

GUIDE FOR MONITORING OF REAL ESTATE ASSET MANAGERS

REAM Contract Area: ________________________________

Contract No __________________ Award Date __________ Expiration Date __________

If contract extended, indicate option period ________________________________

Field Office: ________________________________ Review Date: ____________________

Reviewer: ________________________________

Total Points __________________ Overall Risk Ranking __________________

Instructions: Check appropriate box indicated below. Field Offices are to assign a risk ranking factor to each REAM contract upon completion of review to determine the frequency of future reviews. Ranking to be High (H); Moderate (M); or Low (L). Each no response counts as one (1) point. Use the following scale to determine frequency of reviews.

Note: The point system is merely a suggestion. Offices may apply various weights or counts as deemed appropriate but the risk ranking and review frequency factors must remain unchanged. Some items may not be applicable based on the service items contained in the individual REAM contract. Mark these "N/A" for not applicable.

<table>
<thead>
<tr>
<th>Points</th>
<th>Risk Ranking</th>
<th>Review Frequency</th>
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<tbody>
<tr>
<td>69-46</td>
<td>High</td>
<td>Monthly</td>
</tr>
<tr>
<td>45-22</td>
<td>Moderate</td>
<td>Quarterly</td>
</tr>
<tr>
<td>21-0</td>
<td>Low</td>
<td>Semi-Annual</td>
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1. Accounting/Disbursements

Is the REAM submitting invoice requesting payment for management fees not later than the tenth day of the month and in accordance with the subject contract? Check the Monthly REAM Billing Report - CH/RP/PB.

2. Collections

A. Is REAM forwarding rent and any other collections to the HUD lockbox within 24 hours of receipt?

B. Are rental leases, receipt books and tenant cards being maintained?

C. Are Delinquent Notices sent to tenants and the Delinquent Tenant Report submitted to HUD by the 10th calendar day of the month?

D. When necessary, are late charges being imposed, workout agreements developed or eviction actions initiated?

Yes No
### 3. Files & Records

<table>
<thead>
<tr>
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<th>Yes</th>
<th>No</th>
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<tbody>
<tr>
<td>A. Are individual property files established and maintained as required by the contractor?</td>
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<td>B. Are files complete and adequately documented?</td>
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<td>C. Are work order and transmittal logs maintained in accordance with the contract?</td>
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<tr>
<td>D. Are proper forms being completed (work order, 9542, 9519, SAMS 1106, SAMS 1111 etc.,) as they relate to purchase procedures?</td>
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### 4. Initial Services to be Performed

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<tbody>
<tr>
<td>A. Are newly assigned properties inspected within 48 hours and thereafter as necessary?</td>
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<tr>
<td>B. Are all inspections of properties recorded on HUD-9519 or 9519-A?</td>
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<tr>
<td>C. Is REM performing Occupied Conveyance procedure in accordance with contract requirements?</td>
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<td>D. Are emergency repairs handled in appropriate manner?</td>
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<tr>
<td>E. Are For Sale and Warning Signs being posted in accordance with requirements?</td>
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<td>F. Are police, utility companies and taxing authorities being timely notified of Government ownership?</td>
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<tr>
<td>G. Is Field Office being timely and correctly notified by Form HUD-9516-A or otherwise, of damage and/or adverse occupancy, including personal property?</td>
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<tr>
<td>H. Is the initial service package, including HUD-9516-A and defective paint report submitted within five (5) days of assignment?</td>
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<tr>
<td>I. Are hazardous conditions identified and removed in accordance with the contract?</td>
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<td>J. Are properties being maintained in accordance with the contract?</td>
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<tr>
<td>K. Are trash and debris being removed from the properties?</td>
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<td>L. Is winterization done in accordance with outstanding instructions?</td>
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<td>M. Securings: 1. Are properties being secured in accordance with instructions?</td>
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<td></td>
<td>Front, back, side doors and windows secured?</td>
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<td>3. Appropriate lockbox being utilized?</td>
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<td></td>
<td>4. Garages and Storage Sheds properly secured?</td>
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<tr>
<td>N. Mowing, Trimming, Snow Removal. Is REM arranging and supervising mowing, weed removal, trimming of shrubs, etc. and snow removal when needed?</td>
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<tr>
<td>O. Does REM have adequate systems to monitor time frames, i.e. repairs and inspections of repairs, submission of documents?</td>
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<tr>
<td>P. Is the REM preparing properties for sale in a timely manner. Cases Listed but Unsold Report - DN/RP/US.</td>
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</table>
Q. Are tenant complaints responded to within the timeframes indicated in the contract?  

