

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.

Through the Departmental Enforcement Center (DEC), the General Counsel focuses on and resolves the Department's most difficult housing cases by taking aggressive action against those that are in serious non-compliance with regulatory and business agreement requirements. Suspension and debarment authority is consolidated in the DEC.

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

KEY PRIORITIES

1. Expand Homeownership Opportunities. The Office of General Counsel (OGC) will continue to provide legal advice to the Office of Community Planning and Development (CPD) in carrying out the American Dream Downpayment Act as implemented through recently promulgated interim regulations, and assisting with the development of final regulations that respond to public comments on the interim regulations and address any changes that may be determined necessary or appropriate based on experience with the first few years of implementation. OGC will continue to provide legal advice to the Office of Public and Indian Housing (PIH) in developing regulations that provide homeownership opportunities (for example, implementation of section 8(y) of the U.S. Housing Act of 1937), including the development of regulations that will permit families to purchase homes not yet under construction with voucher homeownership assistance. OGC will continue to review any non-Administration legislation that may address, in whole or in part, restructuring the regulation and oversight of the Government Sponsored Enterprises (GSE), and to assist in drafting any Administration amendments to such legislation. OGC will continue to provide legal advice to the Office of Housing on whether further regulatory changes may be needed or appropriate to the new GSE housing goals regulations, specifically with respect to achieving the goals during high refinance periods. OGC will support Government National Mortgage Association (Ginnie Mae) in connection with its Mortgage-Backed Securities Program, its Multi-class Program, and in connection with the Targeted Lending Initiative. OGC will continue to assist the Office of Housing with developing and implementing Congressionally mandated national programs for the Manufactured Housing Dispute Resolution program and the Manufactured Housing Installation program; with analyzing and implementing regulatory recommendations of the Manufactured Housing Consensus Committee (MHCC); as well as with the administration and enforcement of the Interstate Land Sales Full Disclosure Act. OGC will continue to provide legal support to FHA on issues related to endorsing loans for FHA single family mortgage insurance, including implementation of a statutory proposal (Zero Downpayment, if enacted), for insuring mortgages with 100 percent loan-to-value ratios, and for insuring mortgages made by higher risk borrowers; for continued legal assistance with use of its TOTAL Scorecard by mortgagees, including loans to first-time and minority homebuyers as well as homebuyers in underserved areas; on issues relating to loss mitigation, including the implementation of treble damages regulations; to increase the number of homebuyers who receive purchase counseling and homeowners who receive default counseling to avoid foreclosure; and for single family real-estate owned (REO) sales to owner-occupants. OGC will continue to provide regulatory assistance to the Office of Housing and the MHCC to revise regulations to update construction and safety standards for manufactured housing. OGC will provide legislative assistance to the Office of Housing in connection with the Zero Downpayment legislative proposal, part of the President's program. OGC will continue to provide legal advice and drafting assistance to FHA in its comprehensive update of its regulations for the single family property disposition program and related initiatives, including Dollar Home Sales, Good Neighbor Next Door, and Accelerated Claim Disposition, and the implementation of

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such regulations following promulgation. OGC will continue to provide assistance in the implementation of HUD's America's Affordable Communities Initiatives, on matters relating to the reduction of regulatory barriers to affordable housing.

2. Expand homeownership opportunities for minorities and persons with disabilities. OGC will provide advice in establishing legally appropriate mechanisms for asset management, including foreclosures, in the section 184 loan guarantee program for Native Americans; in ensuring that barriers to housing opportunities for minorities and persons with disabilities are addressed; in increasing insurance endorsements for first-time and minority homebuyers as well as homebuyers in underserved areas; in ensuring grantee compliance with affirmatively furthering fair housing requirements of assistance programs; and in carrying out the Department's authority to ensure compliance by the GSEs, in their operations, with Fair Housing/Fair Lending requirements. OGC's legal assistance to the Department to combat predatory lending also assists the Department in achieving its goal of expanding homeownership opportunities for minorities and persons with disabilities.
3. Improve management accountability for public and assisted housing. OGC will provide legal advice to Housing and PIH regarding enhanced vouchers, statutory limitations, and other legal matters bearing on expiring section 8 contracts, including debt restructuring under MAHRA. OGC will continue to assist Housing in its approval and monitoring of Section 8 Project-Based Contract Administrators. OGC will also provide legal support to program offices on income verification, including participation in RHIIP. OGC will continue to provide legislative and regulatory support to PIH to improve the administration of public housing and assisted housing. This will include, among other things, any continued work on the State and Local Housing Flexibility (voucher) legislation.
4. Improve physical and related conditions in public and assisted housing. OGC will continue to provide legal advice and drafting assistance to PIH in the development of regulations establishing the full regulatory framework for the Capital Fund program. OGC will continue to provide legal counsel and regulatory drafting assistance to PIH in finalizing two rules developed through negotiated rulemaking process: (1) the proposed rule revising the existing regulations implementing the Public Housing Operating Fund, and (2) the proposed rule implementing a revised formula allocation system for the Indian Housing Block Grant program. OGC will continue to provide regulatory assistance to PIH in the issuance of a final rule establishing the cost methodology for determining the appropriateness of converting distressed public housing development to tenant-based voucher assistance. OGC will provide legal clearance for Public Housing demolition/disposition actions in the Field and at Headquarters; advice to PIH on HOPE VI demolitions and relocations; legal guidance for program guidance and case applications of use of Capital Funds as security for bonds for accelerated modernization of public housing; legal counsel to PIH in implementing PHAs' ability to mortgage and grant other security interests in public housing property under section 30 of USH Act of 1937; and training of HUD Field Counsel in uses of both the Capital Fund for accelerated modernization and the granting of PHA security interests under section 30. In support of HOPE VI/Mixed Finance, OGC will maximize model documentation and accomplish timely closings in accordance with PIH schedules pursuant to streamlined procedures OGC will develop with PIH. OGC will provide legal assistance to Housing in implementing statutory mixed finance opportunities for Section 202 elderly housing. OGC will work with Public Housing and Housing to ensure compliance with HUD's Section 504 regulatory requirements, particularly those regarding accessibility. By the end of fiscal year 2007, OGC will increase the percentage of residents living in acceptable insured and/or assisted multifamily housing from 95.5 percent to 96 percent, by taking aggressive civil or administrative enforcement actions.
5. Increase the availability of affordable rental housing. OGC will provide legal support to Ginnie Mae in connection with the securitization of multifamily mortgages in the Ginnie Mae Mortgage-Backed Securities Program and Multi-class Program and in connection with the proposed eligibility to back Ginnie Mae guaranteed securities of multifamily mortgages guaranteed by the Rural Housing Service under Section 538 of title V of the Housing Act of 1949. OGC will provide legal support to FHA with issues related to endorsing loans for FHA multifamily mortgage insurance; with legal issues associated with ensuring that HUD-held loans 90 or more days delinquent are brought under control; and in connection with sales and closings of HUD-owned multifamily projects to third parties. OGC will work with the Office of Healthy Homes and Lead Hazard Control, to develop a comprehensive plan for ensuring compliance with recent revisions to lead-based paint regulations for HUD-assisted and HUD-owned housing.
6. Support community and economic development efforts. To provide capital to create and retain jobs and improve economic conditions in distressed communities, OGC will provide legal advice to CPD on monitoring of EZs/ECs; in implementing new OMB area definitions

