

ASSOCIATES  
INCORPORATED

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COVER

To: Pat Morgan  
From: David Ervin  
Phone #: 301/469-3422

Date: 9/10/97  
Pages: 6  
(includes this cover page)

COMMENTS:

Enclosed is one new FOIA request

1997 SEP 11 A 11:11

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September 10, 1997

Ms. Pat Morgan  
Director, Office of the Executive Secretariat  
U.S. Department of HUD  
451 Seventh Street, SW, Room 10246  
Washington, D.C. 20410-0500

Via Facsimile to (202) 619-8365

Re: Freedom of Information Act Request  
Nancy Andrews Work for HUD

Dear Ms. Morgan:

Enclosed is a copy of an article entitled *Portfolio Re-engineering Demonstrations* from Multifamily Messenger, a publication of the Mortgage Banker's Association of America. This article states that "With Ms. Dobreff [the acting administrator of the HUD Portfolio Reengineering Demonstration Programs] was Nancy Andrews who is under contract with HUD to provide assistance on involving non-profits in the demonstration." (emphasis added)

As you may know, in a Freedom of Information Act Response (FI-149676) dated February 5, 1997, HUD informed us that "The Department has awarded no contracts to Nancy Andrews." Considering this, under the Provisions of the Freedom of Information Act, Ervin and Associates is requesting the following information:


- A copy of the contract and task order, including all modifications to the contract and task order, that Ms. Andrews was performing this work under. Please note that even if Ms. Andrews is acting in a subcontractor capacity, the prime contractor must be under contract and/or task order for "assistance on involving non-profits in the demonstration," so that contract and task order would be responsive. Additionally, if the contract is actually a purchase order or other contractual vehicle, that type of document would also be responsible.
- All documents located in HUD's files, including but not limited to contracting files, relating to these services, including but not limited to forms such as the request for contract services, subcontractor approvals, justifications for other than full and open competition, requests for proposals, etc.
- Any documentation provided to the Mortgage Bankers Association during the June 11, 1997 meeting.

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The United States Attorney's Office and the HUD Inspector General are currently conducting a fifteen month long criminal investigation into allegations that were brought to light by Ervin. Additionally, the U.S. District Court for the District of Columbia has held that "the government and plaintiffs [Ervin] share an interest in pinpointing and eliminating corrupt practices at HUD." Through this FOIA request, we are exercising our right as citizens and taxpayers to pinpoint and eliminate "corrupt practices at HUD," and the request is not for profit making activities.

Considering this, for the purposes of this request, Ervin should be treated as a non-commercial requester and any applicable fees should be subject to the restrictions placed on non-commercial requesters. Ervin agrees to pay up to \$50 for the processing of this request. If the anticipated fees are to exceed \$50, please call me at (301) 469-3422 so I may have an opportunity to reformulate the request.

Very truly yours,  
ERVIN and ASSOCIATES, INCORPORATED

  
David J. Ervin

# Multifamily

17-202599  
AUGUST 1997



A PUBLICATION OF THE MORTGAGE BANKERS ASSOCIATION OF AMERICA

## MBA's Annual Convention October 5 - 8: New York Hilton & Towers - New York, NY Commercial/Multifamily Program Update

Come be a part of MBA's 84<sup>th</sup> Annual Convention in New York City. The Convention will be filled with information-packed panel sessions covering critical issues facing the industry today with dynamic, insightful speakers from government, business, media and sports. The New York Hilton will be the headquarters hotel; however, most of the commercial/multifamily activities will be held at the Sheraton New York Hotel & Towers.

With Sunday serving as the traditional committee day, the Multifamily Housing Steering Committee and Multifamily Housing Committee will meet at 12:00 noon - 2:00 p.m. and 2:30 p.m. - 4:00 p.m., respectively.

Monday's program will include a panel entitled "Multifamily Housing: The Federal Perspective", where The Honorable Nicolas P. Retsinas (Invited), will provide his commentary on federal housing policy from his perspective as HUD Assistant Secretary for Housing/FHA Commissioner, Acting Director of the Office of Thrift Supervision and member of the Federal Housing Finance Board. Also on Monday, the program will include CREF's ever-popular *Emerging Trends in Real Estate: 1998* and the Life Insurance Companies/Correspondent Forum which will address: "How Do Life Company Correspondent Lenders and Their Mortgage Bankers Need to Change to More Effectively Compete in an Efficient Market?"

On Tuesday CREF will be present a "workshop" environment, entitled *Putting it all Together: Creating Strategic Positions and Options*.

For a complete list of CREF/Multifamily Annual Convention events, please see insert.

## Congratulations Mike!

In recognition of his outstanding contributions to MBA and his tremendous leadership ability, Mike Forney has been nominated to MBA's Board of Governors. Mike is the current chair of MBA's Multifamily Steering Committee, vice chair of the Commercial Real Estate Finance Council, and a member of the steering committee of MBA's political action committee, MORPAC. Previously, Mike served as a vice chair and chairman of the Multifamily Housing Committee. He also chaired several MBA task forces and working groups, including those pertaining to Freddie Mac and Fannie Mae.

THE MULTIFAMILY MESSENGER is a publication of the Mortgage Bankers Association of America.

Cheryl Patton Malloy,  
Senior Staff Vice President  
Bronwyn Morgan, Director  
Multifamily Housing  
Maureen Parks, Production  
Editor

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## A PUBLICATION OF THE MORTGAGE BANKERS ASSOCIATION OF AMERICA

### Multifamily Housing Institute Moving Forward

During June, the Multifamily Housing Institute began its first round of data collection for its database, AptData. To help focus the initial effort, a short list of firms was involved: HUD, Freddie Mac, Fannie Mae, Insignia, NHP, Boston Financial, Pinnacle, Equity Residential and Midland Loan Services. Other members of the Institute will begin supplying data later this month and in September.

