U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Multifamily Northeast Region
Boston Satellite Office
Thomas P. O'Neill, Jr. Federal Building
10 Causeway Street, 3rd Floor
Boston, MA 02222-1092

CERTIFIED MAIL - RETURN RECEIPT REQUESTED
July 27, 2017
Ah Min Holding LLC
Attn: Emmanuel Ku, Managing Member
587 Beck Street
Bronx, NY 10455

SUBJECT: Notice of Default of the Housing Assistance Payments (HAP) Contract, Violation of Use Agreement and Compliance, Disposition, and Enforcement (CDE) Plan
Clay Arsenal Renaissance Apartments
Hartford, CT
Section 8 HAP Number: CT26A005001
iREMS Number 800003316

Dear Mr. Ku:

This letter constitutes formal notice ("Notice") by the Secretary of the United States Department of Housing and Urban Development ("HUD"), that Ah Min Holding, LLC ("Owner"), owner of Clay Arsenal Renaissance Apartments ("Project"), is in default of the Housing Assistance Payments Basic Renewal Contract ("Renewal Contract"), dated April 24, 2012. The Renewal Contract incorporates terms of the expired Housing Assistance Payments Contract ("HAP Contract") that had an effective date of January 24, 2011, including terms that are the subjects of this Notice. The Owner is also in violation of the Use Agreement it entered into with HUD on January 24, 2011.

Under Section 9.a.1. of Part II of the HAP Contract, the Owner agreed to maintain and operate the Project in decent, safe, and sanitary condition. Paragraph 3 of the Use Agreement also requires the Owner to maintain the Project in decent, safe, and sanitary condition. The applicable standard is set forth in HUD regulation 24 C.F.R. § 5.703, *et al.* Section 5.703(f) provides that "[a]ll areas and components of the housing must be free of health and safety hazards." Section 5.703(g) provides that HUD housing must adhere to state and local codes for building and maintenance.

On July 3, 2017, the Project was inspected by HUD's Real Estate Assessment Center (REAC) and received a score of 73c*. The inspection report identified serious deficiencies in the common areas of the Project that demonstrate the Owner is in violation of the HAP Contract and Use Agreement. The Project received less than 35% of the available points allocated to the common areas and contained serious health and safety violations throughout the Project such as rat and mouse infestation, inoperable locks, mold and mildew, leaking plumbing, inoperable smoke alarms, a misaligned chimney and ventilation system, damaged doors, inoperable refrigerators, and broken window glass. The Project also received only 51% of the total available

points for individual units. The REAC report notes health and safety deficiencies in individual units including rat, mouse, and roach infestation, bedbugs, unlockable windows, mold and mildew, leaking faucets, missing smoke detectors, broken windows, misaligned ventilation systems, damaged showers, blocked fire exits, inoperable hot water heaters, an inoperable electrical system, inoperable "call-for-aid" systems, and missing electrical outlet cover plates.

In addition, several tenants at the Project filed complaints with the City of Hartford alleging health and safety code violations including mice infestation, inoperable windows and doors, and other mechanical failures (e.g., inoperable stoves).

Accordingly, the Owner shall take the following corrective action within sixty (60) days of the Owner's receipt of this Notice:

1. Provide a copy of this Notice to each of the Project's residents;
2. Conduct a survey of the entire Project, identifying all physical deficiencies;
3. Correct all physical deficiencies identified at the Project from the Owner's survey and the REAC inspection report;
4. Execute the enclosed certification that: all deficiencies identified at the Project have been corrected; the Project meets HUD's physical condition standards of 24 CFR 5.703 and state and local codes; and the Owner has provided this Notice to the Project's tenants as required;
5. Submit the completed survey and certification to HUD's Account Executive at the following address:

Attention: Michael Murphy, Senior Account Executive
U.S. Department of Housing and Urban Development
Office of Multifamily Housing
10 Causeway Street
Boston, MA 02222

HUD may re-inspect the Project to confirm that the Owner is compliant with the terms of the HAP Contract. If the Owner fails to take the necessary corrective action required herein, further enforcement by HUD may be warranted, including but not limited to abatement, civil money penalties, and debarment.

HUD may flag the Owner and others responsible for the operation of the Project in HUD's Active Partners Performance System (APPS). This flag may adversely affect eligibility for participation in HUD programs, under HUD's Previous Participation Certification procedure, by constituting a standard for disapproval.

HUD will continue its review of any other contractual agreements between the Owner and HUD beyond the matters identified in this Notice. If HUD determines that there are additional contractual violations or defaults, HUD's subsequent declaration of any such violations or defaults will not affect the requirements set out in this notice.

Please be advised further that the conditions cited in the REAC inspection and in the tenant complaints raise serious doubts relating to the veracity of the certification you previously

made to HUD on June 19, 2017. In response to HUD's inspection conducted on May 30, 2017 and related HAP default letter dated June 8, 2017 citing exigent health and safety violations, including evidence of vermin infestation (e.g., "dead mice"), you certified that all physical deficiencies of the project identified in the May 30, 2017 HUD inspection and your own survey of the project conducted on June 13 – June 19, 2017 had been corrected and that the project is "in compliance with HUD contracts and the physical condition standards of 24 C.F.R. § 5.703." You also certified that to the best of your knowledge the project is in compliance with all state and local codes. Yet, just a few weeks later, on July 3, 2017 REAC inspectors found serious and exigent health and safety violations at the project, including, among other things, vermin infestation. Furthermore, tenants continue to raise concerns about the project's poor physical condition. Accordingly, HUD questions the veracity of your June 19, 2017 certification and reserves its rights to pursue any and all criminal, civil or administrative penalties, sanctions or other regulatory actions for false, fictitious, or fraudulent statements as authorized under 18 U.S.C. §§ 287, 1001, 1010 and 1012; 31 U.S.C §§ 3729 and 3802 and 24 C.F.R. Parts 24, 28 and 30.

If there are any questions concerning this Notice, please contact Michael Murphy at (617) 994-8518.

Sincerely,

Joseph Crisafulli
Asset Management Division
Director
Northeast Region Boston