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to existing, different statutory terminology so as to preserve intent of formula funding; in its provision and oversight of over \$3 billion of special disaster relief appropriations for New York City's post-9/11 recovery. In support of this effort, OGC will also provide legal assistance to FHEO in enforcing Section 3 of the Housing and Urban Development Act of 1968. To help communities more readily access revitalization resources, OGC will provide legal review of variable rate interim financing and fixed-rate financing of section 108 loan guarantees; provide legal advice on the development and drafting of the SuperNOFA as well as on case problems in the competition and thereafter; review and provide counsel regarding the expected clearance and publication of a revision of HUD's floodplain regulations in 24 CFR Part 55 to cover review procedures for projects proposed to be located in wetlands; and continue to work with CPD to implement regulations that will clarify the use of CDBG assistance for the cleanup, development or redevelopment of brownfields.

7. Address homelessness. OGC will continue to provide legal advice to CPD in the development of its annual Continuum of Care component of the SuperNOFA, and with respect to case problems that may arise under competition; will provide counsel to optimize opportunities for flow of base closure property to homeless purposes in collaborative exercise with the Department of Defense mission and practice; and will continue to provide legislative assistance on the Consolidated Homeless proposal, that will effectively address the problem of chronic homelessness. OGC will also provide legal advice to CPD on any interagency funding competitions to address chronic homelessness with the Departments of Veterans Affairs, Labor, and Health and Human Services.
8. Ensure equal opportunity and access to housing. To help reduce housing discrimination, OGC will continue to issue Fair Housing Act charges of discrimination; litigate those Fair Housing Act charges before the Office of Administrative Law Judges; provide substantial legal assistance to FHEO during its investigation of Fair Housing Act complaints; work with the Department of Justice's (DOJ) Housing and Civil Enforcement Section on Fair Housing Act election cases and appellate activity involving Fair Housing Act cases; work with DOJ and FHEO to develop legal guidance to housing providers on how to comply with the substantive provisions of the Fair Housing Act; provide legal assistance to FHEO in its efforts to increase the public's knowledge of the design and construction requirements of the Fair Housing Act; review the First Amendment implications of certain fair housing claims; resolve impasse cases between Regional Counsel and FHEO Hub Directors; and assist FHEO in increasing the number of certified state and local fair housing enforcement agencies. OGC will work with the model code organizations to ensure that the Fair Housing Act design and construction requirements for accessibility are incorporated into the model building codes and provide legal review of training modules and Internet questions and answers for multifamily home builders, developers, and architects developed in connection with the Fair Housing Accessibility FIRST project. To improve the accessibility of housing to persons with disabilities, OGC will provide legal assistance to FHEO as it increases its enforcement activity on behalf of persons with disabilities and as it increases its activities evaluating HUD fund recipient's compliance with Section 504, and determination of any necessary corrective action. To improve housing options for the elderly, OGC will provide legal advice to Housing on conversion of section 202 projects to assisted living. OGC will provide support and advice to all program offices, as needed, to ensure compliance with various civil rights statutes, including Title VI, Section 504, Section 109, as applicable to the programs and activities recipients of HUD financial assistance. OGC will review all HUD issuances, including rules, regulations, notices, NOFAs, handbooks and guidebooks and proposed legislation for consistency with, and accurate incorporation of civil rights requirements. OGC will work with FHEO, as needed, in conducting compliance reviews and follow-up activities, legal analysis and advice relating to issuing determinations and negotiating of Voluntary Compliance Agreements, or if either no agreement can be reached or such an agreement is breached, taking other appropriate action including hearings before HUD ALJs, pursuing limited denials of participation or referral to the Department of Justice for enforcement. OGC will work closely with FHEO in conducting Section 504 compliance reviews of major public housing authorities and large assisted multifamily housing providers to increase the numbers of accessible housing units.
9. Strengthen and expand Faith-Based and community partnerships. OGC will continue to provide legal advice to program offices and to the Center for Faith-Based and Community Initiatives on constitutional and other legal support issues for HUD initiatives to equalize participation by faith-based organizations in HUD programs. This includes providing legal guidance in the implementation of CPD and HUD wide programs regulations equalizing faith-based entities' participation in programs. OGC will continue to work with the Department's Center for Faith-Based and Community Initiatives and program offices in fashioning legal guidance on these regulations and other guidance materials that support the Administration's Faith-Based Initiative and further implement the

