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Section 8 Loan Management Set-Aside Program for Projects

Directive Number: [\[Prev Hit\]](#)[\[Next Hit\]](#)**4350.2**

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of:
Regional Administrators; Transmittal Handbook No: 4350.2 REV-1
Directors of Regional Housing; CHG-1
Category A, B, and C Offices; Issued: 8/20/93
Directors of Housing Management Division; Loan Management
Branch Chiefs; Assisted Housing Management Branch Chiefs;
Owners and Management Agents of Projects covered by this
Handbook.

1. This transmits:

A change to Handbook 4350.2 REV-1, Section 8 Loan Management Set-Aside Program for Projects with HUD-Insured and HUD-Held Mortgages.

2. Explanation of Materials Transmitted:

A. This Change incorporates Housing's response to findings and recommendations by the Office of Inspector General requiring the Field Office Manager and Director of Regional Housing, where appropriate, to certify in writing that, prior to submitting a recommendation to fund a LMSA application to Headquarters, the necessary review and follow-up have been completed.

B. This Change corrects the information contained in Exhibit 2-1.

3. Effective date:

Upon receipt.

4350.2 REV-1 CHG-1

4. Filing Instructions:

Remove

Insert

Table of Contents,
Pages i, ii, iii, & iv
dated 6/92

Pages 1-17 through 1-19
dated 6/92

Pages 2-3, 2-4, 2-17, 2-18,
2-21 through 2-26
dated 6/92

Table of Contents,
Pages i, ii, iii, & iv
dated 8/93

Pages 1-17 through 1-19
dated 8/93

Pages 2-3, 2-4, 2-17,
2-18, 2-21 through
2-26 dated 8/93

Nicolas P. Retsinas
Assistant Secretary for Housing
- Federal Housing Commissioner

W-3-1, W-2 (H), W-3 (A) (OGC) (ZAS), W-4 (H), R-1, R-2, R-3, R-3-1,

R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-8, Special Distribution

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of:

Regional Administrators
Regional Housing Commissioners;
Category A, B, and C Offices;
Directors of Housing Management Division;
Directors of Housing Development Division; Loan Management Branch
Chiefs; Assisted Housing Management Branch Chiefs; Owners and
Management Agents of Projects covered by this Handbook.

Transmittal Handbook No.: 4350.2 REV-1

Issued: 6/30/92

1. This Transmits
Revised HUD Handbook 4350.2, Section 8 Loan Management Set
Aside Program for Projects with HUD-Insured and HUD-Held
Mortgages, dated 6/92. This document completely replaces
earlier versions of the handbook.

2. Explanation of Materials Transmitted:

This handbook:

A. Incorporates the following notices:

- HUD Notice 90-13, Restrictions on Lobbying
- HUD Notice 90-17, Combining LIHTC with HUD Programs
- HUD Notice 91-22, Comprehensive Multifamily Servicing Program
- HUD Notice 91-60, Instructions for Section 8 Loan Management Set-Aside Contract Renewals
- Federal Register Notice "Administrative Guidelines: Limitations on Combining Other Government Assistance with HUD Housing Assistance," April 9, 1991.

B. Makes the following substantive changes to the old

handbook:

1. The handbook now addresses the competitive awards process for selecting Loan Management Set-Aside recipients.
2. Administrative responsibilities have been revised now that PHAs no longer participate in program administration.
3. Changes in the procedures for reserving contract authority have also been incorporated.

-
4. New procedures and requirements for handling expiring LMSA contracts have been incorporated to address the requirements of Section 262 of the Housing and Community Development Act of 1987, and Section 544 of the Cranston-Gonzales National Affordable Housing Act of 1990.
 5. This version incorporates the new Unit Inspection forms (Form HUD-9602 and 9602A) to be used in assessing the physical condition of units receiving LMSA assistance.

C. Does not include:

Detailed information about subsidy layering. This information will be clarified in HUD Handbook 4350.1, Chapter 17, in the near future. Until then, refer to Notices and other guidance circulated by the Department, including Notice 90-17 and Philip Salamone's memo of April 17, 1991 concerning implementation of Subsidy Layering Guidelines.

3. Effective Date

Effective upon receipt.

