



Asset Management Requirements for FHA Insured Projects in the Minneapolis Field Office

1. Submission of Monthly Accounting Reports. Monthly accounting reports (form HUD-93479, 93480 and 93481) must be submitted to this office covering the period from the first day of the month of initial occupancy and each month thereafter until HUD determines that it is no longer necessary to monitor the project's financial operations on a monthly basis. The reports are due in our office on the tenth of the month following each monthly reporting period.
2. Financial Reports. The Regulatory Agreement executed by the owner requires the submission of annual audited financial reports. Audited annual financial reports must be prepared by a CPA in accordance with HUD Handbook 4370.2 REV-1 and IG 2000.4 REV-2. Departmental policy published in the Federal Register on September 1, 1998 requires electronic submission through HUD's FASS/REAC system. The Uniform Financial Reporting Standard Rule, as amended in June 1999 extends the submission deadline to ninety days following the end of the project's fiscal year.

As indicated in HUD Handbook 4370.1 REV-2, whenever more than thirty days elapse between cost cut-off and the close of the fiscal year, a statement is required. The first report must cover the period from the day after cost cut-off through the end of your fiscal year.

3. Regulatory Agreement (form HUD-2466). This agreement outlines the terms of the mortgagor's covenants with HUD in consideration of HUD insuring the loan. The mortgagor should be familiar with the entire document and all of its requirements, as we consider failure to abide by the terms to be a serious matter.
4. Comprehensive Multifamily Loan Servicing. Please pay particular attention to Chapter 6, HUD Handbook 4350.1 Rev-1, regarding the focus and priorities of HUD asset management/loan servicing.
5. Reserve for Replacement Request Instructions. Releases from the accumulated monthly deposits will be approved for the items listed in Section 4-9 of HUD Handbook 4350.1 REV-1. Your request for HUD approval of a release from the Reserve for Replacement fund must include the following: (1) a cover letter in sufficient detail to enable our staff to determine the nature and scope of the replacements that have been made or are proposed, (2) a list of the item(s) that reimbursement is being requested for, along with the cost of each individual item and, if applicable, a unit number for appliances, carpeting or other items associated with a specific unit, (3) a copy of an invoice and/or receipt of payment for each item.



U.S. Department of Housing and Urban Development

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Please note that we require that a minimum of three years deposits be held in the reserve fund at all times. This three-year minimum deposit is held for emergency situations. We also require that invoices be no more than twelve months old and you must receive prior HUD bid approval for invoices over \$10,000.

According to Chapter 4, HUD Handbook 4350.1 REV-1, project owners are required to request that their mortgagees invest all or a good portion of their Reserve for Replacement fund; all interest earned on the investment of the fund must remain as a part of the fund. You should continuously determine the funds you will need in the near future to avoid any early withdrawal penalties.

Please refer to Chapter 4 of HUD 4350.1 REV-1 for more information regarding Reserve Fund for Replacement requirements.

Any additional questions can be addressed to Tim Gruenes at tim.p.gruenes@hud.gov, Del Relopez at delfin.relopez@hud.gov or Rachel Coleman at Rachel.l.coleman@hud.gov.