

11/9/11

MEMORANDUM OF UNDERSTANDING

COPY

BY AND BETWEEN

**UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND**

**WISCONSIN HOUSING AND ECONOMIC DEVELOPMENT AUTHORITY (WHEDA)
AND**

**WISCONSIN DEPARTMENT OF ADMINISTRATION
AND**

UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

WHEREAS, this Memorandum of Understanding (MOU) establishes the framework for a continued working relationship by and between the United States Department of Housing and Urban Development (HUD) and the Wisconsin Department of Administration and the Wisconsin Housing and Economic Development Authority (WHEDA) and the United States Department of Agriculture, Rural Development (RD), collectively, 'the parties', in connection with a pilot program developed at the request of HUD, RD and the US Department of the Treasury, and other participating jurisdictions, if needed, to establish a protocol for one federally-sponsored physical inspection of a property, at an agreed-upon interval, for certain properties with multiple sources of federal funding. The sources of funding include: HUD's Section 8 Project-Based Rental Assistance Program authorized under 42 U.S.C. §1437f, HUD's Multifamily Mortgage Insurance Program authorized under 12 U.S.C. §1713 and HUD's Direct Loan and Capital Advance under 12 U.S.C §1701q, HUD's HOME Investment Partnerships Program (HOME) authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (1990) (42 U.S.C. §12701 et seq.), and WHEDA's low-income housing tax credit allocation which is authorized under Section 42 of the Internal Revenue Code; RD's Section 515 Rural Rental Housing Program authorized under 42 U.S.C. §1485; and WHEDA mortgage loan financing.

WHEREAS, multifamily housing properties having two or more sources of funding using the programs identified above are considered "aligned" properties for purposes of this MOU. A list of aligned properties to be included in the pilot project is attached;

WHEREAS, HUD, the Wisconsin Department of Administration, the Wisconsin Housing and Economic Development Authority (WHEDA) and RD recognize that they share mutual interests in ensuring that the public interest is served by enabling HUD, the Wisconsin Department of Administration, the Wisconsin Housing and Economic Development Authority (WHEDA) and RD to timely share certain on-site review reports related to projects receiving funding from the abovementioned source;

NOW THEREFORE, the parties agree to cooperate as follows:

I. PURPOSE

A. Purpose of this MOU

The purpose of this MOU is to set forth the conditions, safeguards and procedures among the parties regarding the physical inspections to be performed on aligned multifamily properties.

B. MOU Parameters

In order to effectuate the objectives of the MOU, the parties agree as follows:

1. Lead Agency to Perform Inspections

The Lead Agencies performing inspections during this pilot will be USDA Rural Development for properties covered under the existing MOU between USDA and WHEDA or the Department of Housing and Urban Development (HUD) for properties covered under this MOU.

2. Property Inspection Frequency

The parties agree that aligned properties should be inspected at least once every three years, or as otherwise required by law. The parties reserve the right to perform follow-up inspections at any time to confirm compliance with program requirements.

The parties agree to establish a date to determine pilot program inspection scheduling within two weeks of signing of the MOU.

3. Property Inspection Protocol

The Lead Agencies agree to use a mutually-acceptable inspection standard, at a minimum the Uniform Physical Condition Standards or the RD inspection, as appropriate. Further, the parties agree on a sample size acceptable to all, in accordance with any waivers provided by the Lead Agencies.

4. Program Requirement Stipulations

To facilitate participation in the pilot program, certain program requirements must be waived so that property owners are not penalized due to pilot program requirements.

HUD's September 22, 2011 memorandum waives select HOME property standard requirements for grantees involved in the pilot program. Subject to the waiver, aligned properties funded under the Wisconsin Department of Administration's HOME program will not be subject to the housing quality standards requirements under 24 CFR §92.251(c) and the ongoing on-site unit inspection requirements under 24 CFR §92.504(d). The waiver is effective for the one-year period beginning November 1, 2011 and is conditioned on the Wisconsin Department of Administration's participation in the pilot program and submission of information to HUD regarding (1) the current property standards the Wisconsin Department of Administration uses for inspecting HOME-assisted units; (2) the HOME projects included in the pilot program, including the name, address and IDIS activity number; and (3) the number of HOME-assisted units affected by the waiver.

In general, physical inspections performed by HUD or a HUD contractor on properties with FHA insurance or a project-based Section 8 contract include vacant units in the

random sample of units to be inspected only when the property has a vacancy rate of 15% or more. However, other Federal agencies taking part in the pilot require that vacant units be inspected.

As a result, HUD stipulates that, during this pilot, physical inspections performed by HUD or a HUD contractor on properties participating in the Pilot will inspect all vacant units included in the inspection sample. However, if a property with FHA insurance or a project based Section 8 contract has a vacancy rate less than 15%, the Real Estate Assessment Center (REAC) report of such an inspection will note all deficiencies in the vacant units inspected (for use by the other parties), while for HUD purposes, REAC will automatically restore any points deducted from the final REAC score based on any vacant units inspected.

In addition, the parties may be responsible for performing certain tasks that, under this MOU, may be delegated to another one of the parties.

5. Reporting format consistency

Reporting formats will be acceptable and usable among all the parties for each of the parties' purposes. All of the parties agree to accept the USDA, Rural Development reporting format or HUD's physical inspection reporting format.

