup>51</sup> Branch Chief's Interview Notes - p. 1

<sup>52</sup> HUD Handbook 4350.1, Chapter 4.14.

<sup>53</sup> Claimant's Interview Notes – p. 7

noncritical repair funds and there were multiple draws on the property, per lender.<sup>54</sup> 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.<sup>55</sup>

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**

Occasionally, HUD insured loans become delinquent and enter default status after a long history of slow payments. In these instances, it is the responsibility of the servicing mortgagee to foresee delinquencies where possible and to help prevent delinquencies by analyzing the project's operating statements which may show downward trends in gross income. The mortgagee as the investing lender should arrange to address history of slow payments and should notify HUD through the Mortgage Delinquency and Default Record ("MDDR") system of a payment delinquency or monetary default that continues for 30 days even if the delinquency is cured. Servicing mortgagee ultimately makes the recommendation to the investor mortgagee to either continue holding the mortgage in default status or to assign the mortgage to HUD triggering a claim on the FHA Fund.<sup>56</sup>

#### **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 notification by Branch Chief A.<sup>57</sup> The project is a new construction / substantial rehabilitation build 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.<sup>58</sup> 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

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<sup>54</sup> Auburn Creek iREMS Record

<sup>55</sup> Claimant's Interview Notes – p. 7

<sup>56</sup> HUD Handbook 4350.4 Chapter 2.32

<sup>57</sup> Residence at Eagle Pass iREMS Record

<sup>58</sup> Residence at Eagle Pass iREMS Record

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. Claimant's allegations are unsupported.

#### **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 including 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.<sup>59</sup> 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.

#### 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).<sup>60</sup>

#### 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

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<sup>59</sup> 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).

<sup>60</sup> Claimant's Interview Notes p.5

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.<sup>61</sup> So, the property neither is nor was FHA financed and TPA processing was obsolete.

#### **V. DEC Report 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 owner 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 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 Handbook Policy.
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.

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<sup>61</sup> Capdau Home for the Aged iREM Record – Problem Statement

## VI. Appendix

1. Electronic Communication Log
2. Attachment A – iREMS Inspection Records / Laserfiche EHS Certifications
3. Attachment B – Laserfiche Fidelity Bonds
4. Interview Notes -Claimant [REDACTED]
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