Real Estate Asset Manager — Prohibited Activities

Real Estate Asset Managers (REAMs) must be impartial when conducting HUD business. Sound business decisions without preferential treatment or appearance of favoritism, require constant attention. These prohibited activities are designed to protect program integrity. High standards of honesty and conduct are essential in assuring public confidence in Government business. Avoiding misconduct and conflicts of interest is indispensable to maintaining these standards.

This document, while not all-inclusive, provides specific prohibitions. It summarizes those areas with repetitive problems and relates many related Federal laws and contractual clauses.

Prohibited Activities

1. General—You shall not:
   a. Accept money, favors, gratuities, entertainment, or anything of value that might affect or be reasonably interpreted as affecting your impartiality or influencing contractual action.
   b. Accept direct or indirect payment, fee, commission, compensation, or gratuities of any kind as an inducement or acknowledgment of purchases made by you or by the Government following your solicitation.
   c. Employ, or enter into a contract for the purchase of materials or services from any person, firm, or corporation in which you have a direct or indirect interest or in the proceeds you are to share. This prohibition shall extend to firms in which your spouse, minor child, dependent, or partner may have a financial interest.
   d. Employ Federal employees or Federal officials.
   e. Favor or provide a competitive advantage to any one firm, individual, or others seeking Government business.
   f. Split repair work to circumvent formal contracting procedures.

2. Controlling—You shall not deprive HUD in any way of the benefit of full, free, and unrestricted competition by engaging in any of the following practices:
   a. Use contractors who have been excluded from participating in HUD or other Federal Government activities.
   b. Select contractors on an arbitrary basis in lieu of using the bidder rotational basis.
   c. Knowingly solicit bids from paper or dummy firms.
   d. Develop specifications that are deliberately restrictive.
   e. Order emergency repairs on a property without inspecting it first.
   f. Recommend replacement in lieu of repair as a routine practice.
   g. Invite specification writers who prepared the list of items to be repaired to bid on the same property.
   h. Split repair work to circumvent formal contracting procedures.
   i. Use your service employee hired for other positions to perform repair, maintenance, and housekeeping activities.
   j. Refuse to allow contractors to compete because of race, color, creed, religion, sex, national origin, age, familial status, or handicap.

3. Bidding—You shall not engage in collusive bidding with any individual or firm bidding for a repair contract to:
   a. Charge excessive prices.
   b. Rotate low bidders.
   c. Create fictitious companies to give the appearance of competitive bidding.
   d. Identify the names of those invited to bid on the invitation to Bid form.
   e. Award contracts to other than the low bidder without sound justification.
   f. Accept a bid which does not contain a price for all repair items included in the invitation to Bid form.
   g. Inspection and Payments—You shall not a. Fail to inspect repair work.
   b. Recommend payment for work not completed.
   c. Alter contractor invoices.
   d. Submit monthly invoices which you cannot support by documentation such as other types of billings, cancelled checks, or other cancelled negotiable instruments.
   e. Engage in fictitious billings.
   f. Submit duplicate billings for the same work or material.
   g. Claim fees for services not provided for in your contract.

5. Real Estate Practices—If you are permitted to sell properties in your inventory, you shall:
   a. Place HUD “For Sale” signs on properties that are not HUD-owned.
   b. Provide earnest money or down payments for buyers of HUD properties.
   c. Show HUD properties to prospective buyers before they are listed for sale.
   d. Encourage prospective buyers to falsely certify they intend to occupy the property they are buying.
   e. Act to restrain or inhibit prospective buyers from seeing or bidding on HUD-owned houses.
   f. Submit offers to purchase on behalf of a “straw buyer,” i.e., an individual who intends to purchase a HUD-owned property with an FHA-insured mortgage stating his or her name will be an owner-occupant, in fact, the property is being purchased for another individual who does not qualify for the purchase.
   g. Make promises to prospective buyers that HUD will accomplish certain repairs (which HUD has not publicly stated it will do).
   h. Refuse to sell any HUD property to a prospective buyer because of race, color, creed, religion, sex, national origin, age, familial status, or handicap.

I hereby certify that I have read the above Prohibited Activities and will not engage in any of the Prohibited Activities while a Real Estate Asset Manager for the Department of Housing and Urban Development. Warning: HUD will prosecute these claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3730)

Signature:

Date: