
CHAPTER 1

AUTHORITY, OBJECTIVES, AND RESPONSIBILITIES

1-1 Purpose of Handbook. This Handbook establishes policies, procedures and guidelines to be followed by HUD staff charged with enforcing statutory and regulatory requirements governing the management of multifamily HUD-owned and mortgagee-in-possession properties (MFPD properties). This Handbook must be utilized in conjunction with the procedures provided in the PMS User Manual.

1-2 Definitions.

A. Acquisition. The taking of title to a project by the Secretary of HUD.

B. Administrator. The contractor under contract to HUD to provide daily management services for Nursing Homes and/or Hospitals. See paragraph 1-2.Z. below.

* C. Alteration Regarding accessibility for individuals with disabilities, this is a change in a facility or dwelling or the permanent fixtures or equipment in a facility or dwelling. It includes but is not limited to remodeling, renovation, rehabilitation, reconstruction, changes or rearrangements in structural parts and extraordinary repairs. *

1. Examples of items or activities that are alterations include: re-fitting an entire bathroom, replacing a large number of water closets, replacing all kitchen cabinets in a dwelling unit. *

2. Examples of items or activities that are NOT alterations include: replacing a broken element (water closet or kitchen cabinet) during normal maintenance, replacing a broken door where basic integrity of the door jam is intact.

D. CO. Contracting Officer. An individual appointed by a Certificate of Appointment (SF-1402) who is authorized to enter into, administer or terminate contracts, and make related determinations and findings pursuant to FAR 1.6.

- * E. Cooperative. A legally chartered organization (e.g. nonprofit, limited equity, consumer or mutual housing association) entirely owned by its voting membership which exists to furnish goods and services to benefit its membership. *
- * F. Cooperative Member. A voting member of a cooperative. *
- G. Cost effective. The savings of the measure over its lifetime are greater than the incremental cost of the measure over its lifetime.
- H. CPD. Community Planning and Development.
- I. CPO. Chief Property Officer. In the field office, generally the Chief of the Property Disposition Branch.
- J. Decent, safe and sanitary. Housing which meets the standards set forth in Chapter 12.
- K. DHM. Director of Housing Management.
- L. Displaced person. In general, any person (family, individual, business, or nonprofit organization) that moves from the real property, or moves personal property from the real property, permanently and involuntarily, as a direct result of acquisition, repair or demolition of a federally assisted project, i.e., for displacement, a project that had, has or will receive a federal grant or direct loan, not necessarily an insured project or a project with project-based Section 8. See Chapter 13 for further guidance.
- M. Disposition. The sale or conveyance of all or part of a HUD-owned multifamily project.
- * N. Element. For disabled accessibility (See Chapter 10), an architectural or mechanical component of a building, facility, space or site, e.g., telephone, curb ramp, door, drinking fountain, seating or water closet. *
- O. Eligible resident. A resident who is:
 - 1. Low- or moderate-income (paragraph U. below).

2. Or was receiving HUD rental assistance under Section 23 (as in effect prior to January 1, 1975), Section 8, Rent Supplement, or Rental Assistance Payments (RAP) immediately prior to acquisition.

P. FAR. The Federal Acquisition Regulations

Q. Formerly subsidized project. A multifamily housing project owned by the Secretary that was a subsidized project immediately prior to HUD's acquisition.

This definition does not cover projects which were at one time subsidized and then acquired and sold by HUD without a project-based subsidy.

R. Formerly unsubsidized project. A multifamily project which did not have a subsidized mortgage, direct loan, or housing assistance (as specified in paragraph 1-2.AI. below) immediately prior to the project's acquisition by the Secretary.

* S. GTM. Government Technical Monitor. See Handbooks 2210.16, REV-4 and 2210.13. The GTM is the individual designated to provide technical monitoring advice and assistance to the GTR in evaluating the contractor's performance. *

* T. GTR. Government Technical Representative. See Handbooks 2210.16, REV-4 and 2210.13. The GTR is the Contracting Officer's representative and is responsible for the technical direction & evaluation of the contractor's performance. *

U. Low- and moderate-income. Families, elderly, or disabled individuals with adjusted annual gross income at or below 80 percent of the median income for the area as determined by HUD with adjustment for smaller and larger families, except that HUD may establish income limits higher or lower than 80 percent of the median for the area on the basis of its finding that such variations are necessary because of the prevailing levels of construction costs, unusually high or low family incomes, or other factors.

