

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
SALARIES AND EXPENSES, HOUSING AND URBAN DEVELOPMENT
BUDGET ACTIVITY 10: GENERAL COUNSEL

SCOPE OF ACTIVITY

The General Counsel, as the chief legal officer of the Department, is the legal adviser to the Secretary and other principal staff of the Department. It is the responsibility of the General Counsel to provide legal opinions, advice and services with respect to all programs and activities, and to provide counsel and assistance in the development of the Department's programs and policies.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

WORKLOAD

The principal workload of the Office of General Counsel (OGC) consists of providing advice to program managers; preparing memoranda on legal problems arising under HUD programs; representing the Department in litigation and administrative hearings; and drafting, reviewing and clearing regulations and legislation and legislative and regulatory materials. Foremost, however, OGC supports the Department's efforts to focus on its core mission of home ownership, affordable housing and economic development.

Inclusive in the mission of the OGC, are the missions and duties of the Office of Enforcement (OE), which are to ensure the public trust by protecting residents, increasing the quality of housing and eliminating fraud, waste and abuse. In order to meet the above missions and goals, the OE has developed a focused and centralized approach to program enforcement Department wide. Enforcement workload is made up of case referrals from the Office of Housing, Office of Public and Indian Housing (including the Troubled Agency Recovery Centers), Office of Community Planning and Development, Office of Fair Housing and Equal Opportunity (non civil rights cases), and referrals for action before the Mortgage Review Board.

1. IMMEDIATE OFFICE OF GENERAL COUNSEL

The General Counsel is responsible for providing all of the legal advice and service necessary at the Headquarters level for the formulation, implementation and operation of Departmental programs and administrative management. The General Counsel also provides professional supervision to the staff and functions of the legal offices of the Department in Headquarters, the Field and the Departmental Enforcement Center. The Immediate Office is professionally staffed by the General Counsel, Senior Advisors and administrative personnel.

The work of the legal staff will address the requirements and initiatives of the Secretary significantly increasing activities to assure the ethical administration of HUD programs both by HUD staff and program participants, enhance procurement, enhance Federally assisted affordable housing, and enhance home ownership accessibility to larger numbers of people, including public housing residents and Section 8 recipients.

2. OFFICE OF DEPUTY GENERAL COUNSEL (PROGRAMS AND REGULATIONS)

The primary function of the Deputy for Programs and Regulations relates to legal work in connection with Government National Mortgage Association (Ginnie Mae) activities, Federal National Mortgage Association (Fannie Mae) and Federal Home Loan Mortgage Corporation (Freddie Mac) oversight, capital markets and tax matters, and with the drafting, development, clearance and publication of the Department's regulations and legislation. Consequently, the Deputy for Programs and Regulations focuses primarily on the legal issues raised by the Assistant Secretary for Housing; the President of Ginnie Mae, the Assistant Secretary for Congressional and Intergovernmental Relations, the Assistant Secretary for Policy Development and Research, as well as those generated by Ginnie Mae and regulation of Fannie Mae and Freddie Mac. This Deputy also addresses programmatic issues of the Assistant Secretary for Public and Indian Housing and the Assistant Secretary for Community Planning and Development. The Deputy for Programs and Regulations works very closely with OGC's Office of Finance and Regulatory Enforcement, and Office of Legislation and Regulations.

3. OFFICE OF DEPUTY GENERAL COUNSEL (LITIGATION)

The primary function of the Deputy General Counsel for Litigation relate to litigation in connection with Federal Housing Administration (FHA) activities; Community Development; Public Housing Authorities; and with the development, clearance and publication of the Department's regulations. Consequently, the Deputy focuses primarily on non-civil rights litigation raised by the Assistant Secretaries for Housing, Public and Indian Housing, Community Planning and Development, and Policy Development and Research. One of the Deputy's primary focuses is the enforcement in HUD's programs. The Deputy coordinates OGC's activities regarding civil and administrative actions that the Department pursues in all program enforcement areas that are not addressed by the Enforcement Center (EC), including, but not limited to, Multifamily Housing, Public and Indian Housing and Community Planning and Development.

4. OFFICE OF DEPUTY GENERAL COUNSEL (EQUAL OPPORTUNITY AND ADMINISTRATIVE LAW)

The primary functions of the Deputy for Equal Opportunity and Administration relates to legal work in connection with civil rights, employment and procurement. In the area of civil rights the Deputy General Counsel addresses legal work in connection with Title VIII of the Civil Rights Act of 1968, Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Executive Order 11063 concerning Equal Opportunity in Housing, Executive Order 11625 concerning Minority Business Enterprises, and Section 3 of the Housing and Urban Development Act of 1968. Therefore, the Deputy for Equal Opportunity and Administration focuses on civil rights issues facing the Department and Fair Housing litigation issues.

5. OFFICE OF DEPUTY GENERAL COUNSEL (HOUSING FINANCE AND OPERATIONS)

The Office of Deputy General Counsel for Operations provides day-to-day operational guidance to OGC and Field Operations with respect to all administrative, management and organizational issues, including all personnel, staffing, budget, training and travel activities, as well as the development of computerized systems and facilities. The Deputy is the rating official for all Regional Counsel with the General Counsel being the reviewing official. This Office is responsible for the oversight and effective management of the salaries and expenses budgets for both Headquarters and the Field Legal Services. The Deputy directly oversees all activities of the General Counsel's Office of Insured Housing and all operational activities of all other aspects of the Headquarters and Field Legal Services. The Deputy for Operations also represents the General Counsel at all levels inside and outside the Department and acts in the absence of the General Counsel or the Deputy General Counsel for Programs and Regulations, Deputy General Counsel for Litigation or Deputy General Counsel for Equal Opportunity and Administrative Law. This Deputy is a member of the Executive Resources Board, the Performance Recognition Board and the Contract Management Review Board. The Office includes the Management and Administrative Services Staff and the Field and Management Operations Staff. The Deputy also relates to legal work in connection with Federal Housing Administration (FHA) and transactional real estate matters associated with the insured and assisted housing programs and legal issues resulting from contractual arrangements with outside counsel for legal services related to program development and enforcement. The Deputy directly oversees the OGC's Office of Human Resources, with respect to contracting and personnel.

a. Management and Administrative Services Staff

This Staff provides day-to-day operational guidance and support to the Office of General Counsel with respect to all administrative, budgetary, management and organizational functions. This includes providing management support for the use and control of staff and fund resources, preparing the budget and providing budget oversight, and providing and/or coordinating all OGC personnel/staffing, labor and employee relations, travel, space management, and general administrative services. This staff also coordinates Headquarters Management Reform and Business and Operating Plan (BOP) activities.

b. Field and Management Operations Staff

This Staff provides oversight of and support to Regional Counsel, Chief Counsel, Chief Attorneys and their staff with respect to all administrative, management and organizational issues, including personnel, staffing, budget and travel activities. This also includes monitoring the delivery of legal services as well as facilitating communication between Headquarters OGC staff, program staff and Field Counsel through teleconferences, meetings and briefings. This Staff also oversees the installation and maintenance of computer hardware and software, the development of computer systems and the provision of access to legal research services for Headquarters and Field legal staff. In addition, this Office prepares the Management Plan and operational manuals, and represents the General Counsel on various Departmental management committees and task forces. This staff is also responsible for developing and editing the Web Page.

6. OFFICE OF ASSISTED HOUSING AND COMMUNITY DEVELOPMENT

This Office of program counsel provides legal advice for practically all of the Department's grant programs, including legal responsibility for five formula-based grant

programs—CDBG, HOME, Native American Housing Assistance Self Determination Act (NAHASDA) block grants, and Capital and Operating funds for public housing and the administration of Section 8 assistance and the homeless programs. Historically, program and legal practice has demonstrated that while the establishment of formula grants and block grants tends to reduce workload demand at the field office level, it is imperative that clear, reliable policy for HUD administration and enforcement be maintained at the Headquarters level. Program counsel performs a key role in this respect.

Program counsel perform work on the development and initial implementation of statutory, regulatory, and other administrative policy governed by Headquarters, including providing written opinions, oral advice, and some drafting of regulations. In addition, program counsel must construe authorization-type legislation enacted annually through the appropriations process. Beyond these statutory and regulatory responsibilities, initiatives in connection with Departmental Field reorganization, program consolidation, and other HUD management priorities of the Administration, fall within the program area coverage of this Office.

As counsel for the Section 8 program, these attorneys ensure that fair and legally appropriate interpretations of law governing the renewal of Section 8 housing are consistently applied. This function, along with legal advice to accommodate the fusion of Section 8 subsidies with restructuring of debt, is crucial to maintaining participation in the Section 8 programmatic equilibrium and disincentivizing Section 8 opt-outs. Increasing affordable housing and home-ownership is the keynote of program law counsel in connection with public housing, Section 8, and the other assisted housing programs. The community development programs, for which this Office provides continuing legal advice, address homelessness and promoting jobs and economic development. Also, the Office's careful counsel on the content and terms of Headquarters-fashioned Notices of Funding Availability (NOFAs) for competitively distributed program assistance is a linchpin in carrying out legally and equitably the Department's discretionary grant programs. This Office also maintains legal consonance of diverse areas that range from buttressing admission and eviction policies with firm legal foundations to ensuring opportunities of tenants in assisted housing projects to enjoy their Constitutionally endowed free exercise of religion. The Office serves as principal legal advisor for constitutional and other legal matters related to faith-based organizations.

The combination of dramatic downsizing and Field decentralization demands sureness and uniformity in questions arising from the Field. In this connection, program counsel in this Office assist in establishing clear and consistent precedent. HUD's Field Counsel are experienced but that experience is broad-based and covers a variety of programs, and does not permit the specialization which Headquarters program counsel can provide. At the same time, the Assistant Secretaries and their staffs administering programs in Headquarters require prompt and dependable advice from the General Counsel's Office to ensure legality in Headquarters program decisions, whether in developing a new policy or in handling a tricky case problem arising in the course of a national competition funding round.

The Office is made up of two Divisions: the Assisted Housing Division and the Community Development Division.

a. Assisted Housing Division

The Assisted Housing Division provides legal advice in connection with the Department's programs under the United States Housing Act of 1937, including the Capital Fund for public housing development and modernization, and the counterpart Operating Fund, the Section 8 housing assistance programs, the Housing Development Grant Program, Indian housing loan guarantees and homeownership and resident management programs. It serves as program counsel for HOPE VI (the Urban Revitalization Demonstration) and for other mixed-finance initiatives to leverage private and other non-Federal investment in developing low-income housing. This Division also has responsibility for the Housing for Special Populations: Elderly and Disabled programs, HOPE 1 Homeownership, administration of the Architectural Barriers Act, tax-exempt financing, the elimination of drugs in assisted housing, and congregate housing.

The Assisted Housing Division has experienced increased demands for services from the Office of Public and Indian Housing, in particular with respect to transaction work in mixed-finance and the overhauling of public housing under the Quality Housing and Work Responsibility Act of 1998 (QHWRA). With the funding of these programs and statutory changes, the demand for legal advice has grown significantly. The Assisted Housing Division also monitors hundreds of litigation cases in which HUD or a Public Housing Authority (PHA) is a party.

Recent initiatives added to this Office include: (1) the continuing legal implementation of QHWRA; (2) replicating mixed-finance models while handling a burgeoning caseload of transactions; (3) stepping up equitable but get-tough housing occupancy policies; and (4) operationalizing integration of the needs-driven allocation system for the Drug Elimination grant programs into the Administration's Operating Fund proposal. In particular, the evolution of the public housing modernization and operating subsidy budgets into the now enacted permanent Capital and Operating Funds commands new legal interpretational workload for this Division. Perhaps the most telling programmatically significant changes are the use by public housing authorities of Capital Funds as security for local bond issuance, to accelerate project modernization. It has become clear that other components of QHWRA pose new series of legal questions in such areas as the PHA Plan and demolition and disposition of public housing

developments. Legal implementation issues also surround the new mechanisms for Section 8 tenant-based assistance and for realistic, fair terms for renewal of Section 8 project-based assistance that deter owner opt-outs.

b. Community Development Division

The Community Development Division provides legal counsel in connection with the Community Development Block Grant (CDBG) program authorized under title I of the Housing and Community Development Act of 1974, related loan guarantees under section 108 of the same Act, the HOME program established under the National Affordable Housing Act, the McKinney-Vento Act homeless housing assistance programs, Empowerment Zones and Enterprise Communities, Renewal Communities, Comprehensive Housing Affordability Strategies (CHAS), Native American Housing Assistance Self Determination Act (NAHASDA), Youthbuild, the Housing Opportunities for Persons with AIDS (HOPWA) program, the HOPE 3 program, phase-out of the Urban Development Action Grants (UDAG) program, and the revolving fund for liquidating programs. The Office also is responsible for the provision of legal services regarding the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 as it affects all HUD programs.

