

CHAPTER 1 - GENERAL

- 1-1. AUTHORITY - Pursuant to Executive Order 12352, the Secretary designated the Assistant Secretary for Administration as HUD's Senior procurement Executive. The Senior Procurement Executive, through the Office of Procurement and Contracts, is responsible for all Departmental procurement policy, regulations, and procedures. The responsibility for internal procedures related to programmatic procurements of the Property Disposition program has been redelegated to the Assistant Secretary for Housing. Such procedures are issued by the Multifamily Property Disposition Division, Management Branch.

The Assistant Secretary for Housing has redelegated Property Disposition (PD) Contracting authority to specific Field Office positions. Only individuals in those designated positions may execute, modify, or terminate purchase orders or contracts, subject to the dollar limit delegated. Copies of the latest redelegation are available from the multifamily Property Disposition Division, Management Branch.

- A. Individuals performing Contracting Officer responsibilities must have a Certificate of Appointment (SF-1402) executed by the Field Office Manager, or in co-located offices, the Regional Director of Housing (FAR 1.6 and HUD Acquisition Regulation (HUDAR) 2401-603).
- B. Contracting Officers may have unlimited dollar authority. This authority is subject to administrative controls that may be set by the Head of the Contracting Activity (HCA). HUDAR 2401.101 defines the HCA for decentralized PD procurement as the Field Office Manager or, in co-located offices, the Regional Director of Housing.
- C. Senior Realty Specialists may be delegated authority to enter into and administer purchase orders. This authority is administratively limited to \$10,000, and may be further limited by the HCA. The HCA will designate Realty Specialists as "Senior" as necessary to meet the workload. The term "Senior" is not required to be included in the job classification or position title.
- D. The Regional Contracting Officer (RCO), under the Regional Director of Administration, serves as the Regional procurement expert. The RCO's responsibilities are set forth in Handbook 2210.16. The RCO also serves as the Competition Advocate for each contracting activity within the Region.

1-2. SCOPE

- A. Covered Transactions - The procedures prescribed in this handbook apply to contracts for goods and services in support of the Single Family and Multifamily Property

Disposition (PD) programs. This includes all contract actions associated with the acquisition of goods and services for the management, repair, improvement, alteration, demolition, maintenance, operation, rental, sale, or other disposal of HUD-owned property and property held as mortgagee-in-possession under the National Housing Act (12 USC 1701-1749). It also includes: contract actions incidental to a foreclosure or the taking of a deed-in-lieu of foreclosure on property with HUD-held mortgages, including purchase money mortgages; and, expenditures necessary to correct (or compensate homeowners for) structural or other defects under Section 518(b) under the National Housing Act.

- B. Prohibited Transactions - Among the items not authorized for acquisition (by purchase, lease, or rental) by Property Disposition contracting personnel are:
1. Acquisitions unrelated to the PD function as defined in paragraph A. above.
 2. Acquisitions funded from any source other than the FHA Fund. (The only exceptions to this general rule are expenses associated with HUD-owned properties under the Section 202 or 312 programs. In those instances, necessary property disposition contract actions may be funded from those program accounts in accordance with established procedures.)
 3. Office supplies, furnishings, and equipment (includes cameras, film, flashlights and tape measures).
 4. APP equipment, services and software, including microcomputers (PCs).
 5. Telecommunications equipment and services (e.g., telephone and telefax equipment, answering machines, etc.).
 6. Training of HUD personnel.
 7. General overhead expenses necessary for the administrative operation of the PD office, i.e., to support HUD personnel (e.g., travel, office space, etc.)

Acquisitions not prohibited above but not authorized in paragraph 1-2 A above require the written approval of the Assistant Secretary for Housing Federal Housing Commissioner.

A. Procurement - The procedures in this handbook supplement the following which are the primary rules governing procurement at HUD:

1. Federal Acquisition Regulation (FAR), Title 48 Code of Federal Regulations (CFR) Chapter 1, is the primary regulation governing Federal contracting.

Changes to the FAR are first published in the Federal Register. These changes are later issued as Federal Acquisition Circulars (FACs). FACs are printed loose-leaf changes to the FAR which are mailed to Field Offices directly from the Government Printing Office (GPO). FACs are sequentially numbered and must be filed in the FAR as received or as otherwise instructed.