4. Filing Instructions

Remove:

Handbook 4350.2, including all
appendices and the table of
contents

Insert:

Revised Handbook 4350.2 REV-1
dtd 6/92

Arthur J. Hill
Assistant Secretary for Housing
- Federal Housing Commissioner

Handbook

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U.S. Department of Housing and Urban Development
Washington, D. C. 20410

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CHAPTER 1. OVERVIEW

1-1. BACKGROUND

A. Purpose

1. The Section 8 Loan Management Set Aside (LMSA) Program for projects with HUD-insured and HUD-Held mortgages is designed to reduce claims on HUD's insurance fund by stabilizing the financial condition of troubled HUD-insured or HUD-held multifamily projects. The program is intended to assist projects with immediately or potentially serious financial problems.
2. The LMSA program provides Section 8 rental assistance to the project. The Section 8 assistance is a mechanism that allows tenants to afford rent levels necessary to maintain the project and allows increases in income. The rental subsidy for the residents makes it possible for the owner to receive higher unit rents. To qualify for the program, owners must show how LMSA assistance will enable them to overcome the project's problems.
3. Assistance is also provided under the LMSA program for other purposes as authorized in applicable legislation, such as incentives to owners to prevent prepayment of HUD mortgages, incentives in exchange for extending low income affordability restrictions, or conversions to the Section 8 program from Rent Supplement, Rental Assistance Payment (RAP) or other defunct HUD subsidy programs. When funds are made available for conversion of Rent Supplement and RAP, a Notice of Fund Availability (NOFA) will appear in the Federal Register.

B. Authority

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The program is authorized by Section 8 of the U.S. Housing Act of 1937, as amended, and is covered in Federal regulations at 24 CFR Part 886 Subpart A.

C. Additional References

This Handbook should be used in conjunction with the following additional Handbooks and Departmental issuances, including the current Notice of Fund Availability (NOFA) for the Section 8 LMSA Program:

- o Occupancy Requirements of Subsidized Multifamily Housing Programs (HUD Handbook 4350.3);
- o Insured Project Servicing Handbook (HUD Handbook 4350.1);
- o Housing Fund Control Handbook (HUD Handbook 7400.10);
- o Management Documents, Agents, and Fees (HUD Handbook 4381.5).

1-2. ELIGIBLE PROJECTS

Four types of HUD multifamily projects are eligible for LMSA assistance:

1. HUD-Insured projects and HUD-Held mortgages with or without subsidy are eligible for new units, except such projects which already have a contract for project-based Section 8 assistance for all units;
2. any project described in (1) above that has been assigned to the Secretary;
3. any multifamily project acquired by the Secretary and thereafter sold under a Secretary-held purchase money mortgage; or
4. a property financed under Section 202 of the Housing Act of 1959.

References to HUD-Held or Secretary-Held projects throughout the handbook include any projects that meet one of the descriptions (Paragraph 1-2.) above.

1-3. FORM AND TERM OF SUBSIDY

A. Form of Subsidy

1. Section 8 assistance is a rental subsidy that provides the difference between the approved rent for a covered unit and the amount determined by formula to be payable by the Section 8 eligible tenant.
2. The program also provides the following additional benefits to the owner;
 - o HUD payment of limited claims for unpaid rent and tenant damages; and
 - o HUD payment of limited claims for vacancy losses.

B. Term of Assistance

1. Section 8 Housing Assistance Payments (HAP) Contracts are executed between HUD and the owner.
 - o Because of the appropriations language, the initial term of contracts executed since 1983 may not exceed 5 years. Upon expiration of the contract term, HUD will offer to extend the contract for additional five-year increment periods to the extent appropriations are made available. Total contract shall not exceed 15 years. Owners not in compliance with housing quality standards and not maintaining the project in a decent, safe, and sanitary manner will not be offered an opportunity to extend the Section 8 contract.

The total number of years in the

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contract term for HAP contracts executed between 1976 and 1983, including renewals, must not exceed 15 years. At the option of the owner, these contracts can be extended in five-year increments

up to a maximum term of 15 years.

- o Upon expiration of the contract term, HUD will offer to extend the contract for additional five-year incremental periods to the extent appropriations are made available.

2. The Housing and Community Development Act of 1987 changed the procedures regarding contract expirations. Prior to the Act, renewals and extensions were initiated with the mutual agreement of HUD and the owner. Since the Act, all owners must provide advance notice of their intent to terminate the HAP Contract upon expiration. (See Paragraph 3-4 for more detailed information about expiring contracts and extensions.)