The Community Development Division has maintained with level staff the substantial increase in its workload resulting from the additional programs for which it was given responsibility under the last major legislative initiatives (HOME, HOPE 3, McKinney-Vento Act homeless assistance, Empowerment Zones and Enterprise Communities, Economic Development Initiative (EDI) and Brownfields (BEDI) grants in connection with the Section 108 Loan Guarantee program, Housing Opportunities for Persons with AIDS, and NAHADSA). In various approaches, this legal work assures conformance to statutory and regulatory requirements undergirding the Department's strategic objectives to reduce homelessness and promote jobs and economic development.

This high level of workload can be expected to continue as the Division assists in legal aspects of monitoring outflows of NAHASDA funds. This formula grant transition for Native American assistance programs reduces the heavy workload stemming from legal advice for Headquarters discretionary grant programs (which had been the subject of Congressional and Office of Inspector General critiques), but the follow-up implementation of that fund requires speedy, reliable legal counsel. For this formula grant program, it is imperative that the lessons of early implementation be broadcast and monitored through performance measures against which Indian tribes are fairly but clearly held accountable. Other major new initiatives to be assisted by the Division are implementation of the Renewal Communities legislation, Community Technology Centers, Round III of Empowerment Zones, the tribal colleges and universities facilities program and the American Dream Homeownership initiative. Within the lodestar CDBG program, Division attorneys will play a key role in HUD actions to promote better performance in the timeliness of expenditures.

Last, there will be a need for program counsel's heavy involvement in areas such as the existing Empowerment Zones and Enterprise Communities, administration of competitive funding for the McKinney-Vento Act homeless programs, continuing simplification of the HOME program, HUD's statutory, staff-intensive responsibilities for defense base closures, and simplified planning requirements through the Department's incorporation of statutory CHAS and other planning requirements into the Consolidated Plan.

7. OFFICE OF FINANCE AND REGULATORY ENFORCEMENT

OGC's Office of Finance and Regulatory Enforcement provides legal services for a wide band of key enforcement, regulatory and program functions of the Department all of which are presently operated from HUD Headquarters. These functions are essential to carrying out key Departmental objectives. By way of examples, the Office's support of Ginnie Mae and GSE regulatory activities result in billions of dollars annually for mortgages for low- and moderate-income families and families underserved by mortgage credit increasing affordable housing and home ownership while supporting HUD's fair lending efforts. The Office's Real Estate Settlement Procedures Act (RESPA) regulatory and enforcement responsibilities affect an estimated 12 million mortgage transactions annually involving more than one trillion dollars in mortgages. Likewise, the Office's exercise of its responsibilities in support of HUD's Manufactured Housing program makes possible the provision of more than a third of the nation's new affordable housing stock. The Office's legal assistance to HUD's international program is essential to HUD's efforts to develop housing policy and empower people and communities world-wide. The Office's efforts in implementing NAHASDA and in ensuring that HUD's activities meet environmental and labor standards requirements support jobs promotion, economic development and community empowerment. Moreover, the Office's other regulatory responsibilities including Manufactured Housing, Interstate Land Sales, and Lead-Based Paint requirements, as well as its review of all HUD debarments, LDPS, and settlements along with its audit resolution functions, are also critical to meeting Departmental objectives.

This office consists of three Divisions: Ginnie Mae/Finance, Program Compliance, and GSE/RESPA.

a. Ginnie Mae/Finance Division

The Division provides capital markets and tax advice to the Department and virtually all of the legal services for the Government National Mortgage Association (Ginnie Mae). Ginnie

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Mae is a government corporation whose annual revenues exceeded expenses by approximately \$700 million in the last fiscal year. The Division's work increases affordable housing and home ownership by providing legal support to Ginnie Mae as it assists lenders in raising capital in the secondary market and providing market liquidity. The development of Ginnie Mae's Targeted Lending Initiative, in which the Division played a significant role, provides an incentive to invest in designated communities, thus expanding home ownership opportunities for the most underserved homebuyers. Beginning in January 2002, Ginnie Mae book entry securities will be held by the Federal Reserve Bank of New York. Previously, Ginnie Mae book entry securities were held at the Depository Trust and Clearing Corporation. It is expected that the change will increase demand for Ginnie Mae securities, particularly among international investors, which should benefit homebuyers with Federally insured and guaranteed mortgages. The Division has been involved in all aspects of this move, which is extremely complicated and detail intense, including publication of proposed and final rules, amendments to multiclass trust agreements and numerous other matters.

The Division provides opinions concerning Ginnie Mae's enabling statute, implementing regulations and handbooks. The Division provides recommendations and drafting support for the preparation or revision of proposed or amended legislation or regulations. The Division provides legal support in connection with Ginnie Mae's mortgage backed securities program.

The Division provides legal services to Ginnie Mae in connection with all Ginnie Mae defensive, affirmative and enforcement litigation, including: preparation of the administrative record; researching relevant case law; drafting affidavits, briefs and other filings; attending depositions, hearings and trials; coordinating with Justice, contract counsel and opposing counsel; and initiating and responding to settlement offers. In connection with this litigation, the Division drafts the annual audit letter concerning pending and threatened litigation and claims, and a monthly litigation report. With respect to issuer defaults, the Division travels to execute the default, if appropriate, and provides legal support in the recovery, possession and control of the Ginnie Mae mortgage portfolio, including all legal and servicing documents and accounts. The Division provides legal support in assessing civil money penalties against issuers who violate the MBS and multiclass program requirements.

The Division provides tax and capital markets advice to the Department, including tax advice on difficult development areas. The Division reviews for legal sufficiency all Ginnie Mae Guides (and revisions), All Participants Memoranda, significant correspondence and agreements. The Division provides research and advice on legal policy issues, such as the impact on Ginnie Mae programs proposed by other Departmental offices or by other agencies (e.g., the Department of Veterans Affairs), or the legal implications of new technologies or technology issues.

The Division reviews all legal documents for all multi-class structured finance transactions for compliance with Ginnie Mae requirements and provides tax advice for multiclass transactions. In fiscal year 2002 through June, Ginnie Mae guaranteed 67 structured finance transactions with more than \$58 billion in securities. The Division also supervises three legal services contractors that provide additional multi-class expertise.

The level of work for the Division has increased during fiscal year 2002 as the Division acquired increased responsibilities. The Division handles all matters involving patents and trademarks, including applications, oppositions and litigation. The Division advises Ginnie Mae on ESIGN and other eGovernment matters. Finally, the Division has been assigned responsibility for tracking all outstanding audit recommendations that are coded "J," indicating that a legal matter is involved. The Division prepares a report showing the outstanding audit recommendations, the responsible attorney, the status of the legal matter and any change that should be made in the audit code.

b. Program Compliance Division

The Program Compliance Division provides legal services in consumer protection, enhancement of public safety, disclosure of information to land purchasers and homebuyers, enforcement of anti-fraud and anti-kickback statutes, and collection of debts owed to the Department.

The Division manages all the legal work for the nationwide enforcement of the Real Estate Settlement Procedure Act (RESPA). The Division has assisted the program office with a number of new RESPA cases to enforce the statute's anti-kickback, unearned fees, and other provisions. The Division attorneys work closely with the program office in carrying out investigations of RESPA violations. They draft subpoenas, conduct subpoena hearings, interview witnesses, prepare pleadings, negotiate settlements, and are engaged in major RESPA enforcement efforts. The Division has worked closely with the Department of Justice, the FTC, and other regulatory agencies in predatory lending cases that allege RESPA violations. These cases have resulted in not only injunctive relief but also restitution for victims of the predatory practices. The Division has also initiated enforcement through civil penalties for violations of title insurance and annual escrow disclosure requirements of RESPA. They have also worked closely with other HUD attorneys to seek RESPA enforcement as part of Mortgagee Review Board cases and to contribute to the development of legislation, regulations and policy pertaining to RESPA enforcement issues.

The Interstate Land Sales Full Disclosure program is a national program that requires developers to give full disclosure of material facts about subdivision sales offerings and to engage in honest sales practices. The Program Compliance Division's enforcement of the Act plays a significant role in enforcing disclosure and anti-fraud provisions in subdivision land sales. The Division has been actively involved in cases to stop fraud and misrepresentation to consumers, and making sure that consumers are not overcharged in their purchase of land and receive required disclosures before they purchase subdivision land. The Division provides legal advice and opinion to the program office. Division attorneys are working on The Secretary's Southwest Border Task Force looking into the severe problems for residents in the various colonias developments in the southwest United States. Enforcement actions under the Land Sales Act may be a significant tool for improving the living conditions for the colonias residents.

The program office has entered into a two-year contract for professional investigation services that will be extended through FISCAL YEAR 2003. Investigations into suspected RESPA and Interstate Land Sales violations are under way and are expected to result in a greater enforcement caseload.

The Division acts as advisory and enforcement counsel for the National Manufactured Housing Construction and Safety Standards Act of 1974, which last year regulated over one-sixth of all new housing starts in the country. The Division has been actively involved in several cases in Federal District Court. The Division supplies counsel to the program office on implementation of substantial new responsibilities under the Manufactured Housing Improvement Act of 2000, compliance and preemption issues, reform of regulations for enforcement, options to make manufactured homes safer, and the use of manufactured homes as part of affordable housing initiatives. The program will have additional new responsibilities involving the implementation of the Manufactured Housing Consensus Committee, development of national installation standards and a national installation program including training and licensing of installers, and creation of a national dispute resolution system. The Division continues to provide significant counsel to the program office in implementing changes to the Act's standards-development process for manufactured homes. Division attorneys have assisted in successful litigation and negotiation of settlements. The Division is now actively involved in several enforcement actions, including an action against a manufacturer for building hundreds of homes that are unsafe or poorly constructed and fail to meet Federal standards. Additional enforcement actions against manufactured home producers and dealers with defective or unsafe homes are in the initial stages of development. The Division also assists the program office with drafting regulations and Interpretative Bulletins, and prepares memoranda on legal issues that arise in the program. The recent incidence of bankruptcies in the industry has added bankruptcy counseling to the Division's responsibilities.

The Division provides legal counsel for the Department's debt management officials, including advising the Chief Financial Officer and other Headquarters clients on collection policies and strategies and enforcing collection in administrative and Federal Court forums. In this regard, the Division is part of the CFO's Debt Collection team, which is identifying and resolving issues to improve HUD's debt management and collection, including preparation and consolidation of applicable handbooks. The Division also drafts regulations for the CFO, currently, a revision of 24 CFR Part 17 subpart C. Division attorneys represent the Department in offset collection cases before the Office of Administrative Law Judges. The Division is also responsible for providing legal advice and assistance on Federal bankruptcy policy issues and expects to represent the Department in administrative wage garnishment cases after the Department issues its administrative wage garnishment rule in the first quarter of calendar 2002.

c. GSE/RESPA Division

The Division is responsible for providing all legal services for the development of Real Estate Settlement Procedure Act (RESPA) and Regulation X regulations and policy involving an

estimated 12 million single-family settlement transactions annually. In fiscal year 2004, the Division will provide extensive, ongoing legal work for the all of the Secretary's efforts to simplify and improve RESPA disclosures and the real estate settlement process to lower settlement costs to consumers. This will include working to finalize and fully implement, following publication as a final rule, a rule developed by the Division in 2002 to revise disclosures and remove regulatory impediments to lower costs. These efforts will also include developing complementary legislation and supporting the Department's nationwide efforts to lower settlement costs. In this area, the Division will provide extensive legal services in support of HUD's efforts to implement guidance and regulations concerning the application of RESPA to Internet Lending in light of new E-Signature Legislation and other e-commerce issues. The Division also will develop major new statements and rules on mortgage insurance and other business arrangements under RESPA as well as responding to a very large volume of telephone inquiries and letters concerning the Act's application.