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President's Executive Order 13279, so that the faith-based and community organizations are able to compete on an equal footing for HUD funding. OGC will also provide legal advice to the Center for Faith-Based and Community Initiatives and to administering program offices on case problems that are presented in this arena.

10. Ensure compliance with HUD program requirements. OGC will provide support to all program offices, as needed, to ensure compliance by their participants with HUD requirements. Support will be provided through administrative enforcement proceedings or assisting the Department of Justice in Federal court litigation. OGC is continuing to assist the Office of Housing with investigating and bringing appropriate enforcement actions under the Manufactured Housing Construction and Safety Standards Act. OGC will also provide assistance in developing regulations or other requirements, such as mortgagee letters designed to promote greater integrity in HUD programs, or in assisting with other Departmental enforcement priorities. OGC will increase the percentage of residents living in acceptable insured and/or assisted multifamily housing from 95.5 percent to 96 percent, by taking aggressive civil or administrative enforcement actions. OGC will defend HUD initiatives, statutes, rules and regulations that are challenged in the Federal courts.
11. RESPA Reform. The Office of General Counsel (OGC) will continue to provide legal support to achieve the Departmental goal of making the home buying process less complicated, the associated paperwork less demanding and the mortgage process less expensive. OGC is assisting the Department in its outreach process to Congress, the real estate and lending industry, consumers and other interested parties in soliciting views and information relating to reforms of HUD's existing RESPA regulations. Following this outreach process, OGC will work with Departmental officials in developing RESPA reform proposals, by legislation and/or regulation or other administrative means, which the Department decides to pursue.
12. Predatory Lending. OGC will continue to provide legal support to the Federal Housing Administration (FHA) in any additional amendments to its Property Flipping regulations and with implementation of these regulations. OGC is assisting FHA in publishing guidance and restrictions for increased RESPA enforcement. OGC will continue to assist the Department in implementing anti-predatory lending initiatives including HUD program initiatives and guidance. OGC will continue to work with the Office of Housing in developing regulations and other guidance that strengthen accountability in several areas of the FHA mortgage insurance process and to provide legal advice on civil rights implications of predatory lending practices.
13. Improve HUD's management and internal controls, including FHA's financial management, and resolve audit issues. OGC will provide legal support to FHA to help maintain the 2 percent capital ratio for Mutual Mortgage Insurance Fund (MMIF), to help achieve its goal of averaging a set dollar amount as a net recovery per single family REO property sale, and to help achieve its goal of exceeding the rate of recovery received through the Accelerated Claims Demonstration Program compared to single family REO property sales. OGC will review proposed Limited Denials of Participation (LDPs) and settlements of LDPs and provide counsel to field offices regarding the issuance and settlement of LDPs under 24 CFR Part 24. OGC will prepare legal representations letters in support of FHA's and Ginnie Mae's goals to complete their annual financial audits in accordance with the CFO Act of 1990. In support of improved debt management, OGC will continue with work on regulatory revisions to 24 CFR Part 17, subpart C, HUD's rule that governs collection, compromise and write-off of debt owed to the Department and assist the Albany Financial Operations Center and selected Field Counsel in overseeing the Department's Administrative Wage Garnishment program. OGC will continue to assist the Office of Chief Financial Officer and relevant program offices to finalize action on longstanding, outstanding audits, especially those with Department of Justice involvement. OGC will continue to work with the Office of Administration to bring the Department into full compliance with the Paperwork Reduction Act. OGC will continue to work with the program offices to maintain up-to-date delegations and to ensure timely quarterly publication of regulatory waivers granted by the Department, as required by the HUD Reform Act. OGC will continue to provide assistance to the program offices to ensure compliance with the requirements for competition under the HUD Reform Act, as well as under appropriations acts as may be the case, and to ensure publication of all funding awards made by the program offices (competitive and noncompetitive) in accordance with the HUD Reform Act. OGC will work to enhance the requirements imposed on HUD program participants to conduct business in accordance with the Department's core values and ethical standards. OGC will also continue to provide assistance to the Office of Housing on revising multifamily housing closing documents by incorporating policy decisions made in response to public comments received on draft documents, to obtain the necessary approvals to use new and revised MAP documents, provide drafting assistance for any revisions to closing documents or closing procedures, and to implement corresponding regulatory revisions.