1-4. PROGRAM FUNDING

A. Competitive Process

LMSA assistance is not an entitlement. HUD selects projects to receive assistance through a competitive awards process announced in an annual Notice of Fund Availability (NOFA) published in the Federal Register. In making awards, HUD considers the type of project (insured or HUD-held), the immediacy of the project's financial problems, the quality of the owner's plan for correcting these problems, and the likelihood that the assistance will avoid an insurance claim. Funds designated for assistance to troubled projects are awarded under competitive procedures. The competitive awards process described herein does not apply to LMSA assistance provided for special purposes such as incentives to prevent mortgage prepayment, Rent Supplement/RAP conversions, etc.

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B. Types of Funding

Owners of eligible projects can apply for assistance under either general funding or emergency funding procedures.

1. General Funding: Most LMSA funds that are available each year will be awarded through general funding procedures. To receive LMSA general funding assistance owners submit an application in response to a NOFA (see

Appendix 1 for LMSA Application, Form HUD-52530).

2. Emergency Funding

- o In most cases, Headquarters retains a limited portion of each annual LMSA funding allocation for emergency funding requests. The portion of annual funds potentially available for emergency requests will be announced in the NOFA published each year.
- o Applications for LMSA assistance received after the general funding deadline will be considered under emergency funding procedures. Applications for emergency assistance may be submitted according to instructions described in the NOFA. However, before preparing an application, owners should check with the HUD Field Office to determine if emergency funding is likely to be available and whether or not the project would be a good candidate for emergency assistance.
- o In evaluating emergency funding requests, the Field Office will assess the likelihood that the assistance requested will prevent a mortgage default or assignment in the near future and the reasons the funds are needed on

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an emergency basis. The Field Office will assess the immediacy of a project's financial problems using the indicators described in Paragraph 2-11.

- o Headquarters will consider emergency requests only to the extent that adequate funds are available to fulfill the request.

1-5. CONDITIONS OF ASSISTANCE

A. Disclosure of Tax Credits and Other Federal Assistance to the Project

HUD is required to certify that the amount of assistance it will provide through the LMSA

program will not exceed the amount needed to provide affordable housing. This certification must be made before HUD can execute LMSA contracts for new or additional units of assistance, or reserving funds for those units. This requirement does not apply to contract renewals or cost amendments.

To enable HUD to make this certification, owners must disclose information about low-income housing tax credits and other government assistance received by the project.

1. Tax Credits

If a project does not have tax credits, the owner must sign a certification that no tax credits have been received and agree to notify the Field Office of any changes in the project's tax credit status.

If a project has received tax credits, the owner must provide the following information with the application:

- o A brief summary of the terms under which the owner will participate in the program, including:

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- annual credit amount
- type of credit (acquisition or rehab)
- date the 10-year credit period will begin
- credit percentage awarded for each type of credit
- maximum qualified basis for each type of credit
- the applicable income eligibility limit
- number of units, if any, for deep rent skewing

- o a copy of:

- IRS Form 8609, Low Income Housing Credit Allocation Certification; or
- a report on the status of any tax credit allocation still in process and a copy of any credit agency reservation form or other document indicating the agency's intent to

award credits to the project

- o In the case of a Transfer of Physical Assets (TPA), documentation of whether the credits will be claimed by the current owners or new owners
- o a list of all federal, state and local government insurance, loan, grant or subsidy programs in which the applicant plans to participate, and any grants or below market loans expected to be received from non-government sources. For each loan, give interest rate, monthly debt service loan amount and loan term
- o a sources and uses of funds statement as contained in Chapter 13, Appendix F of HUD Handbook 4350.1, itemizing:
 - all funds available (gross amounts available before syndication,

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- legal, or other intermediary costs);
- all purposes for which funds will be disbursed; and dates any investor contributions are due.
- o a statement in which the applicant agrees to promptly notify the HUD Field Office of any change in the information provided pursuant to the project's tax credits

2. Other Government Assistance

If the amount of government assistance the applicant will receive or can reasonably expect to receive during the Federal Fiscal year in which the LMSA application is submitted exceeds \$200,000, the applicant must disclose the types and amount of other government assistance received. Examples of other government assistance include: mortgage insurance, loans, grants, payments, subsidies or indirect assistance from a federal, state or local government agency.

