

APPENDIX 1 TO MFRT SUPPLEMENT

1) Definitions

For the purposes of this Supplement, Field Asset Management employees who work in Multifamily are responsible for oversight and management of Multifamily projects, inclusive of insured and non-insured. This involves review and monitoring of physical and financial condition and other related management functions including, but not limited to, routine mortgage servicing, property risk assessments and monitoring, default prevention and servicing, and disposition activities.

2) To be considered an Asset Management employee, an employee should meet one of four criteria as of the effective date of the MFRT Supplement:

- A. If employee currently has an Asset Management Position Description; or
- B. If an employee has a portfolio of assets in HEREMS and has an Asset Management supervisor in HIRTS; or
- C. If A and B above do not apply to an employee, but that employee is identified as an Asset Management employee by the HUB Director, Program Center Director or first line supervisor; or
- D. If an employee was listed as an Asset Management employee on the from and to list prepared by Management for this reorganization/transformation.

Employee preferences will be considered as part of the Panel process as described in Section 5 below. Employees meeting any of the aforementioned criteria shall have the option of remaining at their current office consistent with Congressional intent.

Management agrees not to reassign employees from Asset Management to Multifamily Production solely to require the employee to relocate with the exception of the Job Exchange Program.

3) Multifamily bargaining unit employees who perform approximately 50 percent or more of their time working on Asset Management work shall be designated as Asset Management employees. Therefore, these employees are not subject to relocation consistent with Congressional intent.

4) In accordance with the above paragraph 2, the determination of whether Multifamily employees have transferable duties, such as a Program Assistant, Program Analyst or employees of the Lender Quality Management Division (LQMD) are Asset Management employees, the employees' Hub Director and immediate supervisor shall base their determination on the actual work duties. Employees may challenge this determination.

5) Management will provide the Union all evidence and procedures used to determine whether or not an employee is in Asset Management. If an employee disagrees with Management's determination, the employee will be able to submit an appeal to a Review Panel. The Panel will be composed of two Hub Directors, representatives from

Headquarters Asset Management and Production, and a Union representative. Employees shall be eligible for Union representation before the review panel and will submit all evidence that shows that approximately 50 percent or more of the employee's regular work over the course of the last year was Asset Management work. The Panel will also take into consideration an employee's long term career experience. If an employee's long term career experience is predominately in Asset Management, then it will be determined that the employee is Asset Management. The Panel will review the submitted evidence and materials and make a final determination on the employee's Asset Management status. Union participation on the Review Panel does not constitute nor imply agreement with any Review Panel appeal decision.

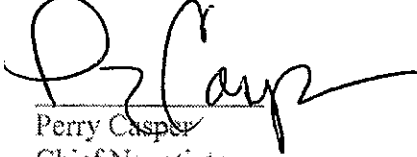
In the event the employee disagrees with the Department and all appeal procedures listed in the MFRT Supplement are exhausted, the employee may then file a grievance. For the purpose of grievances involving decisions of the Review Panel only, the Union and Management agree that the following procedures apply.

1. The employee must file the grievance within seven days of the Review Panel decision.
2. The grievance will not progress through the steps set forth in Section 22.12 of the HUD/AFGE Agreement, but will proceed directly to arbitration. Arbitration must be invoked in accordance with Section 23.01 of the HUD/AFGE Agreement.
3. Arbitrations must be scheduled with the arbitrator to be held within 30 days. The schedule can be extended upon mutual agreement of all parties.
4. The parties will not file prehearing or post hearing briefs.
5. The arbitrator will make a bench decision as soon as practicable.
6. The parties will inform the arbitrator of these procedures.
7. A directed reassignment for the aggrieved employee will not be made effective while the arbitration is pending provided that these time frames are met.
8. All other contractual provisions for arbitrations will apply.
9. If the Department files an exception to the arbitration award with the FLRA, the employee's relocation stay will remain in effect. If the employee/union files an exception to the arbitration decision with the FLRA the employee may be relocated by the Department to the employees preferred core office, however, if the arbitration decision is changed/reversed, HUD will relocate the employee back to their former non-core office, if the employee still selects that option, and will reimburse all costs and expenses for the new relocation of the employee.
10. A Multifamily employee who successfully exchanges jobs in the Job Exchange program must withdraw any grievance of the Panel decision regarding the Asset Management determination.

6) Employees who utilize official time as Union representatives on Union activities, spend the balance of their time on Asset Management duties or have been identified as Asset Management employees in accordance with the above paragraphs number 2 or 3, shall be designated as Asset Management employees. These employees are not subject to relocation consistent with Congressional intent.

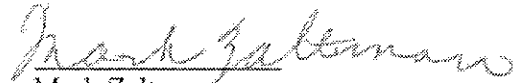
7) In accordance with each Wave of the MFRT, Asset Management employees in non-core offices may stay in place in their current offices, may choose to relocate, or accept one of the options for retirement, buyout, Job Exchange, Resume Bank or may apply for another position in the Department consistent with Congressional intent. (There are 12 core offices that are receiving offices, which include, New York, Boston, Baltimore, Atlanta, Jacksonville, Chicago, Detroit, Minneapolis, Fort Worth, Kansas City, San Francisco, Denver and the remaining offices are non-core offices that employees may be relocated from.)

For the Union



Perry Casper
Chief Negotiator

For Management



Mark Zaltman
Chief Negotiator

Date: *May 1, 2014*