

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

OFFICE OF THE ASSISTANT SECRETARY FOR  
HOUSING-FEDERAL HOUSING COMMISSIONER

LETTER TO ALL MULTIFAMILY MORTGAGORS

SUBJECT: Transfers of Physical Assets

The Department has recently become aware of an increasing number of transfers of physical assets (TPAs) which have occurred without the prior written approval of the Federal Housing Commissioner (HUD). An unauthorized TPA is a direct violation of the Regulatory Agreement (Agreement) executed between all mortgagors and the Secretary.

Consistent with HUD's policy provided in the December 15, 1981 memorandum from Philip D. Winn, Assistant Secretary for Housing, HUD intends to vigorously enforce the provisions of the Agreement which prohibit such unauthorized TPAs. HUD will use the remedies provided by the Agreement which include, but are not limited to, suit for the appointment of a receiver, an injunction against an unauthorized TPA, suit for reconveyance of title from the purchaser, suit for damages, or civil action for specific performance under the terms of the Agreement.

In addition, HUD will take administrative sanctions against mortgagors who participate in unauthorized TPAs. These sanctions include a temporary or conditional denial of participation from future HUD business for a period of one year pursuant to 24 CFR 24.18 or a debarment from all HUD programs pursuant to 24 CFR 24.6.

If you contemplate a sale of your property, you must comply with the provisions of the Agreement which require you to receive prior written approval from HUD. Contact your local HUD Area Office for further instructions on any contemplated transfer of physical assets. HUD recently initiated a systematic and expedited process for proposed TPAs which must be adhered to in all future TPAs.

If you have already completed a TPA, evidenced by a contract executed before June 15, 1983, without the prior written approval of HUD, you must, within 60 days of the date of this notice, contact the Area Office having jurisdiction over your project, advise them of the exact status of the TPA, and submit a TPA application in accordance with the instructions and forms provided by that Area Office. Imposition or initiation of sanctions and/or remedies will be suspended until such time as a decision is reached as to the acceptance of your application. You will be advised whether or not the application is acceptable or what modifications can be made to make it acceptable to HUD.

In the event that an unauthorized TPA is not submitted in accordance with the above or, after submission and modification, is found to be unacceptable by HUD, the Department will determine what

administrative sanctions or judicial remedies it wishes to initiate.

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Philip Abrams, Assistant Secretary for  
Housing-Federal Housing Commissioner

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