



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-7000

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EXECUTIVE DIRECTOR

Mr. Michael Gerber
Executive Director
Texas Department of Housing
and Community Affairs
221 East 11th Street
Austin, TX 78711-3941

Dear Mr. Gerber:

Thank you for your letter and enclosure, dated March 3, 2010, which details the intent of the Texas Department of Housing and Community Affairs (TDHCA) to streamline tenant protection compliance procedures as these pertain to the acquisition of real estate owned (REO) properties with Neighborhood Stabilization Program (NSP) funds. In your letter, you requested that HUD approve the enclosed purchase contract addendum entitled *Amendment to Contract for NSP Property* for acceptable use by the regional REO property manager, Southwest Alliance. After taking this request under consideration, and upon further review, HUD will not be approving the addendum for FHA purchases. The following information is provided to further explain HUD's decision and tenant protection compliance responsibilities under the NSP.


It is in the best interest of the grantee to be diligent about the certification of compliance with the Protecting Tenants at Foreclosure Act of 2009 (the Act), especially considering that tenants displaced as the result of an NSP funded acquisition are entitled to the benefits outlined in 24 CFR 570.606 at the cost of the grantee or State. The regulations at 24 CFR 570.606(g)(3) state that, "the grantee (a State or state recipient, as applicable) must maintain records in sufficient detail to demonstrate compliance..." If a person were to disagree with the determination of eligibility for, or the amount of, a relocation payment, they could file a written request for review of the grantee's decision per 24 CFR 570.606(f).

Earlier NSP guidance on this issue provides a list of adequate documentation to support compliance with the NSP tenant protections, and mentions a certification from the initial successor in interest (ISII) as a form of adequate documentation. Although some ISII's may be willing to certify to compliance with the Act, HUD suggests that it is more appropriate to provide grantees with the necessary information for grantees to make their own compliance determination. If the proposed addendum were to be signed by an ISII, the signor should have records in sufficient detail to justify such a determination; records that could just as easily be transferred to TDHCA so that TDHCA could fulfill its legal obligation to certify compliance with the Act. Furthermore, in the case of a review, it would be in the interest of TDHCA to maintain the appropriate records according to the requirements of the NSP statutes and regulations.

HUD does encourage streamlining the REO acquisition process. Many of our NSP grantees have developed ingenious, yet appropriate, ways of complying with the regulations governing the use of these funds. HUD's *NSP Resource Exchange* website at www.hudnsphelp.info features

several documents addressing this issue; simply browse resources by topic and choose *NSP Tenant Rights and Tenant Protections*. If you have any additional questions, please feel free to contact Stan Gimont at (202) 402-4559. Thank you for your interest in the Department's programs.

Sincerely,



Yolanda Chávez
Deputy Assistant Secretary
for Grant Programs