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14. Improve accountability, service delivery and customer service of HUD and our partners. OGC will assist CPD in developing legally appropriate sanctions and other actions flowing from grantee monitoring. In support of the Department's Fair Housing initiatives, OGC will continue assisting FHEO in reviewing and revising handbook guidance to enhance credibility of enforcement efforts and conduct national training for HUD Fair Housing attorneys. OGC will assist FHEO in achieving its goal to continue to reduce its aged inventory of Fair Housing Act complaints. OGC will provide legal support and guidance to Housing's Office of Affordable Housing Preservation in connection with a transition to the September 30, 2006 sunset date for the Mark-to-Market statute and with legal issues related to reducing rents and preserving affordable housing, and where appropriate, providing legal support for debt restructurings. OGC will provide legal support to FHA for ensuring that appraisals of single family properties that are to be security for FHA insured mortgages meet FHA standards and for monitoring mortgagee compliance with FHA loan origination and loan servicing requirements. OGC will also continue to provide legal advice and regulatory drafting assistance in the development of new regulations that, to the extent permitted by statute, will make the governmentwide grant requirements apply equally to all grant recipients, therefore simplifying and providing uniformity in HUD's grant requirements, as well as establishing an equal playing field for all potential grantees. OGC will provide legal advice to all program officials and staff on regulatory, statutory interpretation, and operational matters, including assisting the Office of Housing interpreting and implementing the amendments to authorizing statutes. Because HUD programs, along with those of the Department of Transportation (DOT), account for so much of the application of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, OGC will participate actively with DOT in the implementation of its governmentwide orchestration of an overall revision of the underlying regulatory requirements for this law, and with subsequent consideration of legislative modifications. OGC will continue to provide regulatory and other legal support for the Department's electronic government efforts, including collaborative efforts with other federal agencies to establish a website where the public may review and submit comments on rules and other Federal Register documents, and the implementation of a new rule requiring the electronic submission of applications for HUD grant assistance. OGC also continues to help ensure the availability of training offered by other federal agencies (such as OMB and SBA) for HUD staff on statutory requirements impacting HUD's rulemaking and other programmatic efforts, including the requirements of the Paperwork Reduction Act and the Regulatory Flexibility Act.
15. Increase FHA Market Share. OGC will provide legal support to assist FHA in exploring and implementing proposals to increase FHA's share in the single-family residential mortgage market. FHA's market share has dropped in the last few years from about 8 percent to approximately 3 percent. The authority to offer new mortgage products may require statutory changes. OGC will work with Housing to explore whether existing programs can be modified by rulemaking or by appropriate administrative issuance in order to increase market share for FHA mortgage insurance products. This effort will include use of authority in existing regulations (e.g., implementing the Lender Insurance program authorized under section 256 of the National Housing Act).

Headquarters staff performs the following principal functions in support of the accomplishment of these goals:

- Drafting the Department's legislation, regulations, and other regulatory and legislative policy documents and managing and overseeing the Department's legislative and regulatory agendas;
- Assisting in the development and initial implementation of statutory, regulatory, and other administrative policy; this includes providing written opinions, oral advice, and drafting of regulations;
- Interpreting statutes, regulations, administrative guidance, and case law that govern the operation of Departmental programs; including providing oral and written legal guidance, preparation of correspondence on program legal matters, and drafting contracts and other legal documentation;
- Providing legal services to the Department's program offices including assisting program staff in their preparation of the administrative record; researching relevant case law; drafting affidavits, briefs and other filings; attending depositions, hearings and trials; coordinating with the Department of Justice, contracted counsel, and opposing counsel; responding to requests

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for discovery from third party litigants and DOJ; handling subpoenas for employee testimony from third party litigants and preparing authentications of documents in lieu of such testimony; and initiating and responding to settlement offers;

- Working with the program offices on regulatory enforcement including drafting subpoenas; conducting subpoena hearings; interviewing witnesses, preparing pleadings; and negotiating settlements;
- Performing 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;
- Taking enforcement action against property owners, management agents or contract administrators in cases where distressed multifamily properties are referred from the Real Estate Assessment Center, the Office of Housing, and other Program offices;
- Using administrative sanctions (suspension and debarment) to remove irresponsible participants who violate or abuse HUD's requirements;
- Advising the Chief Financial Officer and other Headquarters organizations on debt collection policies and strategies and enforcing collection in administrative and Federal Court forums;
- Reviewing and soliciting requests for new programs from the Department's program offices;
- Providing legal services for the Secretary's regulation of the Government Sponsored Enterprises (Federal National Mortgage Association and Federal Home Loan Mortgage Corporation);
- Providing environmental review of Departmental regulations, funding notices, and directives and draft provisions respective to environmental requirements;
- Providing legal services to the programs and functions of the Assistant Secretary for Administration, the Inspector General, the Assistant Secretary for Public Affairs, and Assistant Secretary for Policy Development and Research;
- Recommending and implementing 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;
- Serving as Agency Representatives in administrative hearings before the Merit Systems Protection Board, the Office of Special Counsel, the Equal Employment Opportunity Commission, and the Federal Labor Relations Authority and assisting Assistant U.S. Attorneys in litigation actions filed in the Federal Courts;
- Performing 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;
- Processing and disposing of Freedom of Information Act (FOIA) requests and appeals and providing legal and technical guidance on FOIA issues to Headquarters program offices and to HUD field offices; and
- Performing a central, coordinating role with respect to all litigation brought against the Department.