In determining whether assistance to a project exceeds the \$200,000 threshold,

owners should count the total amount of a multi-year assistance award as assistance received during the Federal fiscal year of the application. The total amount of LMSA assistance requested in the current application and the total amount of existing LMSA contracts should be included when making this determination.

B. Lobbying Restrictions Agreement

Under the federal lobbying regulations, federal funds, including LMSA assistance, may not be used to influence or attempt to influence any Executive or Legislative branch personnel in connection with the award of any Federal contract, loan or grant, or the entering into of any cooperative agreement.

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This prohibition also applies to payments made to influence a Federal official in connection with the extension, continuation, renewal, amendment or modification of any contract, grant, loan or cooperative agreement. As part of the LMSA application, owners must certify that they have not used, are not using and will not use federally appropriated funds for lobbying. Owners must also agree to require comparable certification language in contracts and agreements with subrecipients of LMSA funds, such as property managers.

Owners who apply for LMSA funds in excess of \$100,000 are required to disclose payments made with non-federally appropriated funds for lobbying activities, and must certify that they will disclose such activity should it occur in the future. Certification regarding lobbying activities must be submitted as part of the application. Disclosure statements, if warranted, regarding lobbying activities must also be submitted as part of the application. Applicants are responsible for determining whether their disclosure statements need to be updated at the end of any calendar quarter, using the criteria set forth in 24 CFR 87.110(c).

Certification and disclosure statements, if warranted, regarding lobbying activities must be submitted as part of the application. Upon receipt of a disclosure form (SF-LLL), the Field Office Loan Management staff must make a duplicate of the disclosure form and forward the original to the Office of Ethics in Headquarters. Applicants

are responsible for determining whether their disclosure statements need to be updated each quarter. Sample certification language and a lobbying disclosure form (SF-LLL) are included in Appendices 5 and 6.

In addition, if applicants spend non-federally appropriated funds for the purpose of influencing a HUD funding decision or management action regarding their LMSA application, they must keep records of all such expenditures and, if the total amount of money on such expenditures exceeds

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\$10,000 in a calendar year, report to HUD on such expenditures between January 1 and January 10 of the following year. Each person receiving payment or consideration to influence HUD's decision must register with HUD's Office of Ethics in Headquarters. These requirements do not apply to expenditures incurred in complying with conditions, requirements, or procedures imposed by HUD as part of the application.

C. HUD Fair Housing Requirements

Owners must certify on their applications that they will comply with the Fair Housing requirements that apply to multifamily rental properties. These requirements are set forth in the Fair Housing Act, Title VI of the Civil Rights Act of 1964, Executive Orders 11063 and 11246, Section 504 of the Rehabilitation Act of 1973, Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Section 3 of the Housing and Urban Development Act of 1968, as well as with all regulations issued pursuant to these authorities. The specific requirements can be found in Exhibit A to the HAP Contract, Form HUD-52537 (see Appendix 2).

In addition, owners must submit and comply with their Affirmative Fair Housing Marketing Plan.

D. Housing Quality Standards (HQS)

The units for which assistance is requested must meet the standards for decent, safe, and sanitary housing as specified in 24 CFR 886.113. Since eligible LMSA projects have already met minimum property standards and housing quality standards (HQS) at the time of construction, the Field Office must inspect the units to ensure continued

compliance with HQS and also that unit maintenance is satisfactory. If the Field Office finds that units do not meet HQS requirements, HUD can provide assistance for those units only if the owner presents an acceptable plan for bringing the deficient units into compliance. Further details

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and discussion of housing quality standards are found in Paragraph 2-5 of this Handbook.

