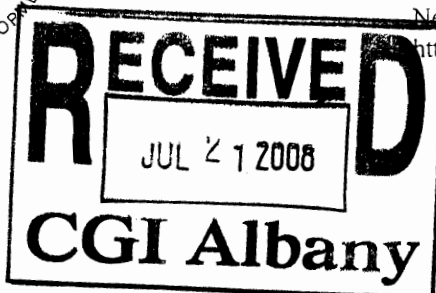




U.S. Department of Housing and Urban Development

New York State Office
Jacob K. Javits Federal Building
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New York, New York 10278-0068
<http://www.hud.gov/>



Bookletter # 3
FY 2008

June 24, 2008

Memorandum For: All Owners/Managing Agents and PHAs Operating Section 8 New Construction, Substantial Rehabilitation, Elderly 202 Housing, Property Disposition (formerly HUD owned and resold with Section 8 Assistance), Loan Management Set-Aside, State Agencies, Farmers Home Administration, Rent Supplement and RAP, Section 236 and Section 221(d)(3) BMIR Program.

Teresa M. Bainton

From: Teresa M. Bainton, Director, New York Multifamily Hub

Subject: *Optional Procedures for Requesting Withdrawals from the Reserve Fund for Replacement (RFR)*

In an effort to expedite the processing of withdrawals from the Reserve fund for Replacements the New York Multifamily Hub will begin utilizing the optional procedures described in paragraph 4-17 of the 4350.1 REV-1 Handbook. Only projects in good standing will be permitted to utilize the optional procedures.

Projects falling under the following circumstances **will not be permitted** to utilize the optional procedures:

- *Those with violations of the Regulatory Agreement*
- *Those with management reviews with either a Below Average or an Unsatisfactory Rating*
- *Those designated as "Troubled"*
- *Those who score under 60 in their most recent REAC inspection*
- *Requests which include payment of special fees to the management agent*
- *Requests which include payments for identity-of-interest transactions, where the costs exceed lowest bid*

Requests for Advance Release of Funds for Work that is To-Be-Done - Based on Bids: When the request for Release of funds is for work that is to be done (an advance from the account), bids must be obtained and used to support the request. Specific submission requirements for advances from the RFR account are addressed in Handbook 4350.1 REV-1: Paragraphs 4-15 (D) for the old method and 4-17(F) for the Optional Method.

1. For projects eligible to submit RFR release requests using the Optional Method; when processing requests for advance release of funds based on bids (4-17(F)), copies of all bids are now required to be submitted for prior approval only for requests which exceed the following (revised), threshold:

100 units or less	\$25,000
101 - 250 units	\$50,000
Over 250 units	\$100,000

2. The required documentation under the old method (4-15(D)) does not change.
3. The process of obtaining bids for the RFR work items must still comply with outstanding instructions relating to HUD bidding and contracting procedures, including, but not limited to, identity of interest issues.
4. Managers remain responsible for program operations and should institute reasonable quality controls and checks.

Attached is a sample certification, HUD Form 9250, which should be utilized with the optional procedures. Additionally copies of invoices and cancelled checks must accompany requests.

Inspections resulting in requested releases not supporting released funds will result in a suspension of this policy as well as potential sanctions against the owner and agent.

If you have any questions, please call the Team Leader responsible for your property.

William Diaz	(212) 542-7902, Bronx/Upstate
George Savapoulas	(212) 542-7770, Brooklyn/Co-op
Stacey Schragar	(212) 542-7728, Manhattan/Queens/Nassau/Suffolk/Staten Island

Funds Authorizations

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0555
(exp. 02/28/07)

Public reporting burden for this collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data needed, and completing and reviewing the collection of information. This information is required to obtain is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The regulations at 24 CFR Part 880.601 and 24 CFR Part 880.602 authorizes the Secretary of the Department of Housing and Urban Development to effectively monitor withdrawals from the Reserve for Replacements and/or Residual Receipts Funds. This information collection sets forth the information that must be reviewed and approved by HUD in order to withdraw funds from these accounts. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

Instructions: Indicate the Fund for the request and provide the information for each section as requested.

Check only one box	<input checked="" type="checkbox"/> Reserve for Replacement Fund	<input type="checkbox"/> Residual Receipts Fund	Project Number:	Mortgagee Loan No: (Optional)
To Mortgagee			Property Name and Address:	
			Comments: (optional)	

This is your authority to release the following amounts from the reserve:

Purpose	Amount
Total Amount	

Check (X) appropriate boxes:

- An inspection made on _____ revealed satisfactory replacement and/or installation.
- An inspection will be made on the next visit to the property.
Satisfactory replacement and/or installation will be determined at that time.

This Office has approved the following: (Check (X) appropriate boxes). This is your authority to adjust the Reserve requirements accordingly. This authority is revocable upon written notice from HUD.

- A suspension of Deposits to the Reserve from the date of _____ to the date of _____.
- A suspension of Deposits to the Reserve so long as a balance of _____ is maintained.
- A change in the Monthly Deposit to the Reserve from _____ to _____.
Effective the date of _____ through the date **Indefinite**.

This is your authority to adjust the Reserve requirements accordingly. This authority is revocable upon written notice from HUD.

Remarks: (optional)

To Mortgagor/Managing Agent)	Name & Signature of Field Office Project Management Chief: X		
	City:	State:	Date:

