



Issue Date	July 22, 2010
Audit Report Number:	2010-CH-1009

TO: Vicki B. Bott, Deputy Assistant Secretary for Single Family Housing, HU

  
FROM: Heath Wolfe, Regional Inspector General for Audit, 5AGA

SUBJECT: National Home Management Solutions, Independence, OH, Did Not Fully Comply With HUD's Requirements for the Management and Marketing of HUD Real Estate-Owned Properties

## **HIGHLIGHTS**

### **What We Audited and Why**

We audited National Home Management Solutions (National Home), the U.S. Department of Housing and Urban Development's (HUD) management and marketing contractor for HUD real estate-owned properties in Ohio. We selected National Home based on a citizen's complaint received by our office. Our objective was to determine whether National Home complied with HUD's requirements regarding the sale of HUD single-family real estate-owned properties (HUD homes). The audit was part of the activities in our fiscal year 2009 annual audit plan.

### **What We Found**

National Home did not fully comply with its HUD contract and HUD's requirements regarding the sale of HUD homes. It did not always notify backup bidders<sup>1</sup> when the winning bidders failed to provide executed sales contracts and/or accept prospective buyers' preliminary bids to purchase HUD homes in a timely manner.

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<sup>1</sup> Backup bidders are eligible buyers that submitted the second highest bids/offers for the purchase of HUD homes.

National Home also did not maintain adequate documentation to support (1) its reanalysis for homes that did not sell within the first 45 days of market exposure or (2) its rationale for accepting bids that were below HUD's minimum acceptable bid amounts and/or did not result in the highest net returns to HUD. As a result, HUD lacked assurance that National Home represented HUD's best interest in the management and marketing of its homes and maximized the net returns to the Federal Housing Administration insurance fund.

Further, we reviewed 10 HUD homes that were the subject of the complainant's allegations regarding National Home's awarding of the homes to buyers that did not submit the highest bids. National Home received approval from HUD to award the homes when the winning bid amounts were below HUD's minimum acceptable bid amounts at the time the homes were listed on the market for sale or did not result in the highest net returns to HUD. However, National Home did not maintain documentation of its rationale for accepting the bids for 2 of the 10 homes as required under its HUD contract.

### **What We Recommend**

We recommend that the Deputy Assistant Secretary for Single Family Housing require National Home to provide documentation showing that HUD approved the acceptance of the bids and the rationale for why acceptance of such bids would be in HUD's best interest, as required under its contract, or reimburse HUD \$36,455 from non-Federal funds for the losses HUD incurred on the five properties. We also recommend that the Deputy Assistant Secretary require National Home to implement adequate procedures and controls to ensure compliance with its HUD contract, including but not limited to maintaining documentation to support its (1) rationale for approving bids below HUD's minimum acceptable bid amounts or bids that do not result in the highest net return to HUD, (2) analyses of homes that have been on the market in excess of 45 days, and (3) notification of backup bidders in accordance with its HUD contract.

For each recommendation without a management decision, please respond and provide status reports in accordance with HUD Handbook 2000.06, REV-3. Please furnish us copies of any correspondence or directives issued because of the audit.

### **Auditee's Response**

We provided the results of our review to National Home during the audit. We also provided our discussion draft audit report to National Home's engagement manager and HUD's staff during the audit. We conducted an exit conference with National Home's engagement manager on June 21, 2010.

We asked National Home's engagement manager to provide written comments on our discussion draft audit report by June 17, 2010. National Home's engagement manager provided written comments to the discussion draft report, dated June 23, 2010. The engagement manager disagreed with our finding and recommendations. The complete text of the written comments, except for 175 pages of documentation that were not necessary to understand the engagement manager's comments, along with our evaluation of that response, can be found in appendix B of this report. We provided HUD's Deputy Assistant Secretary for Single Family Housing with a complete copy of National Home's written comments plus the 175 pages of documentation.

