

**FHA Multifamily Housing Policy Handbook
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UNIT 2.0 ONGOING ASSET MONITORING

2.01 FINANCIAL STATEMENTS

2.2.1 PURPOSE

The primary purpose of this chapter is to provide information regarding the U.S. Department of Housing and Urban Development's (HUD) uniform financial reporting standards and requirements found at 24 CFR, Part 5, Subpart H, §5.801 and the "The Industry User Guide for the Financial Assessment Subsystem - Multifamily Housing (FASSUB 7.3.3.0)".

A. Uniform Financial Reporting Requirements

This unit provides information regarding the U.S. Department of Housing and Urban Development's (HUD) uniform financial reporting standards and requirements. 24 CFR, Part 5, Subpart H, §5.801 gives a complete list of projects for which these requirements are applicable.

(1) PHAs as contract administrators for any Section 8 project-based or tenant-based housing assistance payments program, which includes assistance under the following programs:

(i) Section 8 project-based housing assistance payments programs, including, but not limited to, the Section 8 New Construction, Substantial Rehabilitation, Loan Management Set-Aside, Property Disposition, and Moderate Rehabilitation (including the Single Room Occupancy program for homeless individuals);

(ii) Section 8 Project-Based Certificate programs;

(iii) Any program providing Section 8 project-based renewal contracts; and

(iv) Section 8 tenant-based assistance under the Section 8 Certificate and Voucher program.

(2) Owners of housing assisted under any Section 8 project-based housing assistance payments program:

(i) Including, but not limited to, the Section 8 New Construction, Substantial Rehabilitation, Loan Management Set-Aside, and Property Disposition programs;

(ii) Excluding the Section 8 Moderate Rehabilitation Program (which includes the Single Room Occupancy program for homeless individuals) and the Section 8 Project-Based Certificate Program;

(3) Owners of multifamily projects receiving direct or indirect assistance from HUD, or with mortgages insured, coinsured, or held by HUD, including but not limited to housing under the following HUD programs:

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- 37 (i) Section 202 Program of Supportive Housing for the Elderly;
- 38 (ii) Section 811 Program of Supportive Housing for Persons with
39 Disabilities;
- 40 (iii) Section 202 loan program for projects for the elderly and handicapped
41 (including 202/8 projects and 202/162 projects);
- 42 (iv) Section 207 of the National Housing Act (NHA) (12 U.S.C. 1701 et
43 seq.) (Rental Housing Insurance);
- 44 (v) Section 213 of the NHA (Cooperative Housing Insurance);
- 45 (vi) Section 220 of the NHA (Rehabilitation and Neighborhood
46 Conservation Housing Insurance);
- 47 (vii) Section 221(d) (3) and (5) of the NHA (Housing for Moderate Income
48 and Displaced Families);
- 49 (viii) Section 221(d)(4) of the NHA (Housing for Moderate Income and
50 Displaced Families);
- 51 (ix) Section 231 of the NHA (Housing for Elderly Persons);
- 52 (x) Section 234(d) of the NHA (Rental) (Mortgage Insurance for
53 Condominiums);
- 54 (xi) Section 236 of the NHA (Rental and Cooperative Housing for Lower
55 Income Families);
- 56 (xii) Section 241 of the NHA (Supplemental Loans for Multifamily
57 Projects).

58 Entities (or individuals) to which this subpart is applicable must provide to HUD such
59 financial information as required on an annual basis. This information must be:

60 (1) Prepared in accordance with Generally Accepted Accounting Principles as further
61 defined by HUD in supplementary guidance (see the HUD-IG, "Consolidated Audit
62 Guide for Audits of HUD Programs Handbook 2000.4" and the Office of Management
63 and Budget (OMB) Circular A-133 and its Compliance Supplement);

64
65 (2) Submitted electronically to HUD through the internet, or in such other electronic
66 format designated by HUD, or in such non-electronic format as HUD may allow if the
67 burden or cost of electronic reporting is determined by HUD to be excessive; and

68 (3) Submitted in such form and substance as prescribed by HUD.

69 For more detailed information on how to submit the information electronically and the
70 information required please see the "The Industry User Guide for the Financial
71 Assessment Subsystem - Multifamily Housing (FASSUB 7.3.3.0)" ("FASSMF") The
72 Industry User Guide can be found on the Real Estate Assessment Center (REAC)
73 website under the section on the assessment of the financial soundness of multifamily
74 housing. Failure to file this information in the period required or to file late may trigger a

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75 referral to the Departmental Enforcement Center and could result in the imposition of
76 civil money penalties following the procedures specified in 24 CFR Part 30.

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78 B. Submission of Financial Information

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80 HUD Developed the Financial Assessment Subsystem – Multifamily Housing
81 (“FASSMF”) to improve the availability of annual financial data on housing projects
82 funded throughout the agency. FASSMF is an automated system that supports the
83 collection, validation, and assessment of financial data for multifamily housing
84 properties insured and/or subsidized by HUD. HUD requires this data to:

85

- 86 • Determine the financial health of properties in their various portfolios.
- 87 • Protect the Department from financial loss due to FHA insurance claims.
- 88 • Ensure proper use of revenues and federal subsidies.
- 89 • Assess owner compliance with Business Agreements (e.g., Charters, Use
90 Agreements, Regulatory Agreements, Housing Assistance Payment Contracts,
91 etc.).

92

93 This financial data is used by Office of Public and Indian Housing, Real Estate
94 Assessment Center (PIH-REAC) and other HUD program offices, including the Office of
95 Multifamily Housing and the Departmental Enforcement Center (DEC) to assess
96 multifamily properties for non-compliance and poor performance.

97

98 FASSMF is a secure, web-based system that allows industry users to access and
99 submit annual financial statement (“AFS”) data via the internet. Since the requirements
100 for the system are complex we recommend that owners who are required to file AFS
101 reference the “The Industry User Guide for the Financial Assessment Subsystem -
102 Multifamily Housing (FASSUB 7.3.3.0)”.

103

104 The FASSMF website also provides the portal to login into FASSUB and provides
105 information and updates on reporting requirements. In addition to the Industry User
106 Guide. Filers should also want to consult the HUD-IG, “Consolidated Audit Guide for
107 Audits of HUD Programs Handbook 2000.4,” found on HUDCLIPS and the Office of
108 Management and Budget (OMB) Circular A-133, and its Compliance Supplement.