E. Lead-Based Paint

1. The owner is required to inspect all units proposed for assistance under the LMSA program which were constructed prior to 1978 for defective paint surfaces. These are surfaces on units which have cracking, scaling, chipping, peeling or loose paint.
2. If the lead-based paint or defective paint surfaces are discovered in any unit proposed for assistance, follow the guidelines outlined in Paragraph 1-5.E.3.c.i. below, as a condition for approval of the new HAP contract.
3. For HAP contracts executed on or after May 1, 1987, the following requirements apply:
 - a. A random sample of all dwelling units shall be tested for lead-based paint in chewable surfaces. Chewable surfaces are defined as protruding painted surfaces up to five feet from the floor or ground which are readily accessible to children under seven years of age. These surfaces include, but are not limited to, protruding corners, window sills and frames, doors and other protruding woodwork.
 - i. For projects with twenty or more units, ten units shall be tested.
 - ii. For projects with fewer than twenty units, six units shall be tested.
 - iii. A sampling of common areas and exterior surfaces frequently used by children under 7 years of age, such as play grounds and day care centers, shall also be tested.

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If all of the units tested in the sample are found to be lead free, then the project may also be considered lead free and no further testing or abatement will be necessary. If lead is found in any of the tested units, then all assisted units and units proposed for assistance in the project must be tested. If lead is found to be present in any of the common areas, then all common areas must be tested.

- b. Elevated Blood Level (EBL) Child. If an owner is presented with test results that indicate a child seven years or younger living in a unit has an elevated blood level (25 micrograms per deciliter of blood or greater unless otherwise specified by HUD) then the owner is required to test the unit and if the test is positive for lead-based paint abate the unit following the guidelines outlined in Paragraph 2-6, or the owner may forego testing and abate all unit surfaces.
- c. Requirement to test and abate. If lead-based paint is discovered in any assisted units or units proposed for assistance, abatement will be required under the following conditions:
 - i. For all new applications : defective paint surfaces. For the approval of new units under LMSA, the owner is required to inspect for defective surfaces. All defective paint surfaces and chewable paint surfaces must either be abated, or tested for lead-based paint and abated if found to be positive (see Paragraph 2-6.B. for required abatement procedures).
 - ii. For all new applications - chewable

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surfaces. For the approval of new units under LMSA, the owner is required to conduct the random sampling test for chewable surfaces as described above, in accordance with the testing requirements described in Paragraph 2-6, and abate the entire interior and/or exterior chewable surfaces (if test results indicate the presence of lead-based paint). The owner and testing entity must certify that a unit is free of lead-based paint, as a condition prior to the execution of a HAP contract.

- iii. In the case of an EBL child. If an owner is presented with test results that a child living in an assisted unit has an EBL as defined above, and the unit tested positive for lead-based paint then the owner must abate the unit according to procedures set forth in Paragraph 2-6 or relocate the family to a unit free of lead-based paint.

F. Resident Input

1. Purpose: Project owners subject to 24 CFR Part 245 are required to solicit input from residents when they request a rent increase as part of their LMSA application. This requirement seeks to ensure that owners consider the impact of requested rent increases on residents of projects that do not receive a project-based rental subsidy.
2. Notice: HUD will take resident comments prior to executing the HAP contract with owner, not during the application stage. Project owners subject to 24 CFR Part 245 must notify the project's residents of their intent to request a rent increase as part of an application for LMSA assistance. The notice must be distributed directly to each

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resident and posted in common areas within the project, including, but not limited to,

the project office, laundry rooms, and common entry ways. For further information, refer to Chapter 7 of HUD Handbook 4350.1.

3. **Comment Period:** Owners must give tenants a period of at least 30 days following the date of the notice to submit written comments on proposed rent increases. Owners should specify in the notice to tenants the final date comments can be accepted.
4. **Summary of Comments:** At the end of the comment period, the owner must summarize the residents' comments, and prepare a recommendation on whether the proposed rent increase should be revised to accommodate the comments. Owners must assemble copies of the summary, the recommendation, the residents, comments and a copy of the notice distributed to tenants, and submit them to HUD along with their rent increase request.

G. Other HUD Requirements

1. Applicants must comply with Section 102 of the HUD Reform Act of 1989. See 24 CFR Part 12, Subpart C for detailed information. Subpart C provides for (1) initial reports from applicants for HUD assistance and (2) update reports from recipients of HUD assistance. All applicants for assistance from HUD for a specific project or activity must make a number of disclosures, if the applicant meets a dollar threshold for the receipt of covered assistance during the fiscal year in which the application is submitted. The applicant must also make the disclosures if it requests assistance from HUD for a specific housing project that involves assistance from other governmental sources. HUD Form 2880, which provides for these disclosures, is provided to the public through the application package. A copy of

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HUD-2880 is included at Appendix 18.