The Division is responsible for providing all legal services for the Secretary's regulation of the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), both referred to as GSEs, under the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (FHEFSSA), which revised the Secretary's regulatory responsibilities and the GSEs' Charter Acts. The GSEs finance most of the conventional, non-governmental mortgages in the nation. In carrying out its efforts in support of the Department's GSE regulatory functions, the Division provides legal services for HUD in: (1) establishing, monitoring and enforcing low- and moderate-income housing, central cities, and special affordable housing goals which apply to the GSEs; (2) reviewing and soliciting requests for new programs from the GSEs; (3) implementing Fair Housing/Fair Lending requirements under FHEFSSA; and (4) protecting and disclosing GSE data, including operating a new public use data base. During this fiscal year, the Division will provide legal services necessary to issue a proposed rule containing new housing goals for the GSEs for the year 2004 and beyond. The Division also will continue to provide services central to the Department's first reviews of the GSEs' automated and traditional underwriting guidelines under FHEFSSA to ensure their consistency with FHEFSSA as well as the Fair Housing Act. The Division will assist the Department's review of new program requirements and the Department's development and issuance of rules regarding statutory revisions to FHEFSSA and the GSEs' non-mortgage investments. The Division will provide advice on significant and controversial reports on these subjects as well as any additional reports on the GSEs to the Congress on GSE regulation. Finally, the Division will develop significant materials and testimony on improvements to the GSEs' regulation.

The Residential Lead-Based Paint Hazard Reduction Act of 1992 (the 1992 Act) substantially expanded the Department's and the Division's regulatory and enforcement responsibilities respecting lead-based paint poisoning prevention and abatement. The Division provides all counselor and enforcement services to the Department for the Department's Lead-Based Paint Hazard Reduction Program under this Act. In 2004, the Division will continue to provide all legal advice necessary to implement and enforce the Department's final rules containing all lead-based paint testing and treatment requirements for Federally assisted and Federally owned residential housing which cover virtually all HUD programs. The Division will also provide all legal services to enforce and direct the enforcement of HUD's Lead-Based Paint Disclosure Rule including continuing the Office's remarkably successful partnership with the Department of Justice to bring major cases against large-scale violators of the Act. The Lead-Based Paint Disclosure rule requires sellers and landlords of pre-1978 housing, including private housing, to disclose known lead paint hazards. The Division also provides all necessary legal services in support of HUD's \$100 million Lead-Based Paint Grant Program, and HUD's new Healthy Homes grant program.

The Division provides advice and review for all Headquarters environmental and Davis-Bacon issues with a nationwide effect on the Department's programs. Division staff serves as OGC's Environmental Clearance Officers, providing environmental review of Departmental regulations, funding notices and directives and draft provisions respecting environmental requirements. In 2004, the Division will collaborate in completing rules revising the Department's environmental regulations as necessary in light of legal requirements and provide key legal advice to implement NAHASDA, including recent NAHASDA amendments concerning environment and labor standards. As part of its environmental responsibilities, the Division also counsels HUD's core programs on significant issues such as implementation of Environmental Justice requirements and recipients' environmental obligations prior to the expenditure of funds, and legal issues regarding residential mortgage insurance and other assistance in Brownfields. The Division's legal services will include efforts in support of HUD's implementation of Davis-Bacon prevailing wage rate requirements, HUD-determined wage rates for public housing, Indian and Native Hawaiian housing block grant project operations and related labor standards. On an ongoing basis, these services include advice on all labor related HUD program issues, legislative initiatives, liaison with the Office of the Solicitor of Labor and representing the Department as needed in cases before the Department of Labor's Administrative Review Board.

8. OFFICE OF HUMAN RESOURCES LAW

The Office of Human Resources Law provides legal services pertaining to the programs and functions of the Assistant Secretary for Administration, the Chief Financial Officer, the Chief Procurement Officer, the Inspector General, the Assistant Secretary for Public Affairs, and the Assistant Secretary for Policy Development and Research. The office handles multiple personnel, ethics and contract matters relating to the Office(s) of the Secretary and Deputy Secretary. The

Office of Human Resources Law is a critical component of the Department's compliance with the HUD Reform Act of 1989. It also handles all legal issues relating to ethics and compliance with the Government wide Standards of Conduct, with financial disclosures by Presidential appointees and senior Departmental officials, the Hatch Act Amendments and issues regarding political and official travel. The Office also represents the Department in Unfair Labor Practice claims before the Federal Labor Relations Authority, adverse and disciplinary employee actions before the Merit Systems Protection Board, and discriminatory employment matters filed before the Equal Employee Opportunity Commission. The Office of Human Resources Law advises Department officials regarding contract and procurement issues, and represents the Department in bid protests and contract claim disputes before GAO, the HUD Board of Contract Appeals, the U.S. District Court, and the U.S. Court of Federal Claims. The Office has three Divisions: the Ethics Law Division, the Personnel Law Division, and the Procurement and Administrative Law Division.

a. Ethics Law Division

The Ethics Law Division plays a critical role in the Secretary's goal of Restoring the Public's Trust. The Division recommends and implements Departmental policy to ensure compliance with the Ethics in Government Act, the HUD Reform Act of 1989, the Federal criminal conflict of interests statutes under 18 U.S.C., and the Standards of Ethical Conduct regulation for employees of the Executive Branch. The Division provides advice to agency officials at all levels, including the Office of the Secretary and Principal Staff, regarding gift acceptance, prohibited financial interests, financial disclosure reporting requirements, and permissible political activity including mixed political and official travel pursuant to the Hatch Act; and outside and post-government activities. The Division coordinates with the White House Counsel's Office and the Office of Government Ethics on all conflict of interest and standard of conduct issues related to the confirmation of individuals nominated by the President to positions requiring Senate confirmation, and coordinates all corrective and disciplinary actions with HUD program offices regarding conflict of interest declinations issued by the Justice Department.

The Ethics Law Division is charged with assisting the Department in meeting an array of mandatory requirements imposed by law and regulation. These include the responsibility for:

- Responding to inquiries, audits and reports regarding the Department's ethics program from the Office of Government Ethics, GAO, the IG, and other governmental entities;
- Providing annual ethics training to HUD employees throughout the nation, including training for newly hired employees, and all high level officials;
- Ensuring that an effective system continues to be in place regarding the review and certification of public and confidential financial disclosure reports; and
- Ensuring that all assistance distributed by competition comply with the HUD Reform Act of 1989.

b. Personnel Law Division

The Personnel Law Division provides counsel to HUD management on the implementation of an array of Federal personnel laws and regulations governing whistleblower protection actions, equal employment opportunity, adverse and disciplinary employee actions, labor relations, and the Department's reorganization operations. Attorneys in this Division serve as Agency Representatives in administrative hearings before the Merit Systems Protection Board (MSPB), the Office of Special Counsel, the Equal Employment Opportunity Commission (EEOC), and the Federal Labor Relations Authority (FLRA). The Division assists Assistant U.S. Attorneys in personnel litigation actions filed in the Federal courts.

This Division provides legal services to all HUD Headquarters and Field Office components. The Division provides advice and guidance to program offices in order to limit litigation and agency liability in personnel and labor matters. The functions of the Personnel Law Division are critical to the Department's strategic planning goals and initiatives, especially as they relate to Human Capital Management and Strategies. As a result, the Division's workload is expected to substantially increase throughout the next and outlying fiscal years. As the Agency implements strategic planning initiatives, the number of personnel actions is likely to increase in every forum, including appeals filed in the Federal courts. The Division will continue to play a major role toward avoiding litigation through innovative Alternative Dispute Resolution action. The Division will also be a critical link in providing personnel legal services to the Administrative Service Centers (ASCs). In addition, implementation of legislation such as the NO FEAR Act and the Government Paperwork Elimination Act are likely to result in new responsibilities for the Division in the areas of legal advice and litigation. Continuing development of significant EEO case law, particularly in the area relating to claims of discrimination on the basis of disability is also expected to increase the Division's workload. The Division's workload is also expected to increase due to issues arising in both labor and employee relations. The Division expects to see an increase in its workload in the areas of veterans and uniformed services issues.

c. Procurement and Administrative Law Division

Attorneys in the Procurement and Administrative Law Division advise HUD management on matters relating to procurement and contracting, bid protests, delegations of authority, and matters filed with the General Accounting Office (GAO), the HUD Board of Contract Appeals, and in litigation before the Court of Federal Claims. The Division also reviews and drafts decisions on Freedom of Information Act (FOIA) appeals for the Deputy General Counsel for Housing Finance and Operations and provides legal assistance regarding training, fiscal law and other administrative law and litigation activities.

The Division is essential to enhancing HUD's procurement integrity. The legal services provided by Division attorneys require expedited legal research and expert legal advice regarding the award and administration of procurement contracts. These functions require that the Division maintain expertise regarding the Federal Acquisition Regulation, the Competition in Contracting Act, and the Federal Property and Administrative Services Act. The staff serves as legal counsel to numerous Technical Evaluation Panels. Division attorneys provide critical procurement advice and guidance to management officials. The Division is central to the Department's contract streamlining actions and provides legal assistance in implementing several streamlining recommendations. The workload in this Division is expected to increase over the next several years, as the Department moves toward consolidation and outsourcing of functions and operations. The Division will continue to play a major role in avoiding litigation through innovative alternative Dispute Resolution procedures. The Division will be a critical link to the legal services on procurement matters being provided at the location of the ASCs and will provide advice, guidance and oversight to those centers.

OGC training responsibilities relate to enhanced program enforcement as well as concern about HUD's contracting integrity and reliance upon technology. In order for OGC to meet the challenges of the new HUD, training OGC staff has assumed greater significance. Coordination of training is an important function of the Division, and reflects the importance of training to the accomplishment of OGC's goals and objectives.

The Division is also responsible for the processing and disposition of FOIA appeals. With the reassignment of the FOIA operations to OGC, it has been necessary to divide responsibility between FOIA intake and initial determination, which is handled by the FOIA Division, and FOIA appeals, which is handled by the Procurement and Administrative Law Division. The FOIA Division reports to the Associate General Counsel for Litigation.

9. OFFICE OF INSURED HOUSING

The Office of Insured Housing serves as program counsel for FHA, which is the single largest program area in the Department. The term "program counsel" is used to describe those attorneys who specialize in the interpretation of statutes, regulations, administrative guidance, and case law that govern the operation of Departmental programs. The work includes providing oral and written legal guidance, preparation of correspondence on program legal matters, and drafting contracts and other legal documentation. The Office has substantial contact with HUD field offices, HUD Housing program staff, and members of the public on matters affecting FHA mortgage insurance programs.

The Office provides legal services with respect to all FHA mortgage insurance programs under the National Housing Act and the Multifamily Assisted Housing Reform and Affordability Act of 1997 and also works with the other OGC Offices on a regular basis. These legal services support the goals of increasing and maintaining affordable housing and home ownership. The Office actively supports the Office of Legislation and Regulations by drafting legislation and regulations on FHA programs and by submitting comments on regulatory and statutory initiatives as well as on NOFAs. The Office provides significant legal support for development and operation of the Mark-to-Market (M2M) program and the Accelerated Claims Demonstration Program. The Office coordinates with the Office of Litigation on Departmental representation for defensive litigation as well as the Office of Fair Housing for compliance with the Fair Housing Act and civil rights laws. The Office works with the Departmental Enforcement Center on matters concerning affirmative litigation and preparation of legal advice relating to actions before the Mortgagee Review Board. The Office coordinates with the Office of Assisted Housing and Community Development on matters (e.g., the Section 8 program) that affect the FHA programs.

