



U.S. DEPARTMENT OF THE TREASURY  
Washington, D.C. 20220

April 07, 2017

**VIA EMAIL**

Verise V. Campbell  
Chief Executive Officer/Chief Operating Officer  
Nevada Affordable Housing Assistance Corporation  
3016 West Charleston Blvd, Suite 160  
Las Vegas, NV 89102

Dear Ms. Campbell:

During the period of September 2016 to April 2017, the Office of Compliance within Treasury's Office of Financial Stability (OFS-Compliance) conducted a limited scope, remote compliance review of the Hardest Hit Fund (HHF) in Nevada.

Please see the attached Compliance Review Report, which details the results of the remote review. As shown on the enclosed, Treasury identified \$82,172 in costs funded through HHF but not allowable under the terms of the Commitment to Purchase Financial Instrument and HFA Participation Agreement, dated as of June 23, 2010 between the Nevada Affordable Housing Assistance Corporation (NAHAC), the Nevada Housing Division and Treasury (the HPA). **Treasury hereby directs that NAHAC reimburse the Hardest Hit Fund for such costs by depositing \$82,172 into the Depository Account (as defined in the HPA) within ten (10) business days of the date of this letter.** This request may not be satisfied using funds provided by Treasury under the HPA.

In addition, please provide a written response to the Compliance Review Report, including action plans with due dates as appropriate, within 30 days of receipt of the report.

This letter constitutes a notice delivered pursuant to Section 8 of the HPA. Nothing contained herein shall operate or be construed as a waiver of any right or remedy under the HPA, all of which are hereby expressly reserved.

Please do not hesitate to contact me if you have any questions.

Sincerely,

*Kendra Young-Freeman*

Kendra N. Young-Freeman  
Supervisory Compliance Specialist  
U.S. Department of the Treasury  
Office of Financial Stability,  
1500 Pennsylvania Avenue N.W.  
Washington, D.C. 20220

U.S. DEPARTMENT OF THE TREASURY  
Office of Financial Stability  
April 2017 Remote Review of Nevada Hardest Hit Fund

cc: CJ Manthe, Administrator (NHD)  
Tim Whitright, President and Board Chairperson (NAHAC)  
Chris Byrd, NAHAC Counsel (Fennemore Craig, P.C.)  
Jean Desire, Deputy Chief Compliance Officer, OFS  
Danielle Johnson-Kutch, Director of Policy and Programs, OFS

U.S. DEPARTMENT OF THE TREASURY  
Office of Financial Stability  
April 2017 Remote Review of Nevada Hardest Hit Fund

**Compliance Review Report**  
**April 07, 2017**

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**Background**

The Nevada Housing Division is a state housing finance agency (HFA) participating in the HFA Innovation Fund for the Hardest Hit Housing Markets (the Hardest Hit Fund, or HHF) under the Emergency Economic Stabilization Act of 2008 (EESA). Each HFA participating in HHF must qualify, or designate a separate entity (the Eligible Entity) that qualifies, as a financial institution under EESA. To satisfy this requirement, the Nevada Housing Division designated the Nevada Affordable Housing Assistance Corporation (NAHAC), a Nevada non-profit corporation, to serve as the Eligible Entity, and to receive funding and perform other functions for the Nevada Hardest Hit Fund.

The Nevada Housing Division, NAHAC and the United States Department of the Treasury (Treasury) signed an HFA Participation Agreement (as amended from time to time, the HPA) which allocates \$202,911,881 in funds to Nevada's Hardest Hit Fund program and sets forth the parties' respective rights and obligations. Under Section 1 of the HPA, administrative expenses are subject to Federal cost principles and a budget approved by Treasury. Section 2 of the HPA requires the Eligible Entity to comply with the terms of the HPA, including the term sheets presented as Schedule B. Section 4 of the HPA requires that the Eligible Entity develop and enforce a system of internal controls over the program.

As of December 31, 2016, Nevada implemented four HHF programs and assisted 5,444 homeowners, providing a total of \$93,077,768 in assistance.

OFS-Compliance conducted five on-site compliance reviews and two follow-up reviews prior to this remote review.

**Scope**

Review Period: Please refer to SIGTARP's Audit Report entitled "Waste and Abuse in Hardest Hit Fund Nevada", issued September 9, 2016 (the SIGTARP Report).

OFS-Compliance conducted a limited scope, remote review of administrative expenses incurred by NAHAC and funded through HHF, including expenditures identified in the SIGTARP Report. This included evaluating whether the expenditures funded through HHF complied with the terms of the HPA.

**Results Summary**

*Monitoring Processes and Internal Controls*

**Not applicable**

*Eligibility*

**Not applicable**

*Program Expenses and Income*

**Not applicable**

*Administrative Expenses*

**1. Improper use of HHF Funds and Non-Compliant Administrative Expenses**

OFS-Compliance performed a review of NAHAC administrative expenses, including those noted in the SIGTARP Report. OFS-Compliance identified administrative expenses totaling \$82,172 which were funded through HHF but not allowable under the terms of the HPA. See Exhibit A for details.

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<b>Unallowable Administrative Expenses</b>	<b>Amount</b>
Reimbursement of expenses for CEO's personal automobile	\$ 8,000
Bonus paid to CEO in July 2015	\$ 4,500
Employee parties, outings, lunches, gifts and similar items	\$ 12,940
Legal fees associated with Department of Labor investigation	\$ 26,096
Settlement of EEOC claims by employees	\$ 8,000
Expense disbursements not pertaining to the NAHAC HHF program	\$ 2,382
Improper disbursements to Home Means Nevada (HMN)	\$ 10,967
Improper employee reimbursements (e.g., per diem and entertainment items)	\$ 1,899
Administrative expense disbursements not in compliance with NAHAC's Travel Policy.	\$ 1,760
Disbursements with missing or inadequate supporting documentation	\$ 5,628
<b>Total</b>	<b>\$ 82,172</b>

*Reporting*

**Not applicable**

**Exhibit A**