

NONPROFIT AGENCY RECERTIFICATION REQUIREMENTS AND REASONS FOR REMOVAL FROM LIST OF APPROVED NONPROFIT AGENCIES

Recertification

Nonprofit agencies are required to recertify their agencies and their affordable housing programs every two years.

The recertification process is similar to that of initial approval with the only substantive difference being that agencies seeking recertification must submit a detailed description of the activities undertaken during their period of approval. In order to determine the success of nonprofit agencies' affordable housing programs, the Department expects agencies to provide a complete property listing of all properties purchased, rehabilitated, rented, and resold using the format found in Attachment 5.

These documents are to be submitted to the appropriate HOC at least 30 days prior to the end of the approval period. Those agencies that do not provide adequate documentation within 30 days after the end of the approval period will be removed from the listing of approved nonprofit agencies.

Minimum Standards for Recertification. Recertification of nonprofit agencies is not an automatic process. Nonprofit agencies must demonstrate that they have created affordable housing opportunities in a fiscally responsible way. Rejection of recertification requests may be based on a nonprofit agency's failure to adhere to the following minimum standards:

- Ability to meet the Department's and nonprofit agency's goals to expand affordable housing opportunities for low and moderate income members of the community.
- Acceptable default and foreclosure rate on FHA-insured properties.
- Ability to complete rehabilitation within Departmental time frames.
- Minimal change in staff and nonprofit agency's experience requirements.
- Adherence to Departmental resale requirements.
- Maintenance of an acceptable accounting system to report on property purchase, rehabilitation, rental, and resale.

Removal

Reasons for Removal

Nonprofit agencies may be removed from the FHA approval list for the following reasons (these reasons are not all inclusive):

- (i) The nonprofit agency is screened against the Credit Alert Interactive Voice Response System (CAIVRS) and is found to have a significant number of mortgages in default, foreclosure, or claim status;
- (ii) The nonprofit agency is listed on the Department's Limited Denial of Participation List;
- (iii) Properties purchased under the HUD Homes Program are not resold to persons who are at or below 115% of median income for their area when adjusted for family size;
- (iv) Discounts received by the nonprofit agency in purchasing HUD Homes are not adequately passed on to the homeowner.
- (v) The nonprofit agency does not achieve the majority of the goals as outlined in their affordable housing plan;
- (vi) The nonprofit agency acts to further objectives **not** described in the affordable housing plan, or participates in activities or actions detrimental to the Department, etc.
- (vii) The nonprofit agency fails to respond to Departmental inquiries or requests for further documentation.

Procedure for Removal

- (i) Nonprofit agencies will be given written notice of the proposed removal. The notice will include the reasons for the proposed removal and the duration of the proposed removal.
- (ii) Nonprofit agencies will have 20 days from the date of the notice of proposed removal to submit a written response appealing the proposed removal. During this period, the nonprofit agency would also have the right to request a conference. Requests for a conference must be in writing and submitted along with the written response.
- (iii) Within 30 days of receiving a written response, or if the nonprofit agency request a conference, within 30 days of the completion of the conference, a HUD official will review the nonprofit agency's appeal and send the agency a final decision either affirming, modifying, or canceling the removal from the list of approved nonprofit agencies.
- (iv) If a written response is not submitted, removal will be effective 20 days after the date of HUD's initial removal notice. If a written response is submitted, and the removal is affirmed or modified, the removal or modification is effective on the date of HUD's notice affirming or modifying the initial removal decision.
- (v) Nonprofit agencies removed from the approved list, must reapply to HUD in accordance with instructions contained in this Mortgage Letter.
- (vi) These removal procedures do not prohibit HUD from debaring, suspending, issuing a limited denial of participation, or from seeking any other remedy against a nonprofit agency available to HUD by statute or otherwise.