V. MARS. The Multifamily Mortgage Accounts Receivable System for HUD-held mortgages.

- W. MFPD or MFPD Program. Multifamily Property Disposition, or its successor program.
- X. MFPD project. A project consisting of 5 or more units that has or had a mortgage insured under the National Housing Act (other than section 220(d)(3) (A)) or is or was subject to a loan under section 202 of the Housing Act of 1959 or section 312 of the Housing Act of 1964. The term also includes a manufactured home court or park, hospital, intermediate care facility, nursing home, group practice facility, or board and care facility that has or had a mortgage insured, or is or was subject to a loan under, these authorities.
- Y. MIAS. The Office of Mortgage Insurance Accounting and Servicing in Headquarters.
- Z. MIP. Mortgagee-in-Possession. HUD, as mortgagee, may take possession of a multifamily project as part of initiating foreclosure to protect the health and safety of the residents and to preserve the asset.
- * AA. Occupancy Agreement. An agreement which conveys the terms and conditions of occupancy that a cooperative member is required to execute in a form approved by HUD. *
- AB. OMHPPD. Office of Multifamily Housing Preservation and Property Disposition.
- AC. PM. Project Manager. The contractor under contract to HUD to provide daily project management services. For general management policy and procedures provided in this Handbook, PM may include the Administrator of a Nursing Home/Hospital.
- AD. PMS. The Property Management System, MFPD's centralized, computer-based, property management and accounting system. Through PMS, HUD obtains national consistency of tenant management, accounting and financial operations.

PMS also tracks properties from the time a foreclosure is recommended on a multifamily HUD-held mortgage, through foreclosure, HUD-acquisition, management of an owned project, disposition processing of owned projects, and post closing monitoring.

Procedures for the use of PMS are provided in the PMS User Manual, supplied by the PMS contractor to all users. Additional copies may be requested from the PMS GTM in the MFPD Division in Headquarters.

- AE. Possession. HUD takes property management control of a project.
- AF. RAD. Regional Accounting Division.
- AG. RCD. Regional Contracting Division. The Regional Office Division responsible for conducting all procurement in the Region, including MFPD contracts, except for certain emergency and small purchase transactions for PD which may be handled by DHMs pursuant to the consensus plan signed by the Assistant Secretaries for Housing and Administration on August 29, 1991 (memorandum, subject: "FHA Property Management Contracting", as reflected in subsequent delegations/re-delegations of authority published in the Federal Register). The RCD encompasses all of the workload previously handled by the Regional Contracting Officer.
- AH. RHD. Regional Housing Director. In the Regional Office, the person responsible for all Housing programs.
- Al. Relocation. The act of moving a displaced person to another location. See Chapter 13 for further guidance.
- AJ. Rental Housing Project. A multifamily project other than a hospital, intermediate care facility, nursing home group practice facility, board and care home or vacant land. A rental housing project includes retirement service centers and manufactured home courts or parks.
- AK. Resident. A person or family legally occupying a unit in a project under a lease.
- AL. Subsidized project. A multifamily housing project receiving any of the following assistance immediately prior to the assignment of the mortgage to, or a acquisition of such mortgage by, the Secretary:
 - 1. Below Market Interest Rate (BMIR) mortgage insurance under Section 221d.5. of the National

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Housing Act. Note that 221d.(3)(BMIR) mortgages are insured pursuant to 221d.5. of the National Housing Act;

2. Interest reduction payments made in connection with mortgages insured under Section 236 of the National Housing Act;
3. Rent supplement payments under Section 101 of the Housing and Community Development Act of 1965;
4. Direct loans at below market interest rates, made under Section 202 of the Housing Act of 1959 or (in the case of projects with 5 or more units) under Section 312 of the Housing Act of 1964; or
5. Project-based Housing Assistance Payments to more than 50 percent of the units in the project being made under Section 23 of the Housing Act of 1937 (in effect prior to 1975) or under Section 8 of the Housing Act of 1937 (excluding payments for resident-base Rental Certificates and Rental Vouchers).

1-3 Authorities and References.

- A. Sections 207 (k) and (l) of the National Housing Act, as amended.
- B. Section 203 of the Housing and Community Development Amendments of 1978.
- C. 24 CFR Part 290, Management and Disposition of HUD-Owned Multifamily Housing Projects.
- D. 24 CFR Part 886, Subpart C, Section 8 Housing Assistance Program for the Disposition of HUD-Owned Projects.
- E. 49 CFR Part 24, Uniform Relocation Assistance and Real Property Acquisition Policies.
- F. Civil Rights requirements under, but not limited to, the Fair Housing Act and all regulations pursuant to the Act, Section 504 of the Rehabilitation Act and

* all regulations pursuant to the Act, and Executive Orders 11063, 11625, 12138, and 12432. Title VI of *

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* the Civil Rights Act of 1964, the Age Discrimination Act of 1975 and the Americans with Disabilities Act of 1990 and all regulations issued pursuant to these Acts. *

G. 24 CFR Part 35, Lead Based Paint Poisoning Prevention in Certain Residential Structures.

H. PMS User Manual.

I. 48 CFR Chapter 1, Federal Acquisition Regulations.

J. Handbook 2210.16 REV-4, Property Disposition Contracting.

K. 48 CFR Chapter 24, HUD Acquisition Regulations.

L. Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Programs.

M. Handbook 4350.4, Insured Multifamily Mortgagee Servicing and Field Office Remote Monitoring Handbook.

N. 24 CFR Part 882, Section 8 Housing Assistance Payments Program - Existing Housing.

O. Handbook 1390.2, Environmental Assessment Guide for Housing Projects.

P. 24 CFR Part 50, Protection and Enhancement of Environmental Quality.

* Q. Section 3 of the Housing and Urban Development Act of 1968, as amended by the Housing and Community Development Action of 1992. *

1-4 The Purpose of the Management Program. Multifamily HUD-owned and MIP projects must be managed in a manner that will protect the financial interests of the Federal Government and be less costly to the Federal Government than other reasonable alternatives by which HUD can further the statutory goals of:

A. Preserving so that they are available to and

affordable by low-and moderate-income persons

1. All units in subsidized or formerly subsidized multifamily housing projects; and,

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2. In other HUD-owned multifamily housing projects, at least the units that are occupied by low-and moderate-income persons, either currently or at the time of assignment;
 - B. Preserving and revitalizing residential neighborhoods;
 - C. Maintaining the existing housing stock in a decent, safe, and sanitary condition;
 - D. Minimizing the involuntary displacement of residents;
 - E. Minimizing the need to demolish projects; and
 - F. Maintaining projects for the purpose of providing rental or cooperative housing.

Each project's needs must be identified and the appropriate PMS/contracting authorizations made to facilitate operation to accomplish these goals.

1-5 Role of the Director of Housing Management (DHM).

- A. Basic Responsibilities. The DHM has responsibility for the management aspect of the MFPD program in the Field Offices and collocated Regional Offices.

Day-to-day decision-making authority is usually delegated to the CPO. The DHM may delegate authority to other staff members to fulfill program requirements. However, program responsibility remains with the DHM, unless otherwise directed by the RHD.

- B. In order to establish a level of expertise and professionalism that assures program staff and program contractors and subcontractors comply with applicable rules in an efficient and cost effective manner, the DHM's responsibilities include, but are not limited to:

1. Identifying workload;

2. Developing a monitoring schedule;
3. Providing training and technical assistance;
4. Monitoring;

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5. Following-up on monitoring Findings in a timely effective fashion;
 6. Assuring prompt and proper input and oversight of PMS;
 7. Assuring coordination between the Loan Management and Property Disposition Branches;
 8. Meeting Management Plan Goals.
- C. Submissions to the RHD. Each DHM must assure that required reports are submitted to the RHD. These may include:
1. Reports as required in the PMS User Manual.
 2. Responses to Regional and Headquarters monitoring reviews.
 3. Other reports as may be required by Headquarters or the RHD.

The DHM must assure that PMS reports are accurate so that the MFPD Division can report to Congress, as described in 1-6.C, below.

- D. Documentation. The DHM shall ensure that documentation is sufficient to demonstrate compliance with the requirements of this Handbook.

1-6 Role of the Regional Housing Director (RHD).

- A. Basic Responsibilities. The RHD shall provide general administrative oversight.
- B. The RHD remotely monitors and will periodically perform on-site evaluations of the performance of each Field Office in carrying out its responsibilities for the implementation of the MFPD program. These activities shall include, but need

not be limited to reviews of:

1. PMS required reports.
2. Reports prepared by Headquarters or Headquarter's Contractors.
3. Availability of current materials (handbooks, information booklets, etc.) and steps taken to

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ensure that staff and contractors receive appropriate materials.

4. Effectiveness of follow-up actions to resolve monitoring findings.
 5. Outstanding audit findings and litigation.
 6. Corrective actions taken to address past review and audit findings.
 7. Compliance with the submission requirements of this Handbook.
- C. Reports to Congress. The MFPD Division assembles data and provides other input for this report. Some of the data come from PMS. Each April, the RHD must assure that the name, address, year built, and current physical condition of each HUD-owned project is reviewed and revised as necessary in PMS to assure accuracy.
- D. Staffing and Travel Funds. To the extent that funds are made available, the RHD shall ensure that appropriate staffing and travel funding are made available to carry out the requirements of this Handbook.
- E. Education and Training. To the extent funds are made available, the RHD shall provide appropriate financial support for the development and training * of staff operating and managing the MFPD Program.
- F. Submissions to Headquarters. Each RHD must submit certain reports periodically to Headquarters, Attention: Director, OMHPPD. These include, but are not limited to:
1. Monthly PMS Reports as required by the PMS User

Manual.

2. Other materials and information, as Headquarters may request.
- G. Documentation. The RHD shall ensure that documentation by both the Regional Office and the Field Office is sufficient to demonstrate compliance with the requirements of this Handbook.

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1-7 Role of Headquarters.

- A. Developing Policy. Headquarters is responsible for development of policies, procedures, and requirements governing all phases of the MFPD program's implementation.
- B. Monitoring and Evaluating Regional Performance. The Headquarters MFPD Division remotely monitors and will periodically perform on-site evaluations of the performance of each Region in carrying out its responsibilities. These activities shall include, but not be limited to reviews of:
 1. PMS required reports.
 2. Reports prepared by Headquarters' Evaluation, Advice and Assistance contractor.

Headquarters may maintain the services of a contractor to perform periodic on-site visits to field offices and MFPD projects. The contractor evaluates compliance with outstanding program policies and procedures and may provide advice and assistance to field staff and project managers when needed to assure optimal program performance.

3. Availability of current materials (handbooks, information booklets, etc.) and steps taken to ensure that staff and contractors receive appropriate materials.
4. Regional monitoring, training and technical assistance.
5. Effectiveness of follow-up actions to resolve

monitoring findings.

6. Outstanding audit findings and litigation.
7. Corrective actions taken to address past review and audit findings.
8. Compliance with the monitoring and submission requirements of this Handbook.

C. Reporting to Congress. Section 204 (a) of the

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- Department of Housing and Urban Development Reform Act of 1989 requires the Department to report to Congress each year on the rules, guidelines and practices governing the Department's assumption of management responsibilities in multifamily housing projects that are HUD-owned or MIP, as well as the steps that have been taken or that the Department plans to take to expedite the assumption of management responsibilities of the Department, including the expedited repair and turnover of vacant units. The report must also cover the current physical condition of projects, plus information on foreclosure sales and sales of HUD-owned projects.
- D. Meeting with the public. The MFPD Division represents HUD in Multifamily Property Disposition matters when meeting with private industry, local governments, tenant groups and others.
 - E. Providing procurement liaison for MFPD. The MFPD Division acts as GTR or GTM for national MFPD contracts and represents the MFPD program in discussions with the Headquarters Office of Procurement and Contracts.
 - F. Developing and recommending budget requests and other legislative proposals.
 - G. Providing guidance and technical assistance. The MFPD Division provides program guidance and assistance to industry, project purchasers, Regional Offices and Field Offices.
 - H. Providing training to Regional Offices.
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