The \$3 million AptData will contain information on the performance of the apartment industry, including rents, occupancy rates by zip code, operating expenses and revenues, and mortgage performance. In the fall, Institute members will be able to test the on-line portion of the system through a private dial-up service. Next year, when AptData is expected to be launched for the public over the Internet, the database will contain information on an estimated 40% of US apartment complexes with at least 50 units.

At their May 16<sup>th</sup> meeting, the Board of Directors voted Georgia Murray (Boston Financial) as Chairman; Michael Sears (Bear Stearns and Company) as Vice Chairman; and F. Karl Zavithousky (NationsBank of Texas) as Secretary/Treasurer.

In July, the Institute hired Shaun M. Brady as Executive Director, replacing Matt Slepik who has been with the Institute since its inception and is leaving to join his family in San Francisco. Brady brings more than 15 years of leadership in designing information systems and financing commercial real estate to the Institute. He served during the last four years as a director of the technology firm Noblestar Systems. Before that he served in senior management roles in commercial real estate finance

with Nations Bank, Marine Midland/Hong Kong and First Union Bank.

### Portfolio Reengineering Demonstrations

On June 11, several MBA members and staff met with Erica Dobreff, the acting administrator of the HUD Portfolio Reengineering Demonstration programs, to get an update on the status of the programs and to provide some advice on certain aspects of the programs. With Ms. Dobreff was Nancy Andrews who is under contract with HUD to provide assistance on involving non-profits in the demonstrations.

As of the meeting, HUD had closed 5 loans under the 1996 demonstration and was working on 7 to 10 others. It was noted that another 5 to 8 owners had dropped out of the process during negotiations for a variety of reasons including the refusal of the lender to agree to a partial payment of claim, the onerous tax burden facing the owner and a determination that the revised rents were unacceptable.

In the 1997 demonstration, approximately 50% of the 150 eligible properties have owners that want to participate in the demonstration. The other half will either accept rents at 120% of fair market rent or will remain at the basic rent being paid under the Section 236 program.

Ms. Dobreff noted that of the restructurings completed or pending none are being financed with FHA insurance. Most are very small projects that have secured conventional financing. HUD is imposing twenty-year use restrictions, similar to those required with tax credits on all restructured properties. Ms. Dobreff noted that although rent restrictions are being imposed, the projects are being underwritten to "street rents", not "tax credit rents." MBA members, at this

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## MULTIFAMILY MESSENGER

**Portfolio Reengineering Demonstrations***Continued from page 7*

point, suggested strongly that HUD reconsider this approach. There was concern expressed about 20-year use restrictions without a guarantee of rent subsidies and a strong recommendation that if "tax credit rents" are below "street rents", the project should be underwritten to the lower rents.

MBA representatives pointed out the importance of involving the mortgagee and the lender early in the restructuring process. Ms. Dobreff noted that, in the 1997 demonstration, "the owner must demonstrate that the lender has been engaged before HUD will sign a restructuring agreement."

Concerning the actual restructuring of the loans, Ms. Dobreff reported that HUD had come to an agreement only with the Ohio and Massachusetts Housing Finance Agencies. They are working with the City of Chicago, Virginia and Pennsylvania HFAs to persuade them to perform the restructurings in those areas. The HFAs will be compensated on a percentage of the unpaid principal balance of the loans that are being restructured.

Nancy Andrews then described briefly the joint venture HUD is developing with non-profits to perform the restructurings. HUD will not be doing a joint venture with for-profit entities in the 1996 or 1997 demonstrations. MBA members expressed some concerns about the joint venture as described, emphasizing particularly that there needed to be some requirement that the restructured loans specified for a certain period for the non-profit to share in the "profits."

MBA members left the meeting with a heightened sense of urgency to achieve portfolio reengineering legislation as soon as possible to avoid another year of demonstration programs.

**Fannie Mae Identifies Nine Lenders to Participate In Initial Phase of DUS Small Loan Experiment**

Fannie Mae (FNM/NYSE) announced nine lenders, covering a variety of locations in 23 states, have been selected to participate in its Small Loan Experiment (SLE) to test methods of financing small multifamily properties. The experiment may lead to development of a standard product that will reduce processing time and loan closing costs for owners. Approved lenders, and the market areas they will serve are: Arbor National Commercial Corporation (New England, with a focus on Boston and Hartford, New York City, Chicago, Texas, with a focus on Houston, Kansas City, and Denver); American Property Financing, Inc. (New York City); Continental, Inc. (Seattle and Portland metropolitan areas); EF&A Funding (Miami/Ft. Lauderdale, Minneapolis/St. Paul, Phoenix and Seattle metropolitan areas); First Maryland Mortgage Corporation (Baltimore and Washington DC metropolitan areas); Greystone Servicing Corporation (California, with a focus on the Los Angeles metropolitan area); Investment Property Mortgage (Atlanta, the state of Mississippi and New Orleans/Baton Rouge metropolitan areas); Mellon Mortgage Company (Cleveland, Cincinnati and Columbus, OH metropolitan areas); and PW Funding, Inc. (New York City).

The \$500 million experiment, announced in late 1996, is available to lenders participating in the Delegated Underwriting and Servicing (DUS) product line of Fannie Mae. The experiment is expected to provide the basis for Fannie Mae's eventual adoption of a standard, widely available financing product.

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