Yes  No

R. Are operating systems being tested and systems check reports provided within five (5) days of assignment?  

Yes  No

S. Test Reports. When required, is REM obtaining and transmitting certified test reports concerning the condition of the operating system and equipment? Are these tests accurate?  

Yes  No

T. Are sign-in sheets posted on interior of property in accordance with contract?  

Yes  No

U. Is the REM providing a listing of needed repairs with cost estimates within five (5) days of assignment?  

Yes  No

5. Continuing Services to be Performed  

A. Repairs and Purchasing  

1. Is the REM's list of qualified contractors up to date and in use?  

Yes  No

2. Are repair contractors being rotated on the REM's vendors list according to instructions?  

Yes  No

3. Are repairs cost effective?  

Profit/Loss Report by Acquisition Cost - DN/RP/FL.  

Yes  No

4. Are bid solicitations in accordance with good business practice and Federal procurement regulations and HUD policies?  

Yes  No

5. Is work beginning timely?  

Yes  No

6. Do repairs appear to be extensive and/or not cost effective?  

Yes  No

7. Are repair contractors being supervised and are inspections being made to assure satisfactory compliance with repair and maintenance contracts?  

Yes  No

8. Work progresses sufficiently to assure timely completion and compliance with contract requirements?  

Yes  No

9. Does the REM follow up on deficiencies noted during inspections?  

Yes  No

10. Are repair contractors who consistently perform inadequately recommended for removal from the list of qualified contractors?  

Yes  No

11. Is the REM adhering to local office limitations on purchase?  

Yes  No

12. Emergency Procedures - Does REM understand emergency repair procedures?  

Yes  No

13. Are Work Orders, Invoices and SAMS 1106 forms prepared accurate and according to instructions and processed in a timely manner?  

Yes  No

B. Post Closing Complaints  

NORMS - Are the nature and frequency of occurrence of post-closing complaints within reasonable limits?  

Yes  No
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C. Repair Specifications

1. ADEQUACY - Are repair specifications comprehensive in order that repair contractors can bid responsively?

2. COST ESTIMATES - Can the REAM's cost estimates be utilized in management decision in determination of the Disposition Program?

6. General Considerations

A. Does the REAM have a record of harmonious relationships and demonstrated ability to work with repair contractors, selling agents and other interested parties within the contract area?

1. Does the REAM satisfactorily resolve complaints from tenants, subcontractors, or selling brokers in connection with the REAM's services?

2. Does the REAM represent the Government in a reputable manner?

3. Has all litigation in connection with the REAM's services been satisfactorily resolved?

B. Is the REAM available during normal business hours on a reasonable basis?

C. Does the REAM adhere to norms established for processing time?

7. Administrative and Record Keeping

A. Is the REAM staff adequate?

B. Are inventory controls and inventory status records adequate?

C. Does REAM have an adequate tickler or follow-up system for inspections, purchase orders, work orders, reports, etc?

D. Does REAM have an adequate understanding of HUD's policies and procedures with regard to:

(1) Equal Opportunity?

(2) Affirmative fair marketing?

(3) Procurement?

E. Does REAM have an adequate understanding in relation to property disposition activities of federal income tax levies, mechanic's and workman's liens, and notice of bankruptcy or garnishment against contractors?

F. Are the following conditions adequate?

(1) Office hours

(2) Availability of REAM or qualified staff

(3) Businesslike office appearance

(4) Attitude of REAM and/or staff
9. Discussion Items Either Predetermined Prior to Review or Developed During Review Other Than Above.
   A.
   B.
   C.
   D.