2. The HUDAR, 48 CFR Chapter 24, is HUD's implementation and supplementation of the FAR and establishes Departmental procurement policies. HUDAR 2401.103 requires that all Departmental procurements, including those in support of the Property Disposition program, be accomplished in accordance with the FAR and HUDAR. Implementation material is that which expands upon related FAR coverage. Supplementation material is that for which there is no FAR counterpart. The numbering system is keyed to the FAR, except that all citations are preceded by "24." For example:

- a. FAR Subpart 6.3 concerns "Other Than Full and Open Competition." The HUDAR implementation is found at 2406.3 (same title).
- b. Supplementary coverage is noted by the suffix "70" (71, 72, etc., as may be necessary). HUDAR 2406.304-71 concerns approval of justifications for other than full and open competition at the Field Office level.

3. HUD Handbooks 2210.3, Procurement Policies and Procedures, and 2210.13, Government Technical Representative, implement Departmental policies and procedures for contracts awarded subject to the FAR. Chapters 1, 3, 5, and 6 of Handbook 2210.3 apply to PD contracting. The coverage contained in 2210.13 which is relevant to PD Procurement is contained in the Desk Guide

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for Government Technical Representatives on Property Disposition Contracts. Copies of the Desk Guide are available from the Management Branch, Multifamily

Property Disposition Division.

4. General program policy covering repairs, management, sales and services are established by the Deputy Assistant Secretaries for Multifamily and Single Family Housing. They are issued in the form of policy memorandums, directives, notices, and handbooks. Guidance on their implementation and their impact on the contracting function is provided by the Headquarters Management Branch, Multifamily Property Disposition Division, or the Single Family Property Disposition Division, as appropriate. Relevant program handbooks include:

4310.5	Single Family Property Disposition
4315.1	Multifamily Property Disposition
4310.27	AMB Operational Handbook
4305.3	Accounting Handbook for Acquired Properties
4045.1	Fiscal Administrative Handbook
1344.1	Federal Labor Standards Compliance in Housing and Community Development Programs
(No #)	PMS Procedures Manual

- 1-4. ADMINISTRATIVE CONTROLS - The Regional Administrator or Field Office Manager may implement controls, as necessary, to assure adequate management and control of the contracting function. The redelegation of Contracting Officer authority does not affect the administrative and supervisory responsibilities of any supervisory officials.
 - A. In order to promote proper internal control, Field Office and AMB/PM procurement actions must be processed in a manner which ensures that persons who place purchase orders are not also assigned responsibility for inspecting and accepting delivery or performance.

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- B. Additional administrative controls may include:
 1. The Regional Administrator may restrict the contracting authority of any Field Office within the Region and designate another Field Office to process its contract actions.
 2. To strengthen controls within a contracting activity, the Field Office Manager may require prior approval at

a higher level for:

- o Contract awards over a stated value (e.g., \$100,000).
- o Solicitations for Architect/Engineer (A/E) services.
- o Contract amendments aggregating in excess of a stated value (e.g., \$50,000).
- o Contract amendments and/or modification that exceed the original contract price by more than a stated percentage (e.g., 15 percent).
- o Reaction of an otherwise acceptable bid because of non-responsibility determination. (See FAR Subpart 9.1.)
- o Any small purchase over \$1,000 based on the solicitation of fewer than three quotes (see FAR 13.106(b)(5)).

1-5. TRAINING REQUIREMENTS

- A. Contracting Officers. Experience, education, and minimum training requirements for Contracting Officers are established by HUDAR 2401.603-2. These requirements apply to anyone who is serving as a contracting officer and spends more than ten percent of his/her time in contract placement and/or administration.
- B. Other PD personnel. PD contracting involves other personnel (with various position titles) in contract planning, placement, and administration. Representative position titles include "Contract Specialist," "Senior Realty Specialist," and

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"Realty Specialist." It is essential that such personnel receive sufficient training to ensure efficient and professional job performance. Training requirements for contracting support staff are as follows:

1. Contract Specialists, Senior Realty Specialists, and others involved in contract placement - 80 hours.
2. Realty Specialists and others involved in contract planning and/or administration - 40 hours.

C. Training Courses

1. "Fundamentals of Property Disposition Contracting," a self-instructional training course, is available through the Regional Training Officer. It provides 40

credit hours toward the minimum training requirements.