6. Information sharing commitment

All of the parties agree to share information for the purpose of ongoing project oversight. The parties agree that owners will receive prompt written notice of the inspection results. Inspection reports will be provided to the owner and the parties within 10 working days of the inspection. Property owners are expected to respond to all of the parties following each of the parties' reporting requirements.

7. Universe of programs/projects included in pilot

See Attachment A.

8. Commitment of staff resources to pilot.

All of the parties agree to commit staff resources to the pilot effort in order to ensure communication and data sharing.

C. Disclosure of Information and Reports

1. The shared information and reports shall be disclosed to third party requesters in accordance with applicable State and Federal laws and regulations, including but not limited to the Freedom of Information Act (FOIA), 5 U.S.C. §552, and the Privacy Act, 5 U.S.C. §552a.
2. Requests from the public for copies of physical inspection reports from HUD's Real Estate Assessment Center (REAC)
 - a) REAC reports are HUD records; and are, in some circumstances, non-public information.
 - b) Requests from the public that are made to USDA or WHEDA for copies of REAC reports will be referred to HUD for processing in accordance

with applicable Federal law and regulations, including but not limited to the Freedom of Information Act (FOIA), 5 U.S.C. § 552, and the Privacy Act, 5 U.S.C. § 552a.

- c) Such referrals should be forwarded to HUD's FOIA Public Liaison for their geographical region as listed below:

Region V (Ohio, Michigan, Minnesota, Wisconsin)

Deputy Regional Director
U.S. Department of Housing and Urban Development
77 W. Jackson Blvd., Suite 2608
Chicago, IL 60604
(312) 353-5680

D. Limitations on Obligation and Financial Commitment

Notwithstanding any other provision of this MOU, this MOU does not obligate funds, personnel, services, or other resources on any party. This MOU is an expression of intent only. Each of the parties acts as an independent party with respect with performance of duties under the MOUs and does not represent that it is an employee or agent of another party of the MOU. This MOU does not give a third party any benefit, legal or equitable right, remedy, or claim under this MOU.

II. TERM OF MOU

This MOU shall be effective as of the date of execution by all parties, and shall remain in effect for at least one year or until all parties agree to amend or terminate it.

III. GENERAL TERMS

1. This MOU may only be amended by mutual written agreement of the parties involved.
2. Any party may terminate the MOU upon written notice to the other parties, in which case termination shall be effective no sooner than 30 days after the date of that notice, except as required by law.
3. All parties shall adhere to applicable State and Federal law and regulations in accessing the data and ensuring that the data is stored securely.

IV. CONTACT PERSONS/AUTHORIZED OFFICIALS

- A. The primary contact at HUD for all matters related to transmittal of data is:

The Milwaukee Multifamily Program Center
U.S. Department of Housing & Urban Development

- B. The primary contact at Wisconsin Housing and Economic Development Authority (WHEEDA) for all matters related to transmittal of data is:

Sharon Rambadt, Compliance Team
Wisconsin Housing and Economic Development Authority

- C. The primary contact at RD for matters relating to transmittal of data is:

Cheryl Halvorson, Housing Specialist
U.S. Department of Agriculture, Rural Development

- D. The primary contact for the Wisconsin Department of Administration for all matters related to transmittal of data is:

Kate Blood
Division of Housing
Department of Administration

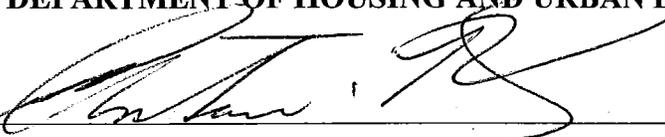
V. APPROVALS

Now, therefore, the parties hereto consent to the provisions of this MOU.

MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND THE WISCONSIN DEPARTMENT OF ADMINISTRATION
AND THE WHEDA AND THE
U.S. DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT

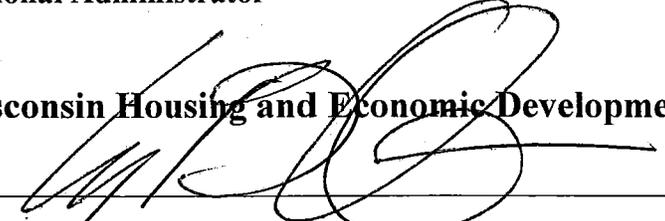
SIGNATURE PAGE

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

By:  _____ 11/7/11
Date

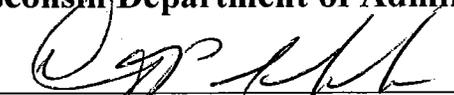
Regional Administrator

Wisconsin Housing and Economic Development Authority (WHEDA)

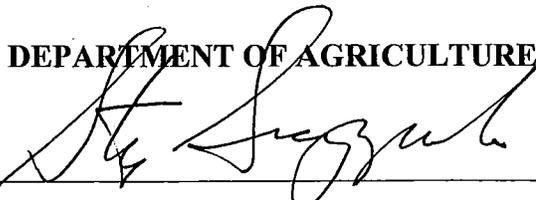
By:  _____ 11/7/11
Date

Executive Director

Wisconsin Department of Administration

By:  _____ 11-07-2011
Date
DEPUTY
Secretary

U.S. DEPARTMENT OF AGRICULTURE/RURAL DEVELOPMENT

By:  _____ 11/7/2011
Date

Director, Multifamily Housing