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Legal support to the Department's field components is provided by 10 Legal Service Centers (each headed by a Regional Counsel) and 40 subordinate field offices. The staff in these offices performs the following principal functions in support of the accomplishment of OGC's goals:

- Working with the U.S. Attorneys in handling cases to which HUD is a party and participating with local government or private attorneys in handling cases involving HUD-assisted local governmental activities;
- Providing legal services with respect to the enforcement of civil rights laws and equal opportunity requirements applicable to HUD programs;
- Providing legal advice on a variety of administrative law issues including procurement, contract administration, Freedom of Information Act, Privacy Act, and delegations of authority;
- Providing legal advice and services on personnel issues, including misconduct, unsatisfactory performance, labor relations, equal employment opportunity, and other employment-related matters;
- Through the Federal Tort Claims Center, providing centralized handling of tort claims filed against HUD from throughout the country; and
- Providing legal support and assistance to all Program offices' field staffs.

TRAVEL

The table below identifies travel requirements unique to this activity.

	<u>ACTUAL</u> <u>2005</u>	<u>ENACTED</u> <u>2006</u> (Dollars in Thousands)	<u>ESTIMATE</u> <u>2007</u>	<u>INCREASE +</u> <u>DECREASE -</u> <u>2007 vs 2006</u>
Travel (HQ)	\$620	\$732	\$726	-\$6
Travel (Field)	<u>72</u>	<u>85</u>	<u>84</u>	<u>-1</u>
Total	692	817	810	-7

The proposed travel budget of \$810 thousand for the Office of General Counsel in fiscal year 2007 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 legal and satellite 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.

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CONTRACTS

The table below identifies contract requirements unique to this activity.

	<u>ACTUAL</u> 2005	<u>ENACTED</u> 2006 (Dollars in Thousands)	<u>ESTIMATE</u> 2007	<u>INCREASE +</u> <u>DECREASE -</u> 2007 vs 2006
Technical Services	\$750	\$850	\$865	+ \$15
General Support	480	450	450	...
Training	<u>169</u>	<u>144</u>	<u>144</u>	<u>...</u>
Total	1,399	1,444	1,459	+15

The proposed funding level for fiscal year 2007 is \$1,459 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; training for other on-line services and related web links to replace hard copy publications no longer available from HUD library services. NOTE: There will be an increase in Lexis/Nexis usage due to reduced library 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.
- Financial analysis at various levels of expertise, including the analysis of financial statements, financial forecasting, and forensic accounting.
- Training in the proper procedures for closing multifamily loans and hospital loans.
- Personnel Law training, Fair Housing training, paralegal and legal technician training.
- 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, and basic FHA single family and multifamily loan origination and servicing training for attorneys assigned to handle such legal matters.

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- 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), the Enforcement Center Program Compliance Integrated System (ECPCIS), and new reporting systems such as the DEC Management System).
- A series of courses 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.

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OFFICE OF GENERAL COUNSEL
 Personal Services
 Summary of Change
 (Dollars in Thousands)

<u>Personal Services</u>	<u>FTE</u>	<u>S&E Cost</u>
2005 Actual.....	660	\$73,829
2006 Appropriation.....	681	79,211
<u>Changes Due To</u>		
2007 January Pay Raise.....		1,404
2006 January Pay Raise.....		644
Staffing increase/decrease.....	-8	-941
Other benefit changes.....		805
2007 Request.....	673	\$81,123

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OFFICE OF GENERAL COUNSEL
 Summary of Requirements by Grade
 Salaries and Expenses
 (Dollars in Thousands)

	<u>2005</u> <u>Actual</u>	<u>2006</u> <u>Appropriation</u>	<u>2007</u> <u>Request</u>	<u>Increase/</u> <u>Decrease</u>
<u>Grade:</u>				
Executive Level	0	0	0	0
Executive Service	12	12	12	0
GS-15	108	106	105	-1
GS-14	211	206	205	-1
GS-13	141	139	137	-2
GS-12	43	42	42	0
GS-11	74	73	72	-1
GS-10	10	10	10	0
GS-9	24	24	23	-1
GS-8	29	29	28	-1
GS-7	28	28	27	-1
GS-6	1	1	1	0
GS-5	3	3	3	0
GS-4	7	7	7	0
GS-3	0	0	0	0
GS-2	0	0	0	0
GS-1	1	1	1	0
Total Positions	692	681	673	-8
Average ES Salary	\$150,294	\$155,254	\$158,980	\$3,725
Average GS Salary	\$87,274	\$90,154	\$92,318	\$2,165
Average GS Grade	12.5	12.5	12.5	0.0

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 Summary of Requirements by Object Class
 Salaries and Expenses
 (Dollars in Thousands)

<u>Object Class</u>	<u>2005 Actual</u>	<u>2006 Appropriation</u>	<u>2007 Request</u>	<u>Increase/Decrease</u>
Personal Services.....	73,829	79,211	81,123	+1,912
Travel and Transportation of Persons.....	692	817	810	-7
Transportation of Things.....	8	13	0	-13
Rent, Communication & Utilities.....	2	3	3	0
Printing and Reproduction.....	101	380	395	+15
Other Services.....	1,399	1,444	1,459	+15
Supplies and Materials.....	645	647	647	0
Furniture & Equipment.....	0	0	0	0
Insurance Claims & Indemnities.....	478	900	900	0
Total Obligations.....	\$77,154	\$83,415	\$85,337	+1,922