2. The owner must be in compliance with the Regulatory Agreement and all other HUD regulations and guidelines. For example, the Field Office should confirm that the security deposit account for the project is adequately funded. If an owner is not in compliance,

LMSA assistance, cannot be awarded until the owner presents an acceptable plan to correct all deficiencies.

1-6. KEY STEPS IN THE PROCESS

Exhibit 1-1 summarizes key steps in the approval of LMSA funds.

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EXHIBIT 1-1

KEY STEPS IN LMSA APPROVAL PROCESS

Publication of Notification of Fund Availability (NOFA) -- General Funding and Emergency Funding

Owner submits application to HUD Field Office

Field Office Review

- o Local Government Review and Comment
- o Field Office Review
- o Annual Needs Survey

Acceptable applications submitted to Headquarters by Field Offices

Headquarters Review and Selection Based upon Selection Criteria and Priorities established in the NOFA

Allocation and Reservation of Funds

- o Headquarters allocation to Regional Office
- o Regional Office notification Field Office
- o Field Office reservation of funds

Execution of HAP Contract

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1-7. PROGRAM ADMINISTRATION

A. Headquarters Role

1. The Office of Multifamily Housing Management reviews acceptable applications forwarded by the Field Offices in the Annual Needs Survey and selects projects to receive LMSA awards. The Field Offices are then notified of the results of the selection process.
2. The Funding Control Division, Office of Budget and Field Resources, issues Section 8 funds for approved projects to the Regions for distribution to the Field Offices.
3. The Operations Division, Office of Multifamily Housing Management, conducts overall program administration.

B. Regional Offices

1. Regional Offices of Housing must review and approve all funding requests when the number of units recommended for assistance by the Field Office exceeds the sum of the vacant units and the number of tenants paying more than 30 percent of their adjusted income for rent. Any recommendation by the Regional Office of Housing must be submitted in writing to Headquarters and must contain certification by the Regional Director of Housing that the applications have been processed in accordance with all guidelines and instructions. Any additional details and project priority will be described in the NOFA. Regional Offices must also review and provide written concurrence with all applications for emergency funding submitted to Headquarters.
2. The Regional Accounting Division (RAD) Director, is responsible for recording and controlling Section 8 funding authorizations for Field Offices and the disbursement of funds against such authorizations.

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C. Field Offices

1. Loan Management staff

- o is responsible for the day-to-day activities involved in reviewing owner applications, including lobbying certifications, completing the Annual Needs Survey, and administering the program.
- o will notify applicants of HUD's decision regarding their application.

2. The Housing Management Division Director

- o approves all applications recommended to Headquarters and executes contracts with owners whose applications have been approved by HUD.
- o must assure that reservations and obligations of contract authority for this program do not exceed the amount of contract authority allocations actually received on Form HUD 185.1.

1-8. FUNDING DISCLOSURE

HUD's regulation implementing Section 103 of the Department of Housing and Urban Development Reform Act of 1989 was published May 13, 1991 (56 FR 22088) and became effective on June 12, 1991. This regulation, codified as 24 CFR Part 4 applies to the funding competition. The requirements of the rule continue to apply until the announcement of the selection of successful applicants.

HUD employees involved in the review of applications and in the making of funding decisions are restrained by Part 4 from providing advance information to any person (other than an authorized employee of HUD) concerning funding decisions, or from otherwise giving an applicant an unfair competitive advantage. Persons who apply for assistance in this competition should confine their inquiries to the subject areas permitted under 24 CFR Part 4.

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Applicants who have questions regarding funding disclosure and lobbying restrictions should contact the HUD Office of Ethics at (202) 708-3815 TDD/Voice (This is not a toll-free number. In addition to the public, the Office of Ethics can provide information of a general nature to HUD employees as well. However, a

HUD employee who has a specific program question, such as whether particular subject matter can be discussed with persons outside the Department, should contact his or her Regional or Field Office Counsel, or Headquarters counsel for the program to which the question pertains.

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CHAPTER 2. PROGRAM APPLICATION AND APPROVAL PROCESS

2-1. NOTICE OF FUND AVAILABILITY (NOFA)

HUD will inform project owners of the availability of LMSA funds through annual NOFAs published in the Federal Register. The NOFAs will announce the amount of funds to be awarded for the current fiscal year and the requirements owners must follow in applying for these funds. The NOFA will also document any special conditions that apply to the LMSA awards made that year.

Headquarters will prepare the NOFA each year, and inform the Regional and Field Offices of the anticipated publication date.

2-2. OWNER APPLICATION PROCEDURES

A. Application Form (HUD-52530)

1. To apply for LMSA assistance, owners must submit to the HUD Field Office having jurisdiction a completed application (HUD Form 52530) and all required accompanying materials. Exhibit 2-1 summarizes the information requested on the application. A copy of the application form is included in Appendix 1.
2. Owners should follow all instructions on the application form and make sure they respond to any special instructions contained in the NOFA. If instructions included in the NOFA conflict with instructions on the application form, the language contained in the NOFA will take precedence.
3. An owner who applied for LMSA assistance in a prior year and did not receive the desired number of units may re-apply and be considered for LMSA assistance under the current NOFA. Owners who wish to re-apply

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must submit current information on the project and respond to all of the requirements specified in the current NOFA.

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 EXHIBIT 2-1

SUMMARY OF DATA REQUIRED BY FORM HUD-52530

Owner's name, full address, Social Security Number(s) (SSN) or Employer Identification Number (EIN), and documentation to verify SSNs or EIN.

The project's name, project number, and the management agent's name and address.

A list of units in the project containing information about unit size, gross monthly family income, family size, unit rent, and monthly rent amount paid by tenant.

The owner's estimate of the effect of the availability of Section 8 assistance on the marketability of units in the project.

Information on vacancies and turnovers.

Total number of units by bedroom size for which Section 8 assistance is requested.

Description of project's financial problems and owner's proposed plan for addressing the problems.

Sources and uses of all financial resources needed to complete the owner's plan, including any cash contributions from the owner.

Listing of other government assistance received by the project. (See Section 1-5.A.2.)

Written certification by the owner stating that lobbying services will not be used in support of the application. (See Section 2-2.B.3. and 4.)

Written certification that the owner will comply with the provisions of the Fair Housing Act and a completed

Affirmative Fair Housing Marketing Plan.

Written certification by the owner that the proposed plan for the project will be executed as presented. As part of this certification, the owner must also agree to revise the plan to incorporate any modifications specified by HUD as necessary to correct problems overlooked or insufficiently addressed by the original plan.

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B. Required Attachments

1. Proposed budget for the project showing the use of LMSA funds (see [Form HUD 92547-A](#), Appendix 3);
2. Affirmative Fair Housing Market Plan submitted on [Form HUD 935.2](#) (Appendix 4). For further information, refer to HUD Handbook 8025, Affirmative Fair Housing Marketing;
3. Written certification by the owner stating that LMSA funds will not be used for lobbying activities; and
4. Disclosure of Lobbying Activities Form, [Standard Form LLL](#), if warranted.

Appendices 3 through 6 contain copies of items 1 through 4.

C. Concurrent Request for Rent Increase

Owners wishing to request a rent increase at the same time as the LMSA application should do so in accordance with Handbook 4350.1, Chapter 7. In such circumstances, the proposed budget required in Paragraph 2-2.B.1. above, should include some assumptions based upon the requested rent increase.

D. Submission Requirements

1. General Funding
 - o Completed applications and all accompanying materials must be submitted by the application deadline specified in the NOFA. The completed application must be submitted in an envelope package, or binding that contains all

parts of the application in its entirety. The Department will treat as ineligible for consideration any

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application that is received after the deadline.

- o Applications submitted must be received at the Field Office at the date and time specified in the NOFA.
- o Incomplete applications or applications received by Field Office after the deadline may be submitted for emergency LMSA assistance.

2. Emergency Funding: Applications for emergency funding may be submitted in accordance with instructions in the NOFA. However, owners are encouraged to contact the Field Office to determine whether emergency funding is available and whether the project is a good candidate for emergency funding assistance.

E. Correcting Deficient Applications

1. After the NOFA deadline for submitting applications, no owner-initiated changes to the application will be accepted, except for corrections of technical deficiencies which do not alter the substance of the application.
2. After the application response deadline, the Field Office will notify applicants in writing of any technical deficiencies in their applications. Applicants must submit all corrections of technical deficiencies by the official close of business of the fourteenth calendar day from the date of the HUD notice of deficiency to the owner.