2. The Regional Training Officer, Regional Contracting Officer and Headquarters Management Branch should be consulted for information on other contracting courses that may be available. Suggested courses should cover:
 - a. Small purchase procedures
 - b. Sealed bidding procedures
 - c. Negotiation procedures
 - d. Contract administration
 - e. Managing the procurement function (suggested for CPOs and Directors of Housing Management)

1-6. PROCUREMENT PLANNING - FAR Part 7 requires each contracting activity to perform procurement planning. Appendix 1 is a suggested procurement plan format. Regardless of the format, the procurement plan must conform to the requirements listed below:

- A. The planning process must be completed no later than September 1 of each year for the next fiscal year and must include:

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1. Surveying past procurement activity;
 2. Categorizing repetitive services;
 3. Characterizing how services were procured;
 4. Estimating future volume; and,
 5. Determining the best method of procurement for future needs.
- B. In determining the best method of procurement for future needs, consider:
 1. Maximizing competition, as required by FAR Part 6;
 2. Size, dispersion, and physical condition of current and projected inventory;
 3. Which procurement technique will be most economical in terms of cost and staff usage. This may include the consolidation of requirements for award of indefinite-delivery contracts; and,

4. Availability of contractors for the services.

1-7. SOURCE LISTS

A. General.

1. Source lists must be maintained for all supplies and services for which there is a repetitive need. They are solely for the purposes of identifying firms interested in PD contracting and promoting competition. They are not a form of pre-qualification; anyone who requests a copy of a specific solicitation must be given one.
2. Local media advertising is encouraged as a means to attract adequate sources for supplies and services.
3. A separate file must be kept to document all general efforts to increase sources and generate competition, such as contacts with trade associations, minority contractor associations, and general display advertisements.
4. Establishment of source lists by AMB/PMs is discussed under paragraph 3-5 E.

B. Small Purchases.

1. Source lists for purchases below the small purchase ceiling may consist of a simple list of interested vendors; i.e., name, address, telephone number, and contact person, organized by type of supply/service.
2. When soliciting quotes for a specific small purchase, consult the appropriate source list to identify at least three vendors to meet the competition requirements of FAR 13.106(b). The source list may be supplemented by the yellow pages, trade journals, or other available listings. Avoid repetitive reliance on a limited number of vendors. Rotate your solicitation of quotes among the vendors available.
3. Field Offices, at their discretion, may elect to establish the more formal, structured source list explained in paragraph C. below for small purchases.

C. Solicitation Mailing List (SML). An SML is a more formally structured source list intended to ensure adequate sources of supply for contracts above the small purchase ceiling (see FAR 14.205). Placement on the SML requires the submission of an application,

1. Forms. Use the following forms to establish SMLs as

indicated:

- a. Form HUD-9733, Management Broker Qualification Data, for establishing sources for property management (AMB and PM) contracts.
 - b. Form SF-254, Architect/Engineer and Related Services Questionnaire for A/E services.
 - c. Form SF-129, Solicitation Mailing List Application, for supplies and all services other than those in a. and b. above.
2. Review. The above forms must be reviewed by the CPO or designee to ensure that:
- a. They are complete and correct; and,
 - b. The firm (or any affiliate firm) is not listed on GSA's Lists of Parties Excluded from Federal Procurement or Nonprocurement Programs.

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If an applicant is not placed on an SML, the applicant must be notified of the reason(s) for denial.

- D. Identifying Sources for Specific Solicitations. FAR Subpart 5.2 requires, with few exceptions, that all procurements estimated to exceed the small purchase ceiling must be synopsisized in the Commerce Business Daily (CBD). Therefore, the actual sources solicited for formal contracts will be based on a compilation of the respondents to the CBD synopsis, those firms identified from the appropriate SML, and any other potential firms identified by local outreach efforts, such as newspaper advertisements. A list of these sources must be kept in the file. If a solicitation is amended, all sources must be provided a copy of the amendment.
- E. Conflict of Interest Considerations. When compiling a source list for a particular procurement action, the contracting officer should review relevant SML applications to ensure that there are no apparent conflicts of interest. Two or more firms in which the principal of one is also a principal of another, or one has a financial interest in another, shall not be permitted to compete on the same purchase. The AMB/PM, or firms in which the AMB/PM has direct or indirect identity or financial interest, cannot compete on purchases providing services or supplies.

1-8. SOCIOECONOMIC PROCUREMENT PROGRAMS

- A. Policy. It is the policy of the Department of Housing and

Urban Development to award a fair portion of the Department's total procurement requirements to small businesses, 8(a) contractors, labor surplus area concerns, minority business enterprises, historically Black colleges and universities, and women-owned businesses. To implement this policy, the Department has established two initiatives: the Procurement Opportunity program (POP) and the Minority Business Enterprise (MBE) Procurement program. The Director, Office of Small and Disadvantaged Business Utilization (OSDBU), Headquarters, is responsible for both initiatives. OSDBU works with the Assistant Secretary for Housing to establish annual goals for all PD procurements. OSDBU then monitors actual performance against those goals and prepares the Department's annual performance reports.