9. Follow-up Items That May Be Used for Advice to HEAMs Concerning Deficiencies.
   A.
   B.
   C.
   D.

Total Issues Found

Total of Failure to Meet Schedules

Total Recurring Findings

Total Inability to Clear Findings Adequately

Summary and Explanation of Comments

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Remedial Actions to be Taken:
(If necessary, continue on separate sheets and attach to this report.)

Signature
(MUO Staff Member Making Review)                  Title of Reviewer

CPO's Signature                                   Date Signed

CPO's comments, If any:

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APPENDIX 41

Definitions for developing REAM's ranking factors.

High Risk - REAM's performance is unsatisfactory, but has a possibility of improvement. Relationship is characterized by the following:

- Requirements in the REAM's contract are frequently not complied with.
- Results from prior review(s) remain outstanding.
- REAM consistently provides untimely performance and newly acquired properties are rarely inspected within 48 hours.
- Information required of the REAM, such as the 9516-A, vendor invoice and related SAMS forms are not provided in a timely or accurate manner.
- The REAM is frequently not preparing properties for sale in a timely manner.
- Excessive complaints are received regarding condition of properties.
- Inventory turnover (i.e., property sales) is not occurring in a reasonable time period.
- Properties are not sold in a reasonable timeframe resulting in higher than acceptable turnover rate.
- Repairs are excessive and exceed budgeted repair cost.
- The REAM is unable to adequately maintain the properties in required condition and is incurring higher than normal maintenance and operating costs.
- Subcontractors' prices are not justified and where appropriate, subcontractors are not being rotated.
- Operational controls over the REAM's property management function and fiscal procedures are not in place.
- The REAM requires constant supervision to resolve complaints and conflicts from both outside parties and the Department's personnel.

Moderate Risk - REAM's performance is exhibiting signs of deterioration, requiring additional monitoring and control. Performance is characterized by the following:

- Requirements in the REAM's contract have not been consistently complied with.
- Results from prior review(s) on occasion are not complied with.
- REAM periodically provides untimely performance and occasionally newly acquired properties are not inspected within 48 hours.
- Information required of the REAM, such as the 9516-A, vendor invoice and related SAMS forms have been provided in a timely and accurate manner.
- The REAM is periodically not preparing properties for sale in a timely manner.
- Few complaints are received regarding the condition of properties.
- Inventory turnover (i.e., property sales) is demonstrating adverse trends.
- Properties are periodically sold in an undesirable timeframe resulting in a less than acceptable turnover rate.
- Repairs have been periodically excessive and not within the budgeted repair cost.
- Concern exists as to whether the REAM is adequately maintaining the properties in required condition and is incurring higher than normal maintenance and operating costs.
Subcontractors prices are being justified and where appropriate, subcontractors are rotated.
- Operating controls over REAM's property management function and fiscal procedures are in place but not effective.
- The REAM requires increasing supervision due to the Department's concerns its management services in accordance with the REAM's contract.

Low Risk - REAM's performance is an acceptable level of risk. Performance is characterized by the following:

- Requirements in the REAM's contract are consistently complied with.
- Findings from prior review(s) are resolved in a timely manner.
- REAM provides timely performance and newly acquired properties are inspected within 48 hours of acquisition.
- Information required of REAM, such as the 9516-A, vendor invoice and related SAMS forms have been provided in a timely and accurate manner.
- The REAM prepares properties for sale in a timely manner.
- No complaints are received regarding the condition of properties.
- Inventory turnover (i.e., property sales) is occurring in a reasonable time period.
- Properties are sold within the projected timeframe resulting in an acceptable turnover rate.
- Repairs are in accordance with outstanding instructions and within budgeted repair cost.
- The REAM is adequately maintaining the properties in required condition and is incurring acceptable maintenance and operating costs.
- Subcontractors prices are justified and, where appropriate, subcontractors are being rotated.
- Operating controls over the REAM's property management function and fiscal procedures are in place and effective.
- The REAM requires minimal supervision to resolve complaints and conflicts from both outside parties and the Department's personnel.