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## BACKGROUND AND OBJECTIVE

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The Federal Housing Administration (FHA) administers the single-family mortgage program. Upon default and foreclosure of an insured mortgage loan, the lender files a claim for insurance benefits. In exchange for payment of the claim, the lender conveys the foreclosed-upon property to the U.S. Department of Housing and Urban Development (HUD). The property is then deemed a HUD real estate-owned property. HUD, through marketing and management contractors, manages and initiates the sale of these single-family homes (HUD homes) under its Single Family Property Disposition Program (program). The purpose of the program is to reduce HUD's inventory of acquired properties in a manner that expands homeownership, strengthens neighborhoods and communities, and ensures a maximum net return to the mortgage insurance fund.

The majority of HUD homes that are sold through the program are listed for sale and sold on a competitive sale basis, although preference in bidding priority and discounted sales prices may be available to owner-occupant bidders in support of HUD's mission to expand affordable housing opportunities. There are two stages in the competitive sale process: exclusive listing and extended listing. During the exclusive listing period, the homes are listed on the marketing and management contractor's Internet Web site for a period of 10 calendar days, during which time only bids received from individual purchasers who intend to occupy the property as their primary residence, qualified nonprofit organizations, and government entities may be submitted. During the extended listing period, the homes are offered for sale to all classes of bidders.

National Home Management Solutions (National Home), a limited liability corporation (a joint venture between Prescient, Inc., and Home Mortgage Solutions), was incorporated in the State of Florida in 1999. In August 2004, HUD contracted with National Home to monitor lender compliance, market and manage HUD's single-family real estate-owned properties, and oversee the sales closing activity in New York and New Jersey. In 2008, HUD amended National Home's contract to include the State of Ohio. National Home's Ohio office is located at 2 Summit Park Drive, Independence, OH.

Our audit objective was to determine whether National Home complied with HUD's requirements regarding the sale of HUD single-family real estate-owned homes in Ohio. This review also addressed a complaint to our office regarding the awarding of HUD homes to buyers that did not submit the highest bids. The complainant also alleged that a specific broker was receiving privileged information from National Home.

## RESULTS OF AUDIT

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### Finding: National Home Did Not Fully Comply With Its Contract and HUD's Requirements for Sales of HUD Homes

National Home did not fully comply with its contract and HUD's requirements for sales of HUD homes. It did not always notify backup bidders when winning bidders failed to provide executed sales contracts and/or accept prospective buyers' offers to purchase a HUD home in a timely manner. Further, National Home did not maintain sufficient documentation to support (1) its reanalysis for homes that did not sell within the first 45 days of market exposure or (2) its rationale for accepting bids below HUD's minimum acceptable bid amounts or bids that did not result in the highest net returns to HUD. These problems occurred because National Home lacked adequate procedures and controls to ensure that it complied with its HUD contract and HUD's requirements. As a result, HUD lacked assurance that National Home represented HUD's best interest and maximized the net returns to the FHA insurance fund.

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#### **National Home Did Not Fully Comply With Its Contract**

Using HUD's systems and National Home's data, we determined that 9,169 HUD homes received bids for purchase from prospective buyers during our audit period of March 8, 2008, through May 31, 2009. Of the 9,169 homes, 1,148 homes received five or more bids. We randomly selected 72 of the 1,148 homes to review buyers' bids to determine whether the awarded bids were selected in accordance with HUD's requirements and the bid amounts maximized the net returns to HUD.

For the 72 home sales reviewed, 10 sales (14 percent) did not comply with HUD's requirements as follows:

- For 9 home sales, National Home did not notify backup bidders when bidders that were awarded the HUD homes failed to provide executed sales contracts in a timely manner. According to its HUD contract, if an executed sales contract is not received within 2 business days, National Home shall notify the backup bidders, if any, that they have 2 business days in which to submit a fully executed sales contract or the property will be reoffered for sale. The number of days National Home allowed the awarded bidders to provide the required executed sales contracts ranged from 1 to 13 business days in excess of the 2 business day requirement (see appendix C, National Home contract, section 5.4.3.6).
- For one property, the awarded bidder's bid amount did not result in the highest net return to HUD. The bid was \$8,455 less than the highest bid

amount. According to its HUD contract, National Home shall accept the bid that results in the greatest net return for HUD (see appendix C, National Home's contract, section 5.4.2.1.1.2).

**National Home Did Not Always Efficiently and Effectively Manage and Market HUD Homes**

Using HUD's Single Family Data Warehouse system, we identified 10,134 homes that were managed and marketed by National Home during our audit period of March 8, 2008, through May 31, 2009. Of the 10,134 homes, we selected 109 to review regarding the marketing and sales of the homes.

Of the 109 homes, 19 (17 percent) did not fully comply with HUD's requirements for the sale of HUD homes as follows:

- For one home, National Home did not record the acceptance of the sales offer in a timely manner. It recorded the acceptance of the preliminary offer in HUD's Single Family Asset Management system<sup>2</sup>, which allowed the home to be moved off the sales listing. However, it did not accept the sales offer until 12 days after the preliminary offer was recorded. According to HUD, a home should remain in the preliminary offer stage no longer than 7 calendar days (see appendix C, Single Family Asset Management User's Guide Ver.5.1).
- For 17 homes, the winning bidders did not submit executed sales contracts to National Home in a timely manner. Further, National Home did not notify the backup bidders. According to its HUD contract, if an executed sales contract is not received within 2 business days, National Home shall notify the backup bidders, if any, that they have 2 business days in which to submit a fully executed sales contract or the property will be reoffered for sale. However, National Home executed the sales contracts with the winning bidders 1 to 7 calendar days after the required notification period (see appendix C, National Home's contract, section 5.4.3.6).
- National Home awarded one home to a bidder that submitted a bid amount \$2,000 below HUD's minimum acceptable bid amount of \$126,000 at the time the home was on listed on the market for sale. According to its HUD contract, National Home shall accept the bid that results in the greatest net offer for HUD. If all bids received are unacceptable, National Home shall request concurrence from HUD to accept a bid that is less than the minimum acceptable bid and document in its electronic management system the

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<sup>2</sup> Single Family Asset Management system (SAMS) is HUD's system that tracks acquired single-family properties from acquisition via foreclosure to resale.

rationale for why acceptance of such a bid would be in HUD's best interest. National Home did not provide documentation showing that it requested approval from HUD to accept the bid or document in its electronic management system the rationale for accepting the bid (see appendix C, National Home's contract, sections 5.4.1.8 and 5.4.2.1.1.2).

- For six homes that were on the market for more than 45 days, National Home did not maintain adequate documentation of its reanalysis. For two homes, it reduced the homes' listing price by 10 percent within 35-36 days of market exposure, and for another home it did not reanalyze the home until it had been on the market for 49 days. According to HUD Handbook 4310.5, properties not sold within the first 30 to 45 days must be reanalyzed to determine why they are still on the market. Reductions of 10 percent or less of the current price must be supported by documentation showing the property's current condition (see appendix C, HUD Handbook 4310.5, REV 2). Further, according to its HUD contract, National Home's marketing plan shall include a provision to reanalyze properties that fail to sell within 45 days from the initial list date.

Further, we reviewed 10 HUD homes that were the subject of the complainant's allegations regarding National Home's awarding of the homes to buyers whose bids were not the highest. National Home received approval from HUD to award the homes even though the winning bid amounts were below HUD's minimum acceptable bid amounts at the time the homes were listed for sale or did not result in the highest net returns to HUD. However, National Home did not maintain documentation of its rationale for accepting the bids for 2 of the 10 homes as required under its HUD contract. This resulted in National Home awarding the 2 bids \$26,000 below HUD's minimum acceptable bid amount (see appendix C, HUD's contract with National Home, section 5.4.2.1.1.2).