The Office of Insured Housing provides legal advice and support for the FHA program activities described below. The need for uniform interpretation (precedential in scope) of statutory and regulatory authority as well as program administrative requirements require the services of experienced program counsel in Headquarters OGC. This specialized legal expertise usually is not available in Field Offices where the legal work calls for a broader range of skills and experience from each attorney. Extensive staff reductions would require a reprioritization of legal services as well as a determination of which functions, if any, could be provided through procurement of outside legal counsel so that legal support could be provided by OGC in a manner that will further the Secretary's priorities. Further staff reduction would cause delays in providing legal services and could create a material weakness.

a. Multifamily Mortgage Division

This Division provides legal advice and support for FHA's multifamily programs which include: multifamily rental housing, elderly housing, nursing homes, intermediate care facilities, hospitals, group practice facilities, cooperatives and condominium projects, Mark-to-Market, multifamily mortgage loan sales, low-income project preservation, and property disposition initiatives. This legal advice includes: support for the Office of Housing in development of new FHA mortgage insurance programs under existing insurance authorities; interpreting various program regulations for multifamily rental housing and health care programs; restructuring debt on projects with reduced section 8 project-based assistance (Mark-to-Market program); assisting the Office of Housing in implementing the E-SIGN and E-GOV statutes; assisting the Office of Housing in its effort with the Department of Health and Human Services (HHS) to implement several major health care initiatives designed to strengthen communities by offering better quality health care to citizens; management and disposition of the HUD-owned property inventory; operation of the State and Local Housing Finance Agency (HFA) Risk-Sharing program and the Reinsurance program involving Fannie Mae and Freddie Mac; developing new and modifying existing policies and procedures for avoiding loan defaults and mortgage insurance claims; assisting with interpreting provisions affecting the Prepayment and Preservation program; sales of HUD-held multifamily mortgage loans; defensive litigation support to the Office of Litigation and to field offices on all cases of national import within the FHA and Mark-to-Market program areas; support for the Mark-to-Market program Office of Multifamily Housing Assistance Restructuring OMHAR and the Mark-Up-to-Market and the MAP/DAP Initiatives; drafting revised FHA Multifamily closing documents; review of FHA documents in time-sensitive bond refunder transactions; processing FHA multifamily mortgage insurance claims; and advice regarding operation and improvement of existing programs of mortgage insurance, including the interpretation, application, and revision of existing documents, guidelines, and regulations. This Division also prepares and provides training to attorneys in various field offices on multifamily and hospital loan closings.

b. Single Family Mortgage Division

This Division provides legal advice and support for FHA's single-family mortgage insurance programs under Titles I and II of the National Housing Act and for the Housing Counseling program under section 106 of the Housing and Urban Development Act of 1968. The legal advice and counsel includes: assistance implementing new programs; assistance regarding mortgage insurance claims; reviewing and commenting on proposed legislation; and drafting and review of Handbooks, Housing Notices, Mortgage Letters, regulations, regulatory waivers, Federal Register Notices (including Notices of Funding Availability), grant agreements, contracts, memoranda of understanding, mortgage forms, and correspondence. The legal advice generally concerns matters such as: approval of FHA Title I lenders and Title II mortgagees, mortgage credit analysis, property valuation, approval of appraisers and nonprofit organizations, condominium and PUD approval, deed restrictions, loan origination, loan servicing, loss mitigation, mortgage foreclosure and bankruptcy, mortgage insurance claims, loan sales, real property disposition, Home Equity Conversion Mortgage (HECM) loans, section 203(k) purchase and rehabilitation loans, distributive shares, and MIP refunds. Current initiatives for which legal services are being provided include: Automated Underwriting Systems, implementation of the E-SIGN and the E-GOV statutes, the Accelerated Claim Disposition demonstration, prevention of predatory lending, and the repair of 203(k) properties in New York City.

10. OFFICE OF LEGISLATION AND REGULATIONS

The Office of Legislation and Regulations provides legal advice to the entire Department on legislative, regulatory and appropriations issues, is responsible for the drafting of the majority of the Department's legislation, regulations and other regulatory and legislative policy documents, and manages and oversees the Department's legislative and regulatory agendas. The Office has two Divisions: the Legislation Division and the Regulations Division, each headed by an Assistant General Counsel.

Major areas of legislative responsibility include: development, preparation and clearance of the annual and special programs of authorization legislation; provision of legal counsel during Congressional consideration of the legislation; preparation and clearance of reports on proposed or pending Federal legislation; provision of drafting and other legal services with respect to appropriations law and the Department's annual and other appropriation Acts; response to Congressional technical drafting service requests for assistance in drafting HUD-related appropriation and authorizing legislation; preparation of implementation guides for

recently enacted appropriations acts; and maintenance of a legislative reference service for the Department as well as members of the public.

Major areas of responsibility for regulations include: development, drafting and clearing regulations and other policy documents (e.g., notices of funding availability, policy statements) necessary to carry out the Department's programs and policies; managing HUD's implementation of rulemaking under the following authorities: the regulations in 24 CFR Part 10; the statutory requirements of Section 7(o) of the Department of Housing and Urban Development Act, the Regulatory Flexibility Act, the Paperwork Reduction Act, and the Unfunded Mandates Reform Act; and the requirements imposed by Executive Order 12866 (Regulatory Planning and Review) and Executive Order 13132 (Federalism). The Division has lead responsibility in the Department for preparing the Semiannual Agenda of Regulations, the Annual Regulatory Plan of the Department, and Annual Unfunded Mandates Report. The Division also has responsibility for clearing within the Office of General Counsel Departmental issuances prepared by the program offices; preparation of implementation guides on authorization acts and all other legal services with respect to rulemaking; and maintenance of a rule docket service for the Department and members of the public.

Because the Office's familiarity with Departmental and other authorities is broad and crosses program and agency lines, the Office of Legislation and Regulations is frequently called upon by the General Counsel and the Deputy General Counsels for special projects (for example: compilation of the programs of HUD, of HUD's expiring authorities, and of the list of reports issued by HUD; and service on interagency task forces), and for coordination of legislative, regulatory and appropriations issues with OMB and other agencies and with offices throughout the Department, including other OGC offices.

The Office is responsible for ensuring that the legislative and regulatory policies of the Department are translated into action documents of the highest quality, frequently under exceedingly tight time schedules. Since each Division's work products become enacted as statutes or promulgated as regulations, or otherwise have the force of law, perfection is always the necessary goal. The work is exacting and relentless: "new "priority" regulations and legislative assignments are frequently added. This Office already has experienced a significant reduction in FTEs (particularly through retirement of experienced staff from both Divisions) and has advised of the critical need for an additional attorney in the Regulations Division and an attorney with substantial experience in appropriations law for the Office. Any further reduction of FTEs will require the Office to set more stringent priorities for the work of its two Divisions. Since the implementation of the Secretary's new initiatives and priorities are to a large extent within the responsibilities of the Office, this management task will be very challenging.

a. Legislation Division

The demand for the Legislation Division's services has grown dramatically over the last several years and is expected to continue at or above the current level for the foreseeable future as major legislation affecting the central mission of the Department is proposed by the Administration and considered by the Congress. Priority work performed by the Division includes: ensuring that HUD's annual legislative program is completed on time and at the level of quality that is required effectively to present the Department's legislative priorities; preparing reports (requests for comments on pending and proposed legislation from the Congress and the Office of Management and Budget) so that the Department can communicate its views within the Administration and with the Congress on a host of important proposed and pending bills in a timely manner; meeting Congressional requests for technical drafting and other services; and providing ongoing informal and written advice on budget and appropriation law matters.

The Legislation Division has recently assumed increased responsibility for advising the Department on cross-cutting appropriations issues as the new Administration seeks the expertise and coordinating role of this office to bring consistency in interpretation to departmentwide appropriations issues. In addition, the Administration placed greater responsibility on the Legislation Division for the fiscal year 2003 budget and legislative process, which included a more active role for the Legislation Division and OGC in the Department's budget process than in previous years. As part of its traditional responsibility, the Legislation Division is currently working on and will continue to work on for the next several months, HUD's fiscal year 2003 authorization and appropriation legislation. In addition to some of the Secretary's significant authorization legislation for fiscal year 2003 (HOME Downpayment Initiative, Homeless Consolidation, and Colonias), some significant legislative initiatives will be proposed in HUD's fiscal year 2004 authorization legislation, which may include legislative changes to the Real Estate Settlement Procedures Act. The work on the fiscal year 2004 authorization legislation begins in July of 2002 and will continue through the early part of 2003. The Legislation Division will draft the majority of this legislation as well as coordinate the legislative review process within the Department and with OMB.

b. Regulations Division

The Department has historically carried a docket of over 300 rule assignments, and that has not changed in recent years. Priority work for the Regulations currently and for fiscal year 2002 continues to involve regulatory implementation of major statutes enacted near and at the end of calendar year 2000, and in calendar year 2001. These are the American Homeownership

and Economic Opportunity Act, the Consolidated Appropriations Act of 2001, and the Electronic Signature Act. All statutes carry numerous rulemaking requirements, many of which must be published under tight statutory deadlines. Those with the most critical deadlines have been met, and work continues on implementation of remaining programs provided by these statutes. The Regulations Division also has responsibility for regulatory implementation of the Government Paperwork Elimination Act for which compliance is required by 2003. As is customary with HUD's appropriations acts in recent years, the fiscal year 2003 HUD appropriations Act, is expected to have certain provisions that must be implemented through rulemaking or notice, for which the Regulations Division will assume key responsibility.

In addition to the rulemaking workload, the Regulations Division assumes considerable responsibility for the development, drafting, and coordination of review within the Department and with OMB of the Department's notices of funding availability. Since 1998, the Department has published a SuperNOFA, which is the publication in one Federal Register edition of approximately 40 NOFAs. The Regulations Division has the lead for development, processing and publication of the SuperNOFA. The coordination required to achieve publication of this many documents on the same date is significant and involves considerable staff time.

The Regulations Division has also played and will continue to play a central role in the implementation of the new Administration's initiatives. The new Administration has established its agenda of regulatory initiatives that the Administration intends to pursue through rules or notices. Key among these initiatives is the prohibition of predatory lending practices, and the reform of the home closing settlement process. The Regulations Division already has drafted and issued several rules to address certain predatory lending practices. Additionally, the Administration has agreed to negotiated rulemaking to address changes to the formula allocation for the Native American Housing Assistance Block Grant. The negotiated rulemaking process will require significant involvement of staff from the Regulations Division.

The Regulations Division also has the lead for several "reform" initiatives directed at ensuring more openness and accountability in the announcement of funding awards, in the regulatory waiver process and in the establishment of committees that offer input and suggestions to the Department on various initiatives.

11. OFFICE OF LITIGATION

The Office of Litigation performs a central coordinating role with respect to all litigation brought against HUD. The Office, working in conjunction with the Department of Justice (DOJ), also handles the defense of major, non-routine lawsuits involving substantial programmatic issues of nationwide impact, or raising issues of particular importance or sensitivity. The Office is also responsible for preparing responses, for the HUD and FHA audits, concerning threatened and pending litigation matters.

The Office of Litigation has three divisions: Assisted Housing and Civil Rights Litigation; Insured Housing and Community Development Litigation; and the Freedom of Information Act (FOIA). The Office's two Litigation Divisions divide substantively between them all of the Department's programs and activities. Attorneys in either division may be assigned to handle cases from the other division, in order to accommodate workload fluctuations between the divisions and to optimize efficient allocation of resources. Attorneys in both divisions are responsible for handling, in conjunction with DOJ counterparts, lawsuits in Federal courts throughout the country. Each attorney is responsible for handling all aspects of litigation with respect to his or her individual caseload, which can vary in size, depending on the work demands of the assigned cases. Each attorney may also be responsible for monitoring cases handled by attorneys in the Field. The Assistant General Counsel for each division supervises trial attorneys, and provides guidance and policy oversight review.

Cases that are sufficiently important, complex, and/or sensitive are handled in Headquarters by the Office of Litigation, and not in HUD field counsel offices, because:

- The attorneys in both of the Office of Litigation's divisions are experienced in handling cases requiring familiarity with complexities of constitutional law and the Administrative Procedure Act, including recent developments in those fields. Working with DOJ, the Office is able to present legal arguments that are on the very cutting edge of the law. Many cases handled have implications for HUD nationwide.
- The Office also coordinates and handles responses to subpoenas, testimony approval requests, privilege issues, appeal recommendations to DOJ, representation requests, and other matters Departmentwide. The Office acts as a convenient and logical conduit to coordinate events that are happening throughout the country. HUD field counsel, by contrast, generally handle cases with implications within their designated geographic area or special areas of responsibility.

