

CHAPTER 8. PROJECT MANAGEMENT AND SERVICING

- 8-1 INTRODUCTION. The HFA is responsible for providing loan servicing and project management in conformance with HUD regulations and the Risk Sharing Agreement. The HFA must provide oversight management of the project owner and management agent to assure compliance with the terms of the required Regulatory Agreement, applicable HUD regulations, and any other administrative requirement and guidelines issued by HUD.
- 8-2 HOUSING FINANCE AGENCY RESPONSIBILITIES. As it relates to project management and loan servicing, the responsibilities of the HFA shall include, but not be limited to:
- A. Execution and enforcement of a Regulatory Agreement between the mortgagor and the HFA that is in recordable form and which:
1. includes a description of the property,
 2. must be binding upon the mortgagor and any of its successors and assigns and upon the HFA and any of its successors (the HFA may not assign the Regulatory Agreement) for the duration of the insured mortgage,
 3. requires the project owner to make all payments due under the mortgage and, where necessary, establish escrows and reserves for future capital needs,
 4. requires the project owner to maintain the project as affordable housing which is described as:
 - a. a project in which 20 percent or more of the units are both rent-restricted and occupied by families whose incomes are 50 percent or less of the area median income as determined by HUD, or
 - b. a project in which 40 percent (25 percent in New York City) or more of the units are both rent-restricted and occupied by families whose incomes are 60 percent or less of the area median income as determined by HUD.
 5. requires the project owner to maintain the project in good physical and financial condition,
 6. requires the project owner the maintain complete project books and financial records and provide the HFA with an annual audited financial statement after the end of the project's fiscal year.
 7. requires the project owner to comply with the Affirmative Fair Housing Marketing Plan, if

required, and all other FHEO requirements,

8. requires the project owner to operate as a single asset mortgagor entity,
9. requires the project owner to make project books and financial records available for HUD's Inspector General and/or General Accounting Office (GAO) for review with appropriate notification.

- B. Performing an annual physical inspection of the projects and providing a copy of the inspection report to the local HUD Field Office. If the project receives a less than satisfactory rating and/or if the project is not in safe and sanitary condition, the HFA must provide a summary to HUD of actions required, with target dates, to correct unresolved findings.
- C. Analyzing project annual audited financial statements and providing HUD with a summary of any unresolved findings, including a summary of corrective actions planned, with target dates.
- D. Providing HUD with an annual audited financial statement of the HFA in accordance with the requirements of 24 CFR Part 44, Non-Federal Government Audit Requirements and 24 CFR 266, HFA Risk Sharing Program for Insured Affordable Multifamily Project Loans.

8-3 RECORD RETENTION. Records pertaining to the mortgage loan origination and servicing of the loan must be maintained for as long as the mortgage insurance remains in force. Records pertaining to a mortgage default and claim must be retained from the date of default through final settlement of the claim for a period of no less than 3 years after final settlement.

8-4 MONITORING THE HFA'S PROJECT MANAGEMENT AND SERVICING RESPONSIBILITIES. Chapter 7 contains instructions and procedures for monitoring of HFAs by the Designated Office.