National Home lacked adequate procedures and controls to ensure that it complied with its contract and HUD's requirements. According to National Home, HUD directed it to sell the homes as quickly as possible. However, National Home did not follow its contract for executing the sales or provide documentation showing that HUD had relieved it of its contractual responsibilities. As a result, HUD lacked assurance that National Home represented HUD's best interest and maximized the net returns to the FHA insurance fund.

## Recommendations

We recommend that HUD's Deputy Assistant Secretary for Single Family Housing require National Home to



- 1A. Provide documentation showing that HUD approved the acceptance of the bids and the rationale for why acceptance of such bids would be in HUD's best interest as required under its contract or reimburse HUD \$36,455 (\$26,000 plus \$10,455) from non-Federal funds for the losses HUD incurred on the five properties.
  
- 1B. Implement adequate procedures and controls to ensure compliance with its contract, including but not limited to maintaining documentation to support its (1) rationale for approving bids below HUD's minimum acceptable bid amounts or bids that do not result in the highest net return to HUD, (2) analyses of home that have been on the market in excess of 45 days; and (3) notification of backup bidders in accordance with its contract.

## SCOPE AND METHODOLOGY

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We performed our audit work between June and December 2009. We conducted our audit at National Home's Independence, OH, office and HUD's Chicago regional office. The audit covered the period March 8, 2008, through May 31, 2009. We extended this period as necessary.

To accomplish our objective, we reviewed National Home's contract and marketing plans, applicable HUD regulations, mortgagee letters, and other reports and policies related to the disposition of HUD homes. Further, we reviewed hard-copy information/documentation maintained in National Home's electronic management system<sup>3</sup> such as bid printouts, sales closing packages, closing documents, etc. We also conducted interviews with National Home's management and staff and HUD staff.

Using National Home's and HUD's Single Family Data Warehouse<sup>4</sup> and Single Family Asset Management systems, we identified 9,169 properties that received offers for purchase (bids) during our audit period of March 8, 2008, through May 31, 2009. We randomly selected 72 of the 1,148 homes to review regarding the prospective buyers' bids to determine whether the winning bids were selected in accordance with HUD's requirements and the bid amounts resulted in the highest net return to HUD.

Further, using HUD's Single Family Data Warehouse system, we identified 10,134 properties that were managed and marketed by National Home during our audit period of March 8, 2008, through May 31, 2009. Of the 10,134 properties, we statistically selected 179 properties for review. Of the 179 properties, we reviewed 109 (61 percent) to determine whether National Home complied with HUD's time requirements for disposing of HUD-owned properties. We did not review 70 of the 179 statistically selected properties due to time restraints. However, reviewing the remaining 70 properties would not have changed our audit results.

We conducted our audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective.

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<sup>3</sup> Electronic management system is an internal database used by National Home that contains imaged documentation for each acquired property in HUD's inventory such as, bidding documentation, inspections reports, appraisals, etc.

<sup>4</sup> Single Family Data Warehouse is an internal HUD database that contains information regarding FHA-insured borrowers, such as names, addresses, Social Security numbers, and other personal financial data.

# INTERNAL CONTROLS

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Internal control is an integral component of an organization's management that provides reasonable assurance that the following objectives are achieved:

- Program operations,
- Relevance and reliability of information,
- Compliance with applicable laws and regulations, and
- Safeguarding of assets and resources.

Internal controls relate to management's plans, methods, and procedures used to meet its mission, goals, and objectives. They include the processes and procedures for planning, organizing, directing, and controlling program operations as well as the systems for measuring, reporting, and monitoring program performance.