Since cases involving issues of nationwide impact almost always challenge decisions made in Headquarters, the decision makers must be consulted throughout the litigation, both for the preparation of HUD's defenses, as well as toward possible settlement. The Office's location in Headquarters affords ongoing access to decision makers in a much more efficient and cost effective way than if the various Regional Counsel had the lead. The Office spends considerable time and effort coordinating with HUD program officials, as well as with the Offices of the Secretary, Deputy Secretary, Public Affairs, and Congressional Affairs, so that the Department's responses to discovery and the positions taken in legal briefs accurately reflect HUD practice

and policy. Finally, the cases the Office of Litigation handles are often also assigned by DOJ to Main Justice cases, rather than United States Attorneys' offices, and this Office works with Main Justice on an ongoing basis.

a. The Assisted Housing and Civil Rights Litigation Division

The Assisted Housing and Civil Rights Litigation Division handles major cases concerning the operation of HUD's assisted housing programs, both public and private, pursuant to the United States Housing Act of 1937. The Division also handles major cases involving claims of civil rights discrimination and violations of the Fair Housing Act and Title VI of the Civil Rights Act of 1964.

b. The Insured Housing and Community Development Litigation Division

The Insured Housing and Community Development Litigation Division handles major cases involving the operation of HUD's insured housing programs pursuant to the National Housing Act, and related statutes. The Division also handles major cases involving community development programs pursuant to the Housing and Community Development Act of 1974, and related statutes, and housing for the homeless programs pursuant to the Stewart B. McKinney Homeless Assistance Act and related statutes. The staff also handles litigation involving other programs not covered by the major categories mentioned. At present, the Division is handling the defense of cases involving the prepayment of FHA-insured multifamily mortgages, the discontinuation of the single-family mortgage assignment and forbearance program, the Department's sales of HUD-held mortgages, the qualifications of approved FHA lenders, and the Multifamily Assisted Housing Reform and Affordability Act of 1997.

c. FOIA Division

The FOIA Division is responsible for processing all Freedom of Information Act requests received at HUD Headquarters. Additionally, it is responsible for providing both legal and technical guidance on FOIA issues to Headquarters program offices and to HUD field offices. An Assistant General Counsel heads the Division, and staff includes attorneys, non-attorney FOIA specialists, and clerical support. It is responsible for assuring: (1) timely response to FOIA requests, (2) accuracy of the response in compliance with statutory requirements, and (3) consistency of application of the standards. The Division is currently involved in activities related to improving the consistency of FOIA responses throughout the Department, and making sure that the Department is in compliance with statutory requirements for making agency records available electronically. The Division conducts ongoing training programs to insure that all HUD staff is aware of their legal responsibilities.

12. OFFICE OF FAIR HOUSING

The Office of Fair Housing performs all legal work in connection with compliance and enforcement activities under Department civil rights authorities, including Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Americans with Disabilities Act, the Age Discrimination Act, the Fair Housing Act, and Section 3 of the Housing and Urban Development Act of 1968, as amended. The Office provides leadership on all legal issues relating to the administration and enforcement of the Fair Housing Act and other HUD civil rights authorities and conducts or participates in the initiation and trial of novel and complex cases before HUD Administrative Law Judges. The Office of Fair Housing analyzes state statutes and reviews field counsels' analyses of local ordinances to identify whether the provisions are substantially equivalent to the fair housing act and provides advice to the Office of Fair Housing and Equal Opportunity (FHEO) on State and local recertification issues. The Office drafts legal opinions on Fair Housing Act questions and on all other civil rights authorities applicable to HUD programs and activities and drafts regulations involving all civil rights authorities. The Office represents the Department with the National Association of Attorneys General and other Interagency Task Forces; and also conducts fair housing training for field counsel and FHEO staff. The Office of Fair Housing has two divisions: The Fair Housing Enforcement Division and the Fair Housing Compliance Division.

a. The Fair Housing Compliance Division

The Fair Housing Compliance Division provides legal services and advice throughout the Department on matters pertaining to civil rights issues of national significance and interest, including preparing legal opinions on such matters. These opinions require substantial research and expertise in civil rights law and routinely include policy considerations involving the General Counsel and the Assistant Secretary for Fair Housing and Equal Opportunity. The Division provides legal advice on the Fair Housing Initiative Program (FHIP), and the implementation of fair housing and civil rights regulations. The Division reviews for the purpose of concurring or nonconcurring with substantially all Department issuance including NOFAs, regulations, guidance and notices to insure that they comply with civil rights requirements and, to the extent feasible, affirmatively further fair housing.

The Division conducts administrative enforcement activities involving discrimination involving HUD assisted and public housing and community development programs. The Division advises and assists the Office of Fair Housing and Equal Opportunity in conducting and evaluating reviews of recipients of HUD funding to determine their compliance with nondiscrimination requirements of applicable civil rights laws, such as Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973 and Section 109 of the Housing and Community Development Act of 1974 as well as Section 3 of the Housing and Urban Development Act of 1968, as amended. The Division also works with the Assistant Secretaries for Housing, Public and Indian Housing, and Community Planning and Development in developing procedures for assuring that housing and community development activities promote the achievement of the goal of fair housing.

The Division provides guidance regarding the responsibility of the Secretary and HUD program participants to administer programs and activities relating to housing and urban development in a manner that affirmatively furthers fair housing.

In connection with the Department's exercise of supervisory authority with regard to the Government Sponsored Enterprises, the Division provides advice and guidance on the consistency of underwriting guidelines used by the enterprises with the nondiscrimination requirements in the Fair Housing Act. The Division also works with the Department of Justice and other Federal agencies on special interagency civil rights initiatives, such environment justice, predatory lending and rural housing development.

b. The Fair Housing Enforcement Division

The Fair Housing Enforcement Division oversees fair housing enforcement activities for the Department and plays a critical role in enforcing the Fair Housing Act and increasing the public's awareness of fair housing rights. The Division's attorneys review reasonable cause determinations, draft and file charges of discrimination, and litigate the charges before the administrative tribunal. The Division's attorneys serve as desk officers for field counsel fair housing enforcement operations providing legal assistance required. The Division also handles all aspects of appeals of administrative law judge decisions to the Secretary. The Division works with the Department of Justice on cases where there has been an election to Federal District Court and develops recommendations to the Attorney General for appeals to circuit courts, recommendations for appearances as amicus curiae in fair housing cases in Federal district and circuit court, comments on petitions to seek certiorari, and recommendations to the Solicitor General for appearances as amicus curiae in Fair Housing cases before the Supreme Court. The Division provides legal advice to FHEO's Office of Enforcement and reviews cases involving unresolved issues between Field Counsel and FHEO Hub Directors. The Division develops and delivers fair housing training for attorneys and investigators.

The Division provides legal advice on the FHEO Fair Housing Assistance Program (FHAP) and reviews state and local fair housing laws and ordinances and provides the Assistant Secretary for Fair Housing and Equal Opportunity with a legal assessment of the extent to which the laws or ordinances provide rights and remedies for housing discrimination that are substantially equivalent to those provided in the Federal Fair Housing Act. The Division drafts and reviews proposed legislation affecting the Fair Housing Act and its enforcement and develop regulations for implementation and enforcement of the Act.

The Division works closely with the Department's Regional Counsel, providing legal assistance through desk officers and conducting annual training for HUD fair housing attorneys.

The Division also assists in the Department's efforts to provide advice and guidance in support of public and private efforts to comply with the nondiscrimination requirements of the Fair Housing Act such as the development of the design and construction requirements of the Fair Housing Act in building code language. The Division also works with HUD's clients and partners such as the National Association of Attorneys General, the International Building Code Congress, the National Association of Homebuilders and numerous civil rights organizations.

13. OFFICE OF APPEALS

The Office of Appeals advises the Office of the Secretary with respect to appeals from initial decisions of HUD administrative law judges and other hearing officers in fair housing and other enforcement cases, and from debarments and suspensions and actions of the Mortgagee Review Board, and the HUD Board of Contract Appeals.

14. OFFICE OF PROGRAM ENFORCEMENT

The Office of Chief Counsel (OCC) performs legal work with respect to affirmative Federal Court litigation, administrative hearings, and sanctions initiated by the Department to enforce statutory, regulatory and contractual requirements applicable to participants in HUD programs and to other persons subject to HUD's programs. The Office represents the Department in administrative and civil money penalty proceedings in which the Department seeks sanctions against individuals and entities for violating various statutory provisions and regulations promulgated by the Department. The Office also provides general legal advice and counsel to the Mortgagee Review Board, the Office of Multifamily Housing Management, Lender Activities and to the Office of Housing with respect to Civil Money Penalties. The Office also supports the Troubled Agency Recovery Centers (TARCs) and will seek receivership of Public Housing Authorities that fail to improve their physical inspection scores. In Federal court litigation, the office works with the Department of Justice (DOJ), which by statute has lead counsel responsibility.

a. Administrative Proceedings Division

This Division is responsible for legal review of proposed suspensions and debarments, as well as of Limited Denials of Participation (LDPs) issued by Headquarters officials. In the course of this work, the Division provides services and representation to the Assistant Secretaries for Housing, Public and Indian Housing, and Community Planning and Development, as well as the President of Ginnie Mae and the Inspector General.

With respect to the HUD Mortgagee Review Board, the Division provides legal review with regard to each mortgagee or Title I lender matter that is scheduled to come before the Board and then implements the Board's decisions. The Division also provides legal advice and representation to the HUD Multifamily Previous Participation Committee, provides legal guidance to program officials in conjunction with single family mortgagee Credit Watch termination hearings and resulting decisions, and assists the OGC Office of Litigation to the extent termination actions are challenged in Federal district court.

With respect to administrative civil money penalties that can be imposed under the HUD Reform Act of 1989, the Division is responsible for legal assistance and representation regarding such penalties against FHA mortgagees, Title I lenders, and Ginnie Mae issuers. The Division is also responsible for handling civil money penalty cases against multifamily mortgagors who fail to file their annual audited financial statements as required by their regulatory agreement.

The Division also provides legal review services for all referrals of false claims and/or false statements by the Inspector General under the Program Fraud Civil Remedies Act (PFCRA). The Division prepares the required requests for Department of Justice approval, issues complaints, and represents HUD at any administrative hearings on PFCRA cases.

b. Program Enforcement Division

This Division handles enforcement actions involving the Multifamily Housing Program, the Public and Indian Housing Program, the Community Development Block Grant program and actions brought under the False Claims Act for fraud involving all HUD programs.

In Multifamily Housing Programs, attorneys are involved in identifying and initiating judicial actions with the assistance of the DOJ directed at multifamily project owners for failing to operate their projects in compliance with HUD's requirements. In the Public and Indian Housing Programs, assistance is provided in taking actions against public housing authorities that are in substantial default of their contractual, regulatory and statutory obligations with HUD. In the Indian Housing Block Grant Program (IHBG), this Division provides the Office of Native American Programs (ONAP) with advice and guidance in the development of cases and the pursuit of remedies. This Division also handles CPD referrals for sanctions under the Community Development Block Grant Program (CDBG).

c. Satellite Legal Division

Attorneys are located in each of the five DEC Satellite Offices (New York, Atlanta, Chicago, Fort Worth, and Los Angeles). These legal offices provide legal services in connection with all matters handled within a DEC Satellite Office. One Lead Attorney and two to three staff attorneys are assigned to each Satellite Legal Division Office. The Lead Attorney is responsible for the coordination of legal work with the Office of Chief Counsel in Headquarters and the local DEC Satellite Office Director; the assignment of cases to other satellite attorneys; and such other duties as are assigned by the Office of Chief Counsel.

Satellite attorneys in these offices provide legal services in connection with the Multifamily Housing Program identified above, work closely with the Program Enforcement Division and are overseen by a Deputy Chief Counsel. Attorneys participate as team members in evaluating and developing recommendations for proposed enforcement actions through Action Plans; represent the DEC at administrative hearings; coordinate enforcement actions with the Inspector General's Office, Department of Justice and other agencies; and negotiate settlement agreements.

15. DEPARTMENTAL ENFORCEMENT CENTER

SCOPE OF ACTIVITY

The Departmental Enforcement Center (DEC) was established in fiscal year 1998 to ensure the public trust in HUD's ability to provide decent, safe and sanitary housing by effectively consolidating and administering timely enforcement actions. The DEC strives to achieve this objective by: (1) consolidating enforcement functions of the Department, and centralizing scattered and inconsistent enforcement policies; (2) creating a cadre of experienced attorneys and analysts to focus on and resolve the Department's most difficult cases, freeing program staff to better service and support the Department's core initiatives; (3) promoting credibility and results for HUD's enforcement efforts; (4) enhancing critical partnerships between HUD program areas and with external agencies and organizations; (5) taking aggressive action against those that are in serious non-compliance with statutory and regulatory requirements of the Department; (6) consolidating suspension and debarment authority within the Department; and (7) eliminating fraud, waste and abuse of HUD programs by recipients and other beneficiaries.