**OFFICE OF GENERAL COUNSEL
 Performance Measurement Table**

Program Mission: The Departmental Enforcement Center (DEC) promotes program integrity, management accountability and the physical and financial viability of HUD insured and assisted housing by taking effective and aggressive civil or administrative enforcement action against those who violate or abuse HUD's requirements.					
Performance Indicators	Data Sources	Performance Report		Performance Plan	
		2005 Plan	2005 Actual	2006 Plan	2007 Plan
Reduce the number of multifamily physical cases in the DEC as of the end of the previous fiscal year.	REMS	85 percent	89 percent	87 percent	88 percent
Issue sanction notices for suspension and/or proposed debarment for cases referred for indictment, civil judgment or conviction and for fact-based cases.	CTS/ECPCIS	80 percent	86 percent	83 percent	83.5 percent
By the end of the fiscal year, the DEC will increase the percentage of residents living in acceptable insured and/or assisted housing, by reducing the number of multifamily physical cases in the DEC as of the end of the previous fiscal year.	REAC data - PASS	Acceptable Housing: 95 percent Cases: 85 Percent	Acceptable Housing: 95 Percent Cases: 89 Percent	Acceptable Housing: 95 percent Cases: 87 percent	Acceptable Housing: 95 percent Cases: 88 percent

Explanation of Indicators

- REMS: Real Estate Management System.
- CTS-ECPIS: Compliance Tracking System/Enforcement Center Program Compliance Integration System.
- REAC: Real Estate Assessment Center.
- PASS: Physical Assessment Sub System.

Overall Summary of General Counsel Staff Requirements

	Estimate 2005	Estimate 2006	Estimate 2007	Increase + Decrease - 2007 vs 2006
Headquarters.....	371.6	371.0	366.0	-5.0
Field	288.8	310.0	307.0	-3.0
Total	660.4	681.0	673.0	-8.0

Summary of General Counsel Staff Requirements

	Estimate 2005	Estimate 2006	Estimate 2007	Increase + Decrease - 2007 vs 2006
<u>Headquarters Employment</u>				
General Counsel				
Office of General Counsel Immediate Office	7.1	7.0	7.0	0.0
Office of General Deputy General Counsel	28.5	28.0	28.0	0.0
Office of Litigation	35.5	34.5	33.5	-1.0
Office of Assisted Housing and Community Development	24.1	25.5	24.5	-1.0
Office of Program Compliance	31.1	33.0	33.0	0.0
Office of Insured Housing	29.3	29.0	28.0	-1.0
Office of Legislation and Regulations	15.7	17.0	17.0	0.0
Office of Human Resources Law	30.4	30.0	30.0	0.0
Office of Fair Housing	18.6	19.0	18.0	-1.0
Office of Program Enforcement	27.4	28.0	28.0	0.0
Enforcement Center				
Immediate Office	3.0	3.0	3.0	0.0
Operations Division	8.2	8.0	8.0	0.0
Compliance Division	7.0	7.0	7.0	0.0
<u>Satellite Offices (Atlanta, Chicago, Fort Worth, Los Angeles, New York)</u>	105.7	102.0	101.0	-1.0
Total	371.6	371.0	366.0	-5.0
<u>Field Employment</u>				
General Counsel				
Field Legal Service	288.8	310.0	307.0	-3.0
Total	660.4	681.0	673.0	-8.0

Detail of General Counsel Staff Requirements

Workload Guideline	Workload Indicator	----- Fiscal Year 2005 -----			----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----			
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplish- ment	Projected Unit Cost (Hrs)
Headquarters Employment (General Counsel)											
Offices of General Counsel											
Immediate Office											
Providing program and policy support	NA			7.1				7.0			7.0
Subtotal				7.1				7.0			7.0
Office of General Deputy General Counsel											
Provide OGDGC Program and Policy Support	NA			1.0				1.0			1.0
Provide Field Legal operational guidance	NA			2.6				2.4			2.4
Provide administrative and HR support to OGC	# of OGC staff supported	660	22.10	7.0		681	18.33	6.0		673	18.54
Manage OGC correspondence	NA			4.0				4.0			4.0
Provide OGC IT support	NA			5.8				5.6			5.6
Provide budget/Financial/Procurement Support	NA			5.5				6.0			6.0
Provide Training Support to OGC	NA			2.6				3.0			3.0
Subtotal				28.5				28.0			28.0
Office of Litigation											
Provide litigation legal and administrative support	NA			2.8				3.0			3.0
Provide Ass't Hsg/Fair Housing litigation services	NA			5.5				5.5			5.5
Provide Insured Hsg & Comm. Dev. litigation services	NA			11.0				11.0			11.0
Process HUD HQ FOIA Requests	NA			16.2				15.0			14.0
Subtotal				35.5				34.5			33.5
Office of Assisted Housing and Community Development											
Provide Assisted Housing/Community Development program and policy support	NA			2.0				3.0			2.0
Provide assisted housing legal advice & counsel	NA			12.8				12.0			12.0
Providing community development legal advice & counsel	NA			9.3				10.5			10.5
Subtotal				24.1				25.5			24.5