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## Relevant Internal Controls

We determined that the following internal controls were relevant to our objective:

- Program operations - Policies and procedures that management has implemented to reasonably ensure that a program meets its objectives.
- Validity and reliability of data - Policies and procedures that management has implemented to reasonably ensure that valid and reliable data are obtained, maintained, and fairly disclosed in reports.
- Compliance with laws and regulations - Policies and procedures that management has implemented to reasonably ensure that resource use is consistent with laws and regulations.
- Safeguarding resources - Policies and procedures that management has implemented to reasonably ensure that resources are safeguarded against waste, loss, and misuse.

We assessed the relevant controls identified above.

A significant weakness exists if internal controls do not provide reasonable assurance that the process for planning, organizing, directing, and controlling program operations will meet the organization's objectives.

## Significant Weakness

Based on our review, we believe that the following item is a significant weakness:

- National Home lacked adequate procedures and controls to ensure that it complied with its contract and/or HUD's regulations regarding the management and marketing of HUD homes (see finding).

## APPENDIXES

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### Appendix A

#### SCHEDULE OF QUESTIONED COSTS

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Recommendation number	Unsupported 1/
1A	\$36,455

- 1/ Unsupported costs are those costs charged to a HUD-financed or HUD-insured program or activity when we cannot determine eligibility at the time of the audit. Unsupported costs require a decision by HUD program officials. This decision, in addition to obtaining supporting documentation, might involve a legal interpretation or clarification of departmental policies and procedures.

## Appendix B

# AUDITEE COMMENTS AND OIG'S EVALUATION

### Ref to OIG Evaluation

### Auditee Comments



HUD - OIG  
OFFICE OF AUDIT  
CHICAGO, ILLINOIS

2010 JUN 23 AM 10:39

RECEIVED

June 22, 2010

Ms. Kelly Anderson, Assistant Regional Inspector General for Audit  
U.S. Department of HUD – Office of Inspector General  
77 West Jackson Boulevard, Suite 2646  
Chicago, Illinois 60604

Dear Ms. Anderson:

We are in receipt of the discussion draft audit report dated June 2, 2010. We appreciate the clarifications given to us and to HUD personnel from the Philadelphia Home Ownership Center (HOC) by Mr. Heath Wolfe and Mr. Anthony Smith yesterday afternoon on the conference call.

Our completed written response incorporates all available documentation from the electronic files and adds supporting communications received by email from HUD oversight personnel. Each case noted in the draft audit that presents one or more issues where the auditors found National Home Management Solutions (NHMS) seemed to act inappropriately is addressed individually with printed documentation. For each case addressed, the documentation is explained as to its relevance in support of the decisions made by HUD and the actions taken by NHMS, as directed by HUD and/or in compliance with our contract terms, for that particular case.

NHMS finds that we must disagree with the issues raised as findings that are noted as deficiencies in the performance of our duties. As a result, we also disagree with the recommendations made in the conclusion of the draft audit report. In summary:

**Comment 1**

- When appropriate and when back-up bidders submitted bids that qualified, NHMS attempted to contact those back-up bidders.

**Comment 2**

- Prospective buyers whose agents submitted qualified bids were notified of their selection in a timely manner in "Bid Results" posted on our website, as described in training materials and noted in the announcements and frequently asked questions ("*Asked and Answered*").

**Comment 3**

- With only one exception, NHMS personnel did not accept any bids below HUD's minimum threshold amounts unless directed to do so by our Government Technical Representative (GTR).

**Comment 4**

- The re-analyses of the listed prices for homes that did not sell during the first 45 days of marketing was done in the proper manner and time frames.

**Comment 5**

- Some properties sold to city or county entities as part of HUD's national initiative known as the Neighborhood Stabilization Program (NSP) experienced delays getting contracts signed. HUD continued to process the transfers of these properties regardless of the delays, rather than cancel the sales.