The attached charts display detailed staffing and workload estimates based on the Resource Estimation and Allocation Process (REAP) baseline data.

WORKLOAD

The mission of the DEC is to ensure the public trust by protecting residents, increasing the quality of housing and eliminating fraud, waste and abuse. To meet the above mission goals, the DEC has developed a focused and centralized approach to program enforcement Department wide. The Center's workload is made up of case referrals from the Office of Housing, Office of Public and Indian Housing (including the Troubled Agency Recovery Centers), Office of Community Planning and Development, Office of Fair Housing and Equal Opportunity (non civil rights cases), and referrals for action before the Mortgage Review Board.

a. Office of the Associate Director for Operations, Compliance and Mortgage Review Board

(1) Office of Operations

The Office of Operations includes a Headquarters component and five satellite offices. Headquarters is responsible for policy development and oversight of support to the Satellite Offices. The Satellite Offices evaluate properties referred to the Departmental Enforcement Center based on HUD concerns about possible owner non-compliance, physical and/or financial, with HUD requirements. Following its evaluation an action plan is developed that establishes what steps HUD will take to achieve compliance.

(a) HQ Operations Division

The work of the HQ Operations Division primarily addresses distressed multifamily properties referred by the Real Estate Assessment Center (REAC), the Office of Housing, and other Program offices. This Division is responsible for judicial or administrative receivership for those public housing authorities that the Office of Public and Indian Housing (PIH) refers to the Enforcement Center. The DEC supports PIH in take-over and/or receivership cases referred by the Office of Native American Programs (ONAP). Additionally, the DEC works with the Assistant Secretaries for Community Planning and Development (CPD) and Fair Housing and Equal Opportunity (FHEO) on matters, which require enforcement actions to resolve program non-compliance issues with their grantees. In the case of FHEO, the Enforcement Center will only be involved in non-civil rights issues. This Division uses general contractors who perform due diligence, workouts, on-site reviews, and other actions to effect enforcement against property owners or Contract Administrators and/or effect recovery of distressed multifamily properties. Division staff works with the Center attorneys in processing legal documents and will be the principal point of contact for field staff communications regarding any enforcement actions taken against troubled projects. The Center is fully responsible for properties referred by REAC and will conduct due diligence on the properties and develop an enforcement plan covering appropriate sanctions (if any) and corrective actions by HUD and the owners including a timetable for completion of all activities.

(b) Satellite Offices

Satellite Offices are located in Atlanta, Georgia; Los Angeles, California; New York, New York; Ft. Worth, Texas; and Chicago, Illinois. The primary role of satellite offices is to manage the day-to-day recovery and enforcement strategies for multifamily properties as well as referrals received from PIH, the Office of the Inspector General (OIG) and CPD. Five Satellite Offices are responsible for a total of ten enforcement teams. Each Satellite Office has an assigned geographic area and receives direct inquiries. REAC, the Office of Multifamily Housing, and Property Disposition Centers (relocation, foreclosure and mortgagee in-possession) are the primary sources of referral. The Satellite Offices carry out enforcement actions using general contractors who perform due diligence, workouts, and other actions necessary to effect enforcement activities.

(2) Compliance Division

The role of the Compliance Division within DEC is to remove irresponsible participants who have engaged in fraud, waste and abuse of HUD programs. By using administrative sanctions (Suspension and Debarment) the Division enables HUD to protect the American taxpayer and the integrity of its programs and to minimize continuing fraud, waste and program abuse.

Compliance Division staff evaluate suspension and debarment recommendations and referrals from various sources. The Compliance Specialist drafts administrative sanction notices when warranted. When a referral is found by the Administrative Proceedings Division to lack sufficient support to sustain an administrative sanction, the Compliance Division is charged with the responsibility of working with the referring office to marshal additional evidence or of informing the source of the referral that the case is being closed due to lack of evidence.

The DEC takes compliance actions against participants in any and all HUD program areas including Housing (Title I and Title II and Multifamily and Single Family), Public and Indian Housing, Community Planning and Development, and the Government National Mortgage Association (Ginnie Mae). Referrals come to the DEC from various sources including the OIG (including Investigation and Audit), the eighteen Multifamily Hubs, the four Single Family HOCs, the five DEC Satellite Offices, and other HUD program and field offices.

(3) MRB Division

The purpose of the Mortgagee Review Board (MRB) Division is to support the MRB in its efforts to oversee the performance of lenders participating in the FHA insurance programs. On the basis of its review the MRB determines whether the Department should continue doing business with a lender. Approximately 95 percent of the matters considered by the Board pertain to lenders participating in FHA's Title I and Title II Single Family insurance programs. Only a few cases involve multifamily participants. The Home Ownership Centers provide approximately 90 percent of the referrals and the Office of Inspector General refers approximately 10 percent of the cases based on its audits or investigations. The Mortgagee Review Board is authorized to take any of the following administrative actions: Letter of Reprimand; Probation; Suspension of Approval; Withdrawal of Approval; Civil Money Penalty; or Settlement Agreement.

b. Office of the Deputy Director for Administration, Management, Information Technology, Policy & Plans

(1) Office of Information and Technology

The Office of Information and Technology is responsible for: (1) developing and maintaining internal information systems for the Center; (2) interfacing with the Department's financial information and program systems to ensure data required by the Center is accurate, current, accessible and reliable; (3) preparing reports for internal use and for other Departmental purposes; and, (4) coordinating with users from other parts of the Department. This Office will also maintain the established file protocol as contractors retrieve materials.

(2) Office of Administrative and Management Services

The Office of Administrative and Management Services is responsible for a wide range of functions which support the overall operations of the Center, including: (1) the provision of staff training and orientation courses; (2) budget and financial management; (3) administrative and personnel support services; (4) procurement services; (5) the provision of public information; (6) tracking and reporting on DEC workload and accomplishments; and (6) management planning and reporting requirements.

16. FIELD

The primary mission of the field legal staff is the provision of support, advice and counsel to program administrators in the field. Field legal services are increasingly being called upon to be a source of stability and a source of authority to provide the necessary assurance program managers seek in their assumption of new responsibilities. In the field, the Regional Counsel, Chief Counsel and Chief Attorneys are the chief legal officers of their respective Offices. They receive operational direction, administrative support, and professional advice and direction from the General Counsel and Deputy General Counsel for Housing Finance and Operations.

a. Legal Service Centers.

Ten Legal Service Centers provide the full range of legal services and assistance to Regional Directors, Field Office Directors and managers and staff in program and administrative offices located within the Center's geographic jurisdiction. Each Center is headed by a Regional Counsel, who reports to the Deputy General Counsel for Housing Finance and Operations in OGC Headquarters.

Within the jurisdiction of the Legal Service Centers are thirty-seven (37) Field offices where Multifamily, FHEO, CPD and/or Public Housing Hubs/Centers are located. Each Field office is headed by a Chief Counsel or Chief Attorney who respond to the Regional Counsel.

b. Litigation.

Litigation is a major responsibility of the Field Counsel. It involves working with the U.S. Attorneys in handling cases to which HUD is a party and participation with local government or private attorneys in handling cases involving HUD-assisted local governmental activities. The caseload covers the full range of the Department's program responsibilities, including subsidized and insured housing, property management and disposition, and community development programs, as well as cases involving claims collection, environmental issues, civil rights, landlord-tenant matters, architectural and construction contract disputes, and tort claims. Field Counsel also handles judicial foreclosures of multifamily projects, single-family defensive foreclosure actions, and some of the affirmative litigation cases instituted by the Department.

c. Fair Housing and Equal Opportunity Enforcement.

This function involves providing legal services with respect to the enforcement of civil rights laws and equal opportunity requirements applicable to HUD programs. Field Counsel have a critical role in the enforcement of the Fair Housing Act. Other services provided include nondiscrimination in HUD-assisted programs, equal employment opportunity, and increased employment opportunities for lower-income persons in connection with HUD-assisted projects. Field Counsel also make the initial determination of the substantial equivalency status of State and local ordinances on fair housing. The effort to eliminate systemic discrimination in housing and the Department's strengthened procedures for Title VI compliance reviews have substantially increased the fair housing/equal opportunity workload of Field Counsel.

Field Counsel are fully involved in Fair Housing enforcement: they must review the Final Investigative Report (FIR) where a determination of reasonable cause or no reasonable cause has been made by the Office of Fair Housing and Equal Opportunity; they represent complainants and the Secretary at hearings held before Federal Administrative Law Judges in certain types of cases; they assist the DOJ and the U.S. Attorneys in fair housing cases tried in Federal District Court; they process requests for prompt judicial relief where a unit will be sold or rented before a case can be investigated and litigated or where a complainant is about to be evicted; and they attend training on the processes involved in the handling of fair housing enforcement cases.

d. Procurement and Administrative Law.

Legal advice is provided on a variety of administrative law issues, including procurement, contract administration, Freedom of Information Act, Privacy Act, delegations of authority, and similar matters.

With regard to procurement and contracting issues, generally the Legal Service Center located where ASCs are located dedicates attorneys who are responsible for providing legal advice and litigation services, including representing the Department before administrative forums to defend HUD's position in bid protests and claim disputes.

As a result of increased emphasis on the importance of quality control in procurement and contracting matters, attorneys are located in the Legal Centers for each of the Administrative Service Centers (ASCs) to provide legal advice and guidance to the Contracting Division managers and staff members in those ASCs. Because these attorneys provide contracting legal support covering several programmatic and geographic jurisdictions, the Legal Center attorneys have a dual reporting responsibility to both the Deputy General Counsel for Housing and Operations and the Assistant General Counsel for the Legal Centers servicing the ASCs. Such dual

reporting responsibility ensures greater consistency and quality of service throughout the country.

e. Personnel Law.

Legal advice and services to the Department are provided on personnel issues, including misconduct, unsatisfactory performance, labor relations, equal employment opportunity, and other employment-related matters. The legal support includes working with the Department of Justice in representing the Department in Federal court.

In addition to legal support within OGC-Headquarters, attorneys located in the Legal Centers in each of the ASCs provide advice and guidance to the Human Resources Divisions in those ASCs. Because the Legal Center attorneys provide legal support to managers and staff covering several programmatic and geographic jurisdictions, the Legal Center attorneys have a dual reporting responsibility to both the Deputy General Counsel for Housing Finance and Operations and the Regional Counsel for the Legal Centers servicing the ASCs. Such dual reporting responsibility ensures greater consistency and quality of service throughout the country, as well as providing legal assistance to supplement that given by Headquarters OGC.

f. Federal Tort Claims Center.

The function of this Office is to provide centralized handling of tort claims filed against HUD from the Field Legal Center in New England. All claims throughout the country are forwarded to the Claims Center, where staff review incoming tort claims, determine if additional documentation or investigation is necessary, and decide whether the claim should be denied or settled. If the claimant initiates litigation, the Claims Center is responsible for handling the litigation, including monitoring contract legal services that may be procured for this purpose. This approach ensures that tort claims are dealt with in a systematic, consistent manner.

g. Single Family.

For those Offices in which a Single Family Homeownership Center (HOC) is located, the Field Legal Center includes staff dedicated to providing legal support and assistance to the HOC managers and staff. This support includes a wide range of legal issues affecting FHA single-family mortgage insurance programs; from title concerns and land trust matters to administrative sanction review and case preparation.

h. Housing Programs.

Field Counsel provide all legal services required in connection with HUD's insurance of mortgages on multifamily properties, including representing the Department at initial and final closings of projects, among which are those financed by tax-exempt bonds. The closing attorney is responsible for assuring the legal sufficiency of all closing documents for full insurance projects. Field Counsel provide legal reviews of applicable documents where there is a change in the mortgagor entity, and furnishes legal assistance in connection with the non-judicial foreclosure of multifamily projects, the management and disposition of acquired properties, debt collection, and bankruptcies. Field Counsel also review Section 202 and Section 811 capital advance applications for elderly and disabled projects, and conduct initial and final closings of Section 202 and Section 811 projects. In addition, Field Counsel provides legal advice and guidance on Single Family Mortgage Insurance programs. Field counsel will be assuming greater responsibility for Mortgage Sales Portfolio Reengineering and HOPE VI.

i. Community Planning and Development.