2-3. LOCAL GOVERNMENT COMMENT

A. Purpose

LMSA assistance is not contingent upon approval from the local government. However, nonbinding

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comments from the chief executive of the unit of general local government (UGLG) are relevant to the determination to be made by HUD that there is a need for such housing assistance and that there is or will be available in the area adequate public facilities and services. If the local government finding is negative, it must be accompanied by supporting evidence.

B. Notification Requirements:

Within 10 days of receipt of an owner's application that has more than 12 units, the Loan Management staff must notify the chief executive of the unit of general local government in which the project is located and seek the following assurances:

- o the community in which the project is located is providing, or will provide, essential services to the project in keeping with the community's general level of these services; and
- o the real estate taxes on the project are or will be no greater than would be the case if the property were assessed in a manner consistent with normal property assessment procedures for the community.

A sample letter to local governments seeking such assurances is provided in Appendix 7.

2-4. REVIEW FOR COMPLIANCE WITH PROGRAM REQUIREMENTS

Before an application can be considered for approval, the Field Office must confirm that the following program requirements are met. Requirements marked with an asterisk (*) in the list below are explained in more detail in subsequent paragraphs. The Field Office must determine that:

- A. The owner has submitted written certification that the owner will comply with the provisions of the Fair Housing Act, Title VI of the Civil Rights Act

of 1964, Executive Orders 11063 and 11246, Section 504 of the Rehabilitation Act of 1973, Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Section 3 of the Housing and Urban Development Act of 1968, Affirmative Fair Housing Marketing Plan, as well as with all regulations issued pursuant to these authorities.

- B.* The condition of residential units meets HUD's Housing Quality Standards (See paragraph 2-5 below.)
- C. A significant number of residents or potential residents are eligible for, and in need of, assistance.
- D. The requested Section 8 assistance will not adversely affect other HUD-related multifamily housing units within the neighborhood (e.g., contribute to substantial move-outs or divert prospective applicants from nearby HUD-related multifamily housing).
- E. The project faces serious financial problems, which:
- are likely to result in a claim on the insurance fund in the near future, OR
- appear to have a high probability of producing a claim on the insurance fund within the next five years.
- F.* The requested assistance would solve an identifiable problem and provide a reasonable assurance of long term project viability (See Paragraph 2-7 below).
- G.* The proposed unit rents are approvable within the limitations set forth in 24 CFR 886.110 (See Paragraph 2-8 below).
- H. For projects with a history of financial default, financial difficulties or deferred maintenance, the plan for remedying defaulted or deferred

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obligations is adequate.

- I.* The proposed units comply with procedures to eliminate the hazards of lead-based paint poisoning (See Paragraph 2-6 below).

2-5. HOUSING QUALITY STANDARDS (HQS)

The Field Office must ensure that the property is in satisfactory physical condition or that the owner will make changes necessary to correct deficient conditions upon receiving LMSA assistance.

A. Housing Quality Standards

Before assistance is provided units must meet the housing quality standards set forth in 24 CFR 886.113. The Field Office may approve variations in the acceptability criteria based upon local climatic or geographical conditions, or local codes.

B. Purpose

The inspection process is intended to identify physical deficiencies in the unit that affect the health and safety of the occupants. The Multifamily Unit Inspection Forms ([HUD-9602](#) and [9602A](#)) found in Appendix 13 are to be used by HUD staff in performing unit inspections. Although the inspection forms provide for comments on overall unit condition, the inspection process is not intended to identify all routine or preventive maintenance needs, nor to require the owner to modify schedules for routine replacement of items subject to normal wear and tear.

C. Section 8 HQS Inspection

HUD Field Office staff is responsible for conducting inspections of units receiving Section 8 assistance for which HUD is the contract administrator. Unit inspections may be performed during on-site management reviews, physical inspections or at the discretion of the Loan

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Management staff. Instructions concerning the number of units to be inspected are provided in Chapter 6 of Handbook 4350.1 for HUD-insured or HUD-Held projects assisted through the Loan Management Set-Aside program.

D. Required Components and Amenities

Multifamily projects have been built or rehabilitated to HUD standards in effect when the project was approved for insurance or assistance.

Therefore, the unit inspection process is not intended