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CHAPTER 3. DESK MONITORING PRIOR TO PROJECT SETTLEMENT

3-1. RESPONSIBILITY. The HDG Program Coordinator or a Multifamily Housing Representative will assume primary responsibility for desk monitoring. Representatives from the Equal Opportunity Staff, the Labor Relations Staff, a Relocation Specialist, and the Environmental Officer may also be consulted or involved in the review.

This review will enable HUD staff to:

- (1) identify problems requiring immediate attention;
- (2) select and schedule projects for on-site monitoring;
- (3) develop an agenda for on-site monitoring;
- (4) identify projects ready for project settlement.

3-2. TIMING AND REPORTS. The Field Office staff shall conduct desk monitoring for every HDG project on a semi-annual basis from the time the project is approved until construction has been completed and the project is ready for settlement. Desk monitoring should be timed to coincide with receipt of the semi-annual Grantee Progress Report (GPR). Since the due dates for the GPR are January 31 and June 30 of each year, field office shall provide desk monitoring reports to Headquarters every March 30 and August 31 until closeout.

Use Attachment A, Guidelines for Desk Monitoring Prior to Project Settlement, as the desk monitoring report, if the review is positive. When there are negative conclusions or concerns, also prepare a letter to the grantee in accordance with Chapter 2, Paragraph 2-4 of this Handbook. Submit a copy of Attachment A and, when applicable, the monitoring letter to Headquarters.

3-3. SOURCE DOCUMENTS. Examine all pertinent data. Sources include:

- (1) the project application;
- (2) HUD approved regulatory waivers;
- (3) the Grant Agreement and any amendments;
- (4) the Grantee Progress Reports (GPR);

- (5) any correspondence relevant to the project, including litigation and citizens comments or complaints;
- (6) documents submitted to satisfy Exhibit D of the Grant Agreement, particularly, the Owner/Grantee Agreement, Rent Mechanism and Investment Plan for a Project Investment Account;
- (7) previous HUD Monitoring letters;
- (8) communications with or data provided by grantees, private lenders, developers, and other HUD staff;
- (9) Letter of Credit drawdown records from Headquarters; and
- (10) Early Start approval from Headquarters.

3-4. CONDUCTING THE DESK MONITORING REVIEW. Use the current GPR as the major point of reference. Use other source documents to verify or augment the GPR. If the GPR contradicts other information sources or indicates that any party has failed to comply with the Application, Grant Agreement or evidentiary materials, do the following:

- (a) contact Headquarters Development Grant Division and/or the grantee concerning any discrepancy or point of confusion;
- (b) ascertain the nature, cause and extent of the problem. For example, a missed construction target date could indicate difficulties obtaining interim financing, public approval or a construction contract;
- (c) determine if there have been performance deficiencies as defined in Chapter 1, paragraph 1-4 of this Handbook. If so, consider and weigh appropriate corrective actions at 24 CFR 850.103 and/or the preparation of an amendment to the Grant Agreement;
- (d) as appropriate, use the monitoring letter to apply remedies specified in Chapter 2, paragraph 2-4(c) of this Handbook.

3-5. SCOPE. At a minimum, assess the following:

- (a) encumbrances to construction start;
- (b) compliance with HDG early start requirements for construction starts prior to approval of the evidentiary materials;
- (c) delays in reaching the evidentiary review stage after early construction start has been approved;

- (d) adherence to the development schedule in Exhibit E of the Grant Agreement;
- (e) submission of an updated Investment Plan at least 60 days prior to initial occupancy for projects that have Project Investment Accounts;
- (f) compliance with the leveraging ratio and U.S. Treasury's regulations limiting federal funds on hand;
- (g) consistency and progress of participating parties in meeting financial commitments;
- (h) progress in meeting MBE/WBE contracting goals;
- (i) progress in rent-up of very low income and lower income units relative to the availability of units overall; and
- (j) progress in complying with relocation requirements.

Complete HUD Form 5004 and submit to Headquarters along with any monitoring letters.