This function includes the provision of legal services required in connection with the CDBG program. Field Counsel prepare contracts, amendments, special contract conditions, and sanctions imposed for noncompliance with program requirements. Field Counsel are also responsible for making legal determinations relative to environmental and labor requirements, for rendering decisions in connection with field office consideration of relocation appeals by displaced persons, and for providing legal advice concerning CDBG monitoring activities.

j. Public and Indian Housing.

In the conventional Public Housing program, Field Counsel are responsible for the review of program matters with legal implications, such as demolition/disposition of projects, cooperation agreements between housing authorities and general purpose governments, and eminent domain and other takings. Field Counsel also provide a wide range of legal services in connection with the low-rent public housing projects in occupancy, such as the income eligibility and landlord-tenant matters like evictions. With respect to the Section 8 Lower-Income Housing

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Assistance program, Field Counsel are responsible for making determinations as to the legal capacity of participants in the program, and related occupancy matters. Field Counsel is assuming responsibility for public housing transformation efforts, including HOPE VI and mixed-finance developments.

TRAVEL

The table below identifies travel requirements unique to this activity.

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
Travel (HQ)	\$987	\$1,250	\$1,308	+\$58
Travel (Field)	149	105	116	+11
Total.....	1,136	1,355	1,424	+69

The proposed travel budget of \$1,424 thousand for the Office of General Counsel in fiscal year 2004, which is \$69 thousand above the 2003 estimate of \$1,355 thousand, will support travel for both the Headquarters and field offices and will be used for travel supporting the Secretary's priorities associated with litigation activities, fair housing enforcement, program enforcement, ethics, maintaining and expanding the Office of General Counsel's role as the enforcement arm of the Department and to facilitate interaction between Headquarters and all field and satellite legal offices. Travel will be required for multiple site visits; detailed evaluations; to meet with owners; management agents; Assistant U.S. Attorneys; and Department of Justice attorneys. The requested amount will also provide for witness travel. Witnesses may be called to appear in enforcement proceedings in U.S. Courts throughout the Country.

CONTRACTS

The table below identifies contract requirements unique to this activity.

	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004	INCREASE + DECREASE - 2004 vs 2003
	(Dollars in Thousands)			
Technical Services	\$1,706	\$1,210	\$1,672	+\$462
General Support	311	495	495	...
Training	192	241	341	+100
Total.....	2,209	1,946	2,508	+562

The proposed funding level for fiscal year 2004 is \$2,508 thousand. The increase of \$562 thousand is required to fund increased training needed to facilitate the accomplishment of new and/or changing tasking (see specific descriptions below). Funding levels include resources necessary for the Departmental Enforcement Center to continue their enforcement duties. Of the funding levels requested approximately \$1,943 thousand will be made available for the Departmental Enforcement Center, which will be distributed as follows; Technical Services \$1,282 thousand, General Support \$454 thousand, and Training \$207 thousand. The following are descriptions of the type of workload that will be outsourced.

Technical Services

- Legal Services contracts provide legal support services that will assist attorneys in pursuing affirmative litigation against project owners receiving the benefit of FHA insured financing and/or Section 8 assistance.
- FEDLINK contract will be used to provide access to Westlaw and Lexis-Nexis legal research services.
- Technical assistance contracts for Assessment and Analysis Services will also be used to provide histories of the ownership of projects; descriptions of the projects' physical condition; analysis of current financial status; and recommendations for resolving the problems identified by the contractor.
- Contracts for court reporting services and transcripts are essential in deposing witnesses and taking affidavits in preparation for evidentiary proceedings.

Training

Salaries and Expenses, Housing and Urban Development
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- Training funds are expended to meet the following needs:
- Financial analysis at various levels of expertise, including the analysis of financial statements, financial forecasting, and forensic accounting.
- Personnel Law training, Fair Housing training, paralegal and legal technician training.
- Basic Multifamily asset management.
- Trial Advocacy and Administrative Proceedings and other legal specific courses. Also included in this category are courses in legal research, paralegal training, and legal skills for secretaries.
- Fraud Detection/Prevention generally offered through the Mortgage Bankers and USDA Graduate School.
- Executive/Managerial/Supervisory training including Personnel Practices for Supervisors and a good introduction to supervision for a number of new supervisors.
- Training on various automated systems including Real Estate Management System (REMS) and our new reporting systems (such as DEC Management System and Compliance Tracking System).
- A series of courses offered by NCHM and Nan McKay Associates, such as Uniform Physical Standards training and Certified Housing Managers training.

General Support.

This funding principally provides for contract temporary services for clerical, administrative and legal support in areas where a short-term critical need is identified.

ADMINISTRATIVE EXPENSES

FTE/OBJECT CLASS	ACTUAL 2002	ESTIMATE 2003	ESTIMATE 2004
FTE			
Headquarters	406	404	404
Field	240	237	237
Total FTE	646	641	641
S&E Cost (Dollars in Thousands)			
Personal Services	\$63,284	\$64,568	\$66,312
Travel	1,136	1,355	1,424
Printing	108	125	127
Other Services	2,209	1,946	2,508
Supplies	119	121	123
Claims & Indemnities	296	181	188
Total S&E Cost	\$67,152	\$68,296	\$70,682

Overall Summary of General Counsel Staff Requirements

	FTE			Increase + Decrease - 2004 vs 2003
	Actual 2002	Estimate 2003	Estimate 2004	
Headquarters.....	405.9	404.0	403.8	-0.2
Field	240.0	237.1	237.0	-0.2
Total	645.9	641.1	640.8	-0.4

Summary of General Counsel Staff Requirements

	Actual 2002	Estimate 2003	Estimate 2004	Increase + Decrease - 2004 vs 2003
<u>Headquarters Employment</u>				
General Counsel				
Office of General Counsel, Offices of Deputy General Counsel, and Office of Appeals	36.0	35.0	34.9	-0.1
Office of Litigation	39.0	39.0	39.0	0.0
Office of Assisted Housing and Community Development	20.0	22.0	22.0	0.0
Office of Finance and Regulatory Enforcement	25.0	25.0	25.0	0.0
Office of Insured Housing	25.0	25.0	25.0	0.0
Office of Legislation and Regulations	15.0	17.0	17.0	0.0
Office of Human Resources Law	25.0	25.0	25.0	0.0
Office of Fair Housing	15.0	15.0	15.0	0.0
Office of Program Enforcement	28.0	28.0	28.0	0.0
Enforcement Center				
Immediate Office	5.0	5.0	5.0	0.0
Information Technology Division	6.0	6.0	6.0	0.0
Administrative & Management Services Division	11.0	11.0	10.9	-0.1
Office of Operations	0.0	1.0	1.0	0.0
Office of Operations - Operations Division	9.0	10.0	10.0	0.0
Office of Special Programs	1.0	1.0	1.0	0.0
Office of Special Programs - Compliance Division	9.0	9.0	9.0	0.0
Office of Special Programs - Mortgagee Review Board Division	4.0	3.0	3.0	0.0
<u>Satellite Offices (Atlanta, Chicago, Fort Worth, Los Angeles, New York)</u>	132.9	127.0	127.0	0.0
Total	405.9	404.0	403.8	-0.2
<u>Field Employment</u>				
General Counsel				
10 Regional Field Legal Service Centers	147.0	151.1	151.0	-0.2
37 Subordinate Field Legal Offices	93.0	86.0	86.0	0.0
Total	240.0	237.1	237.0	-0.2

Detail of General Counsel Staff Requirements

Workload Guideline	Workload Indicator	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	----- Fiscal Year 2003 -----				----- Fiscal Year 2004 -----			
					Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Headquarters Employment (General Counsel)												
Offices of General Counsel and Deputy General Counsels												
Office of General Counsel - C01(Immediate Office	N/A	...	...	17.00	2	...	...	15.00	2	...	...	14.90
Office of Deputy General Counsel - Programs and Regulations	NA	...	...	2.00		...	...	2.00		...	...	2.00
Office of Deputy General Counsel - Equal Opportunity and Administrative Law	NA	...	...	2.00		...	...	2.00		...	...	2.00
Office of Deputy General Counsel - Litigation	NA	...	...	1.00		...	...	1.00		...	...	1.00
Office of Deputy General Counsel - Housing Finance and Operations Immediate Office	NA	...	...	3.00		...	...	3.00		...	...	3.00
Provide Day-to-Day operational C01(guidance to field staff	NA	...	...	4.00		...	...	4.00		...	...	4.00
Provide Day-to-Day operational C01(guidance to Headquarters staff	NA	...	...	6.00		...	...	7.00		...	...	7.00
Office of Appeals	NA	...	...	1.00		...	...	1.00		...	...	1.00
Subtotal				36.00				35.00				34.90
Office of Litigation												
C02(Immediate Office	NA	...	...	1.00		...	...	1.00		...	...	1.00
Management Support Staff	NA	...	...	5.00		...	...	4.00		...	...	4.00
Assisted Housing and Civil Rights C02(Litigation Division	NA	...	...	9.00		...	...	10.00		...	...	10.00
Insured Housing and Community C02(Development Litigation Division	NA	...	...	8.00		...	...	9.00		...	...	9.00
C02(Freedom of Information Division	NA	...	...	16.00	2	...	...	15.00	2	...	...	15.00
Subtotal				39.00				39.00				39.00
Office of Assisted Housing and Community Development												
Providing program and policy C03(support		...	...	2.00		...	...	2.00		...	...	2.00
Provide timely, succinct, comprehensive and accurate legal advice and services concerning C03(Assisted Housing Programs	NA	...	...	10.00	1	...	...	12.00	1	...	...	12.00
Provide timely, succinct, comprehensive and accurate legal advice and services concerning Community Development C03(Programs	NA	...	...	8.00	2	...	...	8.00	2	...	...	8.00
Subtotal				20.00				22.00				22.00

Workload Guideline	Workload Indicator	Projected Accomplish- ment	Projected Unit Cost (Hrs)	----- Fiscal Year 2003 -----				----- Fiscal Year 2004 -----				
				FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Office of Finance and Regulatory Enforcement												
Providing Program and Policy												
C04(Support	NA	...	...	2.00		...	...	2.00		...	...	2.00
Provide legal services in areas of very high priority, including HUD's regulation of Fannie Mae and Freddie Mac, the application of consumer protection requirements to the mortgage industry, Federal environmental laws including HUD's lead-based paint hazard control requirements and enforcement, Federal labor standards requirements, and other key Departmental activities including the International program												
C04(and administrative sanctions	NA	...	...	7.00	4	...	...	6.00	4	...	...	6.00
Provide timely, succinct, comprehensible and accurate legal advice and counsel to program clients, program contractors, and state and private inspection agencies, and assist in the enforcement of the Real Estate Settlement Procedures Act, Interstate Land Sales Act, Manufactured housing Act, Debt Collection Act and their												
C04(implementing regulations	NA	...	...	10.00	2	...	...	12.00	2	...	...	12.00
Act as corporate counsel to Ginnie Mae and provide tax and intellectual property support to the												
C04(Department		...	...	6.00	3	...	...	5.00	3	...	...	5.00
Subtotal				25.00				25.00				25.00
Office of Insured Housing												
Providing program and policy												
C05(support	NA	...	...	3.00		...	...	3.00		...	...	3.00
Provide timely, succinct, comprehensible, and accurate legal advice and counsel to program clients in order to assist them in meeting their goals and objectives in carrying out provisions in the National Housing Act regarding mortgage or lender approval and all single family FHA												
C05(mortgage insurance programs	NA	...	...	9.00	3	...	...	10.00	3	...	...	10.00