**Comment 6**

June 22, 2010

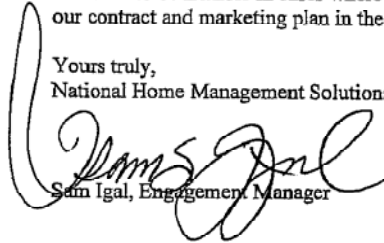
Page 2

Ms. Anderson, Assistant Regional Inspector General for Audit  
U.S. Department of HUD – Office of Inspector General

- When an individual bidder is posted as the “winner,” we allow 48 hours for that contract package to be submitted. This is not a strict time-clock deadline; it is practically two (2) business days. Therefore, an acceptable bid posted Thursday morning may arrive and be processed as late as Monday afternoon, unless Monday is a holiday, in which case, it may arrive on Tuesday. If errors are discovered, an additional two (2) business days are allowed for the corrections to arrive. In the beginning of our contract performance, due to the changes in practices from the former contractor’s failure to apply deadlines and policies, the consensus among HUD and NHMS personnel was to be lenient rather than strict with the deadlines in order to facilitate goodwill and encourage better acceptance among the real estate licensees and promote renewed participation in the HUD homes sales program.

It is our sincere desire to represent HUD in the most effective manner possible to accomplish all HUD’s policy and financial goals. We have also accepted the direction of our GTR to be flexible in cases where HUD determined to make exceptions to the terms of our contract and marketing plan in the best interests of the Department and the public.

Yours truly,  
National Home Management Solutions



Sam Igal, Engagement Manager

## OIG Evaluation of Auditee Comments

- Comment 1** Based on documentation provided by National Home, we agree that National Home attempted to contact back-up bidders, when appropriate, for 14 of the 23 homes cited in our discussion draft audit report. Therefore, we removed these 14 case numbers associated with these homes from our final audit report. However, National Home did not provide sufficient documentation to support that it notified the backup bidders for the remaining 9 homes or its determination that the back-up bidders' bids were not qualified. Therefore, the case numbers associated with these 9 homes remained in our final audit report.
- Comment 2** Based on documentation provided by National Home, we agree that National Home notified prospective buyers, via their agents, of their selection in a timely manner for 6 of the 23 homes cited in our discussion draft audit report. Therefore, we removed these 6 homes from our final audit report. However, National Home did not provide sufficient documentation to support that it notified prospective buyers, via their agents, for the remaining 17 homes or its determination that their bids were not qualified. Therefore, the case numbers associated with 17 homes remained in our final audit report.
- Comment 3** National Home provided documentation that HUD directed them to accept bids below its minimum threshold for four of the five homes cited in our discussion draft audit report. However, as stated in our draft audit report, National Home did not maintain documentation of its rationale for accepting the bids as required under its HUD contract. National Home only provided additional documentation supporting its rationale for seeking HUD's approval to award one of the five disputed homes; therefore, we removed the case number associated with this one home from our final audit report.
- Comment 4** We disagree. National Home did not provide documentation to support that the listing price for the homes, associated with case numbers, cited in our discussion draft audit report were eligible for a 10 percent reduction, or its reanalysis for the properties that were on the market in excess of 30 to 45 days as required by HUD. Therefore, these case numbers associated with the six homes remained in our final audit report.
- Comment 5** Based on documentation provided by National Home, we agree that HUD directed it to hold these homes off the market for the city to complete its purchase of them via a bulk sale for two of the three homes cited in our discussion draft audit report. Therefore, we removed the case numbers that were associated with the two homes from our final audit report.
- Comment 6** According to National Home's contract, if an executed sales contract is not received within 2 business days, National Home shall notify the back-up bidders, if any, that they have 2 business days in which to submit a fully executed sales contract or the property will be reoffered for sale. According to National Home,



HUD allowed for flexibility with its contract terms. However, National Home did not provide documentation of which terms HUD allowed for flexibility.