Workload Guideline	Workload Indicator	----- Fiscal Year 2005 -----			----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----				
		Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplish- ment	Projected Unit Cost (Hrs)	FTE
Office of Finance and Regulatory Compliance												
	Provide Finance and Regulatory program and policy support	NA		2.7				3.0				3.0
	Provide legal services regarding GSEs and RESPA	NA		8.9				9.0				9.0
	Provide program compliance related legal services	NA		11.2				12.0				12.0
	Acting as GNMA corporate counsel	NA		8.3				9.0				9.0
	Subtotal			31.1				33.0				33.0
Office of Insured Housing												
	Provide Insured Housing program and policy support	NA		2.7				3.0				2.0
	Provide SF insurance-related legal advice and counsel	NA		12.6				12.0				12.0
	Provide MF insurance-related legal advice and counsel	NA		14.0				14.0				14.0
	Subtotal			29.3				29.0				28.0
Office of Legislation and Regulations												
	Provide Legislation/Regulation program and policy support	NA		1.3				2.0				2.0
	Provide legal counsel regarding legislation	NA		4.2				5.0				5.0
	Coordinate the Department's regulatory agenda	NA		10.2				10.0				10.0
	Subtotal			15.7				17.0				17.0
Office of Human Resources Law												
	Provide HR Law program and policy support	NA		4.5				4.0				4.0
	Provide personnel law-related legal advice	NA		7.8				8.0				8.0
	Provide ethics-related legal advice	NA		7.4				8.0				8.0
	Provide legal services concerning contracts and grants	NA		10.7				10.0				10.0
	Subtotal			30.4				30.0				30.0
Office of Fair Housing												
	Provide Fair Housing Law program and policy support	NA		2.7				2.5				2.0
	Enforce the Fair Housing Act	NA		7.8				8.5				8.0
	Provide legal and compliance services to FHEO	NA		8.1				8.0				8.0

Workload Guideline	Workload Indicator	----- Fiscal Year 2005 -----			----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Subtotal				18.6			19.0					18.0
Office of Program Enforcement												
Provide Program Enforcement program and policy support	NA			2.3			2.0					2.0
Provide Program Enforcement legal representation and support	NA			8.1			8.0					8.0
Conduct Administrative Hearings	NA			17.0			18.0					18.0
Subtotal				27.4			28.0					28.0
Departmental Enforcement Center												
Immediate Office												
Manage the Departmental Enforcement Center	NA			3.0			3.0					3.0
Subtotal				3.0			3.0					3.0
Operations Division												
Provide management and administrative support	NA			8.2			8.0					8.0
Subtotal				8.2			8.0					8.0
Compliance Division												
Process Notices and Fact Based Cases	NA			7.0			7.0					7.0
Subtotal				7.0			7.0					7.0
Satellite Offices (Atlanta, Chicago, Fort Worth, Los Angeles, New York)												
Provide DEC Satellite program policy and guidance	NA			5.0			5.0					5.0
Review and Process Financial Case Referrals (FASS/EF)	Number of FASS/EF cases closed	2426	42.17	49.0		2500	39.10	47.0		2500	39.10	47.0
Review and Process Physical Case Referrals (PASS/PE)	Number of PASS/EP cases closed	1024	47.51	23.3		1000	45.76	22.0		1000	45.76	22.0
Review and Process Annual Financial Statement Cases	Number of AFS cases closed	4099	6.83	13.4		4300	6.31	13.0		4300	6.31	13.0
Perform special projects/general administrative functions	NA			15.0			15.0					14.0
Subtotal Satellite Offices				105.7			102.0					101.0
Subtotal OGC HEADQUARTERS				371.6			371.0					366.0
Field Employment (General Counsel)												

Workload Guideline	Workload Indicator	----- Fiscal Year 2005 -----			----- Fiscal Year 2006 -----			----- Fiscal Year 2007 -----				
		Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE	Unfunded (FTE)	Projected Accomplishment	Projected Unit Cost (Hrs)	FTE
Regional Field Legal Services Centers												
Provide legal services regarding administrative law issues	# of administrative law issues opened	345	72.74	12.0		579	57.08	15.9		579	57.08	15.9
Provide legal services regarding CPD issues	# of CPD cases opened	1136	11.46	6.2		1051	13.34	6.7		1051	13.34	6.7
Provide legal services regarding enforcement issues	# of enforcement issues opened	452	65.75	14.2		524	55.20	13.9		524	55.20	13.9
Provide legal services regarding civil rights issues	# of Fair Housing cases opened	4039	13.64	26.4		5034	12.28	29.7		5034	12.28	29.7
Provide legal services regarding MF insurance issues	# of multifamily issues opened	5387	22.58	58.3		6154	22.71	67.2		6154	22.71	67.2
Provide litigation support	# of litigation issues opened	3010	19.20	27.7		3823	17.32	31.8		3823	17.32	31.8
Provide legal services regarding Native American programs	# of ONAP cases opened	229	26.31	2.9		302	20.61	3.0		302	20.61	3.0
Provide legal services regarding personnel law	# of personnel law issues opened	421	31.80	6.4		450	25.42	5.5		450	25.42	5.5
Provide legal services regarding ethics law	# of ethics law issues opened	1713	3.95	3.2		2000	3.95	3.8		2000	3.95	3.8
Provide legal services regarding procurement/contracting issues	# of procurement/contracting cases opened	132	46.75	3.0		150	45.76	3.3		150	45.76	3.3
Provide legal services regarding public housing issues	# of public housing cases opened	2232	16.21	17.3		2953	13.69	19.4		2953	13.69	19.4
Provide legal services regarding Section 8 issues	# of Section 8 issues opened	503	19.19	4.6		517	21.69	5.4		517	21.69	5.4
Provide legal services regarding 202/811 issues	# of 202/811 issues opened	2675	22.77	29.2		2889	21.03	29.2		2889	21.03	29.2
Provide legal services regarding SF Housing issues	# of SF Housing issues opened	3095	7.66	11.4		3780	7.25	13.2		3780	7.25	13.2
Provide supervisory, management, and administrative support to Regional Counsel	NA			60.6				55.3				52.3
Provide legal services regarding MF Property Disposition	# of MF PD cases opened	17	663.71	5.4		20	696.80	6.7		20	696.80	6.7
Subtotal				288.8				310.0				307.0
Total				660.4				681.0				673.0

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

EMPLOYMENT

EXPLANATION OF CHANGES FROM 2005 BUDGET ESTIMATE TO 2006 ESTIMATE

The Office of General Counsel's (OGC) FTE level of 681 FTE for fiscal year 2006 is an increase of 20.6 FTE from fiscal year 2005. The FTE numbers requested for each office represent an effort to staff each component of OGC as close to their identified REAP requirement as is possible. Shown below are specific numbers for each office showing an increase or decrease from fiscal year 2005.