Detailed information on the authority and content of these socioeconomic procurement programs is contained in Chapter 3 of HUD Handbook 2210.3.

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B. Responsibilities.

1. Small Business/Small Disadvantaged Business Specialists. Each Head of a Contracting Activity shall designate by name or title and in writing a small business/small disadvantaged business specialist. The responsibilities of these specialists are delineated at HUDAR 2419.201(d). Generally, their role is to encourage participation in HUD procurement by all firms targeted by the POP and MBE Programs.
2. Procurement responsibility. The CPO is responsible for maintaining a procurement program that promotes opportunities for POP and MBE firms and for meeting established goals. It is recommended that annual procurement plans be used to identify potential procurement actions for POP/MBE Program participation. The CPO must also use promotional and outreach efforts to identify and encourage active participation of POP and MBE firms in Field Office procurement. This may include the use of media advertising, including minority media.

- C. Reporting Requirements. Form HUD-9737, "Property Disposition Program Field Office Procurement Obligations," summarizes all required procurement reporting (POP, MBE and competition data) into one report. The purchase order and contract logs must contain all the data needed to complete this report. Reports are required to be completed following instructions on the reverse of the form and forwarded to Headquarters on a quarterly basis, no later than 15 days after the end of the quarter.

1-9. DEBARRED, SUSPENDED OR INELIGIBLE CONTRACTORS

- A. Policy - It is HUD's policy that Departmental contracts be awarded only to responsible contractors that can demonstrate that Government funds will be utilized properly. Generally, a "responsible" contractor is one who has the financial and technical ability to perform the contract as well as a satisfactory record of integrity and business ethics. (Complete requirements for determining the responsibility of prospective contractors may be found at FAR Subpart 9.1.)
- B. Sanctions - The debarment, suspension, and placement of a contractor in a ineligibility status are measures which may be pursued by the Contracting Officer either to exclude or to disqualify persons or firms from participating in Government contracting or subcontracting. The actual imposition of the

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sanction is made at the Assistant Secretary level. These sanctions are used for the purpose of protecting the Government's interest. HUD's pertinent regulations on this subject are contained in 24 CFR Part 24.

- C. Governmentwide Lists - The Office of Inspector General (OIG) maintains and provides HUD's contribution to the General Services Administration's (GSA) Lists of Parties Excluded from Federal Procurement or Non-procurement Programs (published as one document). The Management Branch, Multifamily Property Disposition coordinates Field copy needs annually with those who distribute both lists. Weekly updates to the GSA list can be accessed by a modem-equipped microcomputer (PC) using instructions provided by GSA.
 - D. Responsibility - Contracting Officers must review the Governmentwide lists prior to contract award as part of the responsibility determination required by FAR 9.104.
- 1-10. ADVERTISING - Ads may be placed in local media to establish access to adequate sources of supply and services (FAR Part 5) as well as to assist in the disposition of properties.
- A. Program policy on the use of advertising is set forth in the appropriate program handbooks (Single Family, 4310.5 and Multifamily 4315.1).
 - B. Contracts with advertising agencies must be entered into competitively.
 - C. Forms - Purchases under the small purchase ceiling must be placed using Form HUD-2542. Purchases in

excess of the small purchase ceiling must be placed using Form SF-33 or Form SF-26.

- D. Payment requests for advertising placed in printed media must be supported with copies of the ad(s).

1-11. PRINTING

- A. Policy. All printing and binding required by any Federal executive agency must be done at the Government Printing Office (GPO) or another printing facility authorized by the Joint Committee on Printing (JCP), U.S. Congress (44 USC 501). Contracts may result in the production of camera ready reports, pamphlets, brochures, etc., but all printing/duplicating of such material in excess of the quantities specified in HUDAR 2452.237-71, "Reproduction of Reports," must be obtained from GPO.

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- B. Responsibilities. PD Contracting Officers are also designated "Printing Officers" and are authorized to directly requisition printing and binding services relevant to Property Disposition activities through GPO/JCP facilities. Such requisitions must comply with GPO's Agency Procedural Handbook (GPO Publication 305.1). Copies are available from GPO and the Multifamily Property Disposition Management Branch.
- C. Coordination. A copy of all printing/duplicating requisitions submitted to GPO/JCP facilities must be provided to the Regional Director, Administrative Services Division.

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