## Appendix C

### FEDERAL AND CONTRACT REQUIREMENTS

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HUD Handbook 4310.5, REV-2, paragraph 6-23, requires that reductions of 10 percent or less of the current price be supported by documentation showing the property's current condition. Acceptable documentation may be an inspection performed within the past 2 months or, for example, a telephone report from the real estate asset management system to confirm the property's condition. A change in condition may result from, for example, vandalism or storm damage. Provided this documentation is in the case file, no further documentation or justification is required or expected for price reductions of 10 percent or less of the current price.

If reanalysis indicates that a reduction greater than 10 percent of the current list price is justified, the reasons therefore shall be fully documented in the case file. In addition to a report of an inspection performed within the past 2 months or other information which reflects the property's current condition as previously discussed, additional written justification is required. This may be any legitimate reason for the recommended reduction, such as lack of market appeal or a soft real estate market.

The single-family management and marketing services contract between HUD and National Home, section 5.4.3.6, states that if an executed sales contract is not received within 2 business days, National Home shall notify the backup bidders, if any, that they have 2 business days in which to submit a fully executed sales contract or the property will be reoffered for sale.

Section 5.4.1.8 of the contract states that National Home shall determine, for each property listed on a competitive basis, a minimum acceptable bid in the manner as described in its marketing plan and record the minimum acceptable bid in the electronic management system file.

Section 5.4.2.1.1.2 of the contract states that National Home shall accept the bid that is equal to or greater than the minimum acceptable bid and, subject to the exception in 24 CFR (Code of Federal Regulations) 291.205(i), results in the greatest net offer for HUD. The net offer shall be calculated by subtracting from the bid price the dollar amounts for the closing costs and real estate sales commissions paid by HUD (24 CFR 291.205 (b) (1)). If all bids received are unacceptable, National Home shall (i) request a government technical representative's concurrence to accept a bid that is less than the minimum acceptable bid and document in the electronic management system the rationale for why acceptance of such a bid would be in HUD's best interest.

Section 5.4.1.7 of the contract states that National Home's marketing plan shall include a provision to reanalyze properties that fail to sell within 45 days from the initial list date.

HUD's Single Family Acquired Asset Management System, Chapter 3 of the User's Guide Ver.5.1, page 3-174). – Monitoring parameters provides the total allowable duration time for property to remain in the preliminary offer stage is seven days.

## Appendix D

### SUMMARY OF MANAGEMENT AND MARKETING DEFICIENCIES USING HUD'S REQUIREMENTS

<i>Case number</i>	<i>Contracts not received by Nation Home within 2 business days</i>	<i>Missing documentation supporting that backup bidders were notified</i>	<i>Missing documentation supporting the selected winning bid amounts that did not result in highest net return to HUD or below minimum</i>	<i>Untimely contract acceptance</i>	<i>Loss to HUD</i>
411-284058	√	√			
411-295528			√		\$8,455
411-365744	√				
411-374758	√				
411-394398	√	√			
412-227998	√	√			
412-323511	√	√			
412-372016	√				
412-402065	√	√			
412-431834	√				
412-494274	√				
412-499467	√	√			
412-539496	√				
412-550874			√		3,900
412-554746	√				
412-558464				√	
413-312757			√		22,100
413-347682	√	√			
413-414211	√	√			
413-428211			√		<u>2,000</u>
413-445768	√				
413-451618	√	√			
<b>Totals</b>	<b><u>17</u></b>	<b><u>9</u></b>	<b><u>4</u></b>	<b><u>1</u></b>	<b><u>\$36,455</u></b>

## Appendix D

### SUMMARY OF MANAGEMENT AND MARKETING DEFICIENCIES USING HUD'S REQUIREMENTS (CONTINUED)

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Case number	Percentage of reduction	Adequate documentation provided supporting the analyses or reduction within 45 days
413-445768	First reduction at 36 days was 10 percent.	No
412-297245	First reduction at 35 days was 10 percent.	No
412-519166	None. Property on market for 49 days.	No
413-446770	30 percent at 121 days.	No
411-310572	90 percent at 390 days.	No
413-438181	10 percent at 35 days.	No