Workload Guideline	Workload Indicator	Projected Accomplish- ment	Projected Unit Cost (Hrs)	----- Fiscal Year 2003 -----				----- Fiscal Year 2004 -----				
				FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Provide timely, succinct, comprehensible, and accurate legal advice and counsel to program clients in order to assist them in meeting their goals and objectives in carrying out provisions in the National Housing Act and related statutes for all multifamily mortgage insurance programs and in carrying out provisions in the Multifamily Assisted and Affordability Act of 1997, for the Mark-to-Market												
C05(program.	NA	...	...	13.00	4	...	...	12.00	4	...	...	12.00
Subtotal				25.00				25.00				25.00
Office of Legislation and Regulations												
C06(Immediate Office	NA	...	...	2.00	1	...	...	2.00	1	...	...	2.00
Provide timely and sound legal advice and legislative services to HUD officials and staff; coordinate the development and clearance of HUD's annual authorization legislation; participate in the development of budget and legislative proposals; provide legal counsel during congressional consideration of HUD-related authorization and appropriations legislation; provide legal advice in connection with appropriations law; prepare policy positions on pending legislation; provide technical drafting services, legal review, and other technical assistance, upon request, for Members of Congress and their staffs, in connection with authorization and appropriation												
C06(legislation.	NA	...	...	6.00	2	...	...	6.00	2	...	...	6.00

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----							----- Fiscal Year 2004 -----				
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	
Provide timely, succinct, comprehensible and accurate legal advice to the HUD Secretary, the General Counsel, and all program Assistant Secretaries on all regulatory issues; draft the majority of the Department's regulations, notices of funding availability (NOFAs) and other Federal Register documents that directly support these officials' implementation of the housing and community development programs. Manage and oversee the Department's regulatory agenda; provide for coordination of HUD's regulatory agenda with the Office of Management and Budget and													
C06(Congress.	NA	...	...	7.00	1	...	...	9.00	1	...	...	9.00
Subtotal				15.00				17.00				17.00	
Office of Human Resources Law													
Providing program and policy													
C07(support	NA	...	...	2.00	1	...	...	2.00	1	...	...	2.00
C07(Personnel Law Division	NA	...	...	7.00	2	...	...	7.00	2	...	...	7.00
C07(Ethics Law Division	NA	...	...	8.00	2	...	...	8.00	2	...	...	8.00
Providing administrative/													
C07(procurement-related legal advice	NA	...	...	8.00	3	...	...	8.00	3	...	...	8.00
Subtotal				25.00				25.00				25.00	
Office of Fair Housing													
Immediate Office - Providing													
C08(Program and Policy Support	NA	...	...	2.00		...	...	2.00		...	...	2.00
Provide legal and enforcement services to the Office of the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO) in connection with the Department's Fair Housing and													
C08(equal opportunity priorities.	NA	...	...	6.00	2	...	...	6.00	2	...	...	6.00
Provide legal and compliance services to the Office of the Assistant Secretary for Fair Housing and Equal Opportunity (FHEO) in connection with the Department's Fair Housing and													
C08(equal opportunity priorities.	NA	...	...	7.00	3	...	...	7.00	3	...	...	7.00
Subtotal				15.00				15.00				15.00	

Workload Guideline	Workload Indicator	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	----- Fiscal Year 2003 -----				----- Fiscal Year 2004 -----				
					Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	
Office of Program Enforcement													
	Provide Management and Support C10(to the Office of the Chief Counsel	NA	---	---	4.0	2.0	---	---	2.0	2.0	---	---	2.0
	Subtotal		---	---	4.0		---	---	2.0		---	---	2.0
Office of Program Enforcement - Program Enforcement Division													
	Provide Management and Support to the Program Enforcement	Number of Cases (Multifamily, CMP, PIH, Litigation, Bankruptcy)	990	14.76	7.0		990	14.76	7.0		990	14.76	7.0
	Subtotal				7.0				7.0				7.0
Office of Program Enforcement - Administrative Proceedings Division													
	Perform Review for Legal C10(Sufficiency	Number of RLS Cases	540	4.17	1.1	175.0	555	4.17	1.1	175.0	555	4.17	1.1
	Process Suspension Debarment C10(Appeals	Number of Appeals	109	129.89	6.8	40.0	125	129.89	7.8	40.0	125	129.89	7.7
	Process Credit Watch, Mortgage Termination, and Mortgagee C10(Review Board Cases	Number of Cases	234	35.87	4.0	95.0	300	35.87	5.2	95.0	300	35.87	5.1
	Process Civil Money Penalty C10(Cases	Number of Cases	125	21.05	1.3	40.0	125	21.05	1.3	40.0	125	21.05	1.3
	Perform Case Administration and C10(Related Requests	NA	---	---	3.8		---	---	3.6		---	---	3.8
	Subtotal				17.0				19.0				19.0
					28.0				28.0				28.0
Headquarters Employment (Enforcement Center)													
Immediate Office													
	Managing the Departmental C10(Enforcement Center	NA	---	---	5.0		---	---	5.0		---	---	5.0
	Subtotal		---	---	5.0		---	---	5.0		---	---	5.0
Information Technology Division													
	Provide Information Technology C10(Support and Maintenance	Number of Systems/Sub- systems Supported	---	---	6.0	1.0	---	---	6.0	1.0	6	2,088.00	6.0
	Subtotal				6.0				6.0				6.0
Administrative & Management Services Division													
	Perform Administrative and Management Support Services for C10(DEC HQ and Satellite Offices	Number of personnel supported	211	118.74	11.0		193	118.74	11.0		193	118.74	10.9
	Subtotal				11.0				11.0				10.9
Office of Operations													
	Perform General Direction C10(	NA	---	---	0.0		---	---	1.0		---	---	1.0
	Subtotal		---	---	0.0		---	---	1.0		---	---	1.0
Office of Operations - Operations Division													
	Providing operations support to the C10(DEC & Satellite Offices	NA	---	---	9.0	1.0	---	---	10.0	1.0	---	---	10.0
	Subtotal		---	---	9.0		---	---	10.0		---	---	10.0

Workload Guideline	Workload Indicator	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
					Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Office of Special Programs												
Providing Program and Policy												
C10(Support	NA	---	---	1.0		---	---	1.0		---	---	1.0
Subtotal		---	---	1.0		---	---	1.0		---	---	1.0
Office of Special Programs - Compliance Division												
Number of suspensions and debarments												
C10(Debarments	Number of suspensions and debarments	882	21.30	9.0	98.0	784	23.97	9.0	98.0	784	23.97	9.0
Subtotal				9.0				9.0				9.0
Office of Special Programs - Mortgagee Review Board Division												
Number of mortgagee review board referrals												
C10(Process MRB Referrals	Number of mortgagee review board referrals	77	108.46	4.0	19.0	58	108.46	3.0	19.0	58	108.46	3.0
Number of mortgagee review board referrals												
Processing MRB Case Reviews	Number of mortgagee review board referrals	0	26.10	0.0		0	26.10	0.0		0	26.10	0.0
Subtotal				4.0				3.0				3.0
Satellite Offices (Atlanta, Chicago, Fort Worth, Los Angeles, New York)												
Perform Special Projects and												
C10(General Administrative Functions	NA	---	---	29.9		---	---	26.4		---	---	26.4
Number of FASS Cases												
C10(Handle FASS Cases	Number of FASS Cases	1,213	57.64	33.5	248.0	1,015	57.64	28.0	248.0	1,015	57.64	27.9
Number of PASS Cases												
C10(Handle PASS Cases	Number of PASS Cases	297	321.84	45.8		237	321.84	36.5		237	321.84	36.4
Number of EF Cases												
C10(Handle EF Cases	Number of EF Cases	80	189.19	7.2		64	189.19	5.8		64	189.19	5.8
Number of EP Cases												
C10(Handle EP Cases	Number of EP Cases	88	390.68	16.5		71	390.68	13.3		71	390.68	13.2
Process Civil Money Penalties (Non-submission of financial statements)												
C10(statements)	Number of CMP Cases	---	---	0.0		4,311	4.35	9.0		4,311	4.35	8.9
Handle PASS Referrals with Scores Between 31 and 60												
C10(Handle PASS Referrals with Scores Between 31 and 60		0	38.78	0.0		490	38.78	8.0		490	38.78	8.4
Subtotal Satellite Offices				132.9				127.0				127.0
Subtotal OGC HEADQUARTERS				405.90				404.00				403.80
Field Employment (General Counsel)												
Regional Field Legal Services Centers												
Number of administrative law issues												
C09(on administrative law issues.	Number of administrative law issues	1,716	2.23	1.80	276	1,440	2.23	1.50	276	1,440	2.23	1.50
Number of CPD issues that require legal guidance												
C09(Programs.	Number of CPD issues that require legal guidance	429	4.67	1.00	69	360	4.67	0.80	69	360	4.67	0.80

Workload Guideline	Workload Indicator	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	----- Fiscal Year 2003 -----			----- Fiscal Year 2004 -----				
					Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
C09(Provide legal advice and guidance on enforcement issues.	Number of enforcement cases	692	17.50	5.80	111	581	17.50	4.90	111	581	17.50	4.90
C09(Provide legal advice and services with respect to the enforcement of civil rights laws and equal opportunity requirements applicable to HUD.	Number of Title VIII cases, ADA cases, and Section 504 cases	3,888	10.60	19.70		4,414	10.60	22.40		4,414	10.60	22.30
C09(Provide legal services in connection with HUD's insurance of mortgages on multifamily properties.	Number of multifamily issues	2,163	12.67	13.10		2,780	12.67	16.90		2,780	12.67	16.80
C09(Provide litigation support which involves working with the U.S. Attorneys in handling cases to which HUD is a party and participation with local government or private attorneys in handling cases involving HUD-assisted local government activities.	Number of items of litigation	2,429	24.15	28.10		3,055	24.15	35.30		3,055	24.15	35.20
C09(Provide assistance for "TEAM HUD" activities	NA	...	...	20.73	1	...		18.24	1	...		17.47
C09(Provide advice with respect to matters related to Native American Programs.	Number of Native American issues	527	21.24	5.40	85	442	21.24	4.50	85	442	21.24	4.50
C09(Provide legal advice and services to the Department on personnel law issues, including misconduct, unsatisfactory performance, labor relations, equal employment opportunity and ethics, and other employee-related matters.	Number of opinions and items	3,063	7.07	10.40	295	3,160	7.07	10.70	295	3,160	7.07	10.70
C09(Provide legal advice on a variety of procurement and contracting issues	Number of procurement and contracting issues	417	18.18	3.60	67	350	18.18	3.00	67	350	18.18	3.00
C09(Providing legal services on public housing issues	Number of public housing issues	1,200	8.54	4.90	193	1,007	8.54	4.10	193	1,007	8.54	4.10
C09(Provide legal advice with respect to project-based and tenant-based Section 8 programs.	Number of items (meetings, phone calls, memos, and assignments)	520	7.07	1.80	84	436	7.07	1.50	84	436	7.07	1.50
C09(Provide legal advice with respect to the Section 202/811 programs.	Number of Section 202/811 program issues	1,328	9.69	6.20	213	1,115	9.69	5.20	213	1,115	9.69	5.20
C09(Provide legal advice with respect to single family housing	Number of single family housing issues	1,721	6.87	5.70	277	1,444	6.87	4.80	277	1,444	6.87	4.70
C09(Provide supervisory, management, and administrative support to the Office of Assistant General Counsel.	NA	...	...	9.97		...	...	9.80		...	...	10.80

Workload Guideline	Workload Indicator	----- Fiscal Year 2003 -----							----- Fiscal Year 2004 -----			
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Underfunded Workload/ Allocation	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
C09(Providing legal services to MF Property Disposition)	Number of multifamily property disposition issues	618	15.64	4.60	99	519	15.64	3.90	99	519	15.64	3.90
C09(Providing legal service to major cases specific to office)	Number of issues associated with major cases	2,148	4.13	4.20	346	1,802	4.13	3.60	346	1,802	4.13	3.60
Subtotal				147.00				151.14				150.97
37 Subordinate Field Legal Offices		...	...	93.00	3			86.00	3			86.00
Subtotal OGC FIELD				240.00				237.14				236.97
Total				645.9				641.1				640.8

Salaries and Expenses, Housing and Urban Development
Budget Activity 10: Office Of General Counsel

EMPLOYMENT

EXPLANATION OF CHANGES FROM 2002 BUDGET ESTIMATE TO 2003 ESTIMATE

OGC's FTE level of 641 FTE for fiscal year 2003 is a decrease of 5 FTE from fiscal year 2002.

EXPLANATION OF CHANGES FROM 2003 BUDGET ESTIMATE TO 2004 ESTIMATE

OGC's FTE level of 641 FTE is the same as fiscal year 2003.