The 28 FTE requested for the Office of the General Deputy General Counsel is 0.5 FTE less than the 28.5 FTE used by this office in fiscal year 2005. This decrease will result in a degraded ability to provide support to OGC in the areas of administration and human resources management.

The 34.5 FTE requested for the Office of Litigation is 1 FTE less than the 35.5 FTE used by this office in fiscal year 2005. This decrease will result in a degraded ability to process Freedom of Information Act requests.

The 25.5 FTE requested for the Office of Assisted Housing and Community Development is 1.4 FTE more than the 24.1 FTE used by this office in fiscal year 2005. This increase will provide increased capacity for Assisted Housing and Community Development program and policy support and Community Development legal advice and counsel.

The 33 FTE requested for the Office of Finance and Regulatory Compliance is 1.9 FTE more than the fiscal year 2005 level. These additional FTEs will provide increased capacity for program compliance related legal services.

The 29 FTE requested for the Office of Insured Housing is 0.3 FTE less than the 29.3 FTE used by this office in fiscal year 2005. This decrease in FTE will result in a slightly degraded ability to provide Insured Housing program and policy support.

The 17 FTE requested for the Office of Legislation and Regulations is 1.3 FTE more than the 15.7 FTE used by this office in fiscal year 2005. These additional FTEs will result in an improved ability to provide legal counsel regarding legislation.

The 30 FTE requested for the Office of Human Resources Law is 0.4 FTE less than the 30.4 FTE used by this office in fiscal year 2005. This decrease will slightly degrade the ability to provide human resources law program and policy support and advice in the area of administrative/procurement law.

The 19 FTE requested for the Office of Fair Housing is 0.4 FTE more than the 18.6 FTE used by this office in fiscal year 2005. This additional FTE will provide increased capacity for Fair Housing program and policy support.

The 28 FTE requested for the Office of Program Enforcement is 0.6 FTE more than the 27.4 FTE used by this office in fiscal year 2005. This additional FTE will improve the office's ability to provide program enforcement legal representation and support.

The 120 FTE requested for the Departmental Enforcement Center is 3.9 FTE less than the 123.9 FTE used by this organization in fiscal year 2005. This decrease will result in a degraded ability to process notices and fact-based cases, physical and financial referrals and annual financial statement cases.

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

The 310 FTE requested for the Regional Field Legal Services Centers is 21.2 FTE more than the fiscal year 2005 levels. These additional FTE will increase the offices' capacities to provide legal services on civil rights issues, on multifamily insurance issues, on personnel/ethic law issues, on 202/811 issues, and litigation support.

EXPLANATION OF CHANGES FROM 2006 BUDGET ESTIMATE TO 2007 ESTIMATE

OGC's FTE level of 673 FTE for fiscal year 2007 is 8 FTE less than the request for fiscal year 2006. Overall, this decrease will reduce OGC's ability to provide legal advice and assistance to the Department. It will also have a negative impact on our efforts to hire and train the new employees needed to help ensure a smooth succession in the face of a substantial number of impending retirements. Each year, OGC attempts to hire a substantial number of newly graduated law school students as interns. To be successful in this effort, OGC must have the FTE ceiling available to hire and funds available for travel and training to provide these interns with the broadest possible exposure to the various functions that OGC performs in support of the achievement of Departmental goals. Inability to provide adequate opportunities for newly hired interns could have long-term negative effects and reduce our credibility with the law schools from which we recruit these interns. The FTE numbers requested for each office represent an effort to staff each component of OGC as close to their identified REAP requirement as is possible. Shown below are specific numbers for each office showing a decrease from the fiscal year 2006 levels.

The 33.5 FTE requested for the Office of Litigation is 1 FTE less than the 34.5 FTE requested for this office in fiscal year 2006. This decrease will result in a degraded ability to process Freedom of Information Act requests.

The 24.5 FTE requested for the Office of Assisted Housing and Community Development is 1 FTE less than the 25.5 FTE requested for this office in fiscal year 2006. This decrease will result in a degraded capacity for Assisted Housing and Community Development program and policy support and Community Development legal advice and counsel.

The 28 FTE requested for the Office of Insured Housing is 1 FTE less than the 29 FTE requested for this office in fiscal year 2006. This decrease in FTE will result in a degraded ability to provide Insured Housing program and policy support.

The 18 FTE requested for the Office of Fair Housing is 1 FTE less than the 19 FTE requested for this office in fiscal year 2006. This decrease in FTE will reduce the capacity for Fair Housing program and policy support.

The 119 FTE requested for the Departmental Enforcement Center is 1 FTE less than the 120 FTE requested for this organization in fiscal year 2006. This decrease will result in a degraded ability to process notices and fact-based cases, physical and financial referrals and annual financial statement cases.

The 307 FTE requested for the Regional Field Legal Services Centers is 3 FTE less than the requested fiscal year 2006 levels. This reduction in FTE will decrease the offices' capacities to provide legal services on civil rights issues, on multifamily insurance issues, on personnel/ethic law issues, on 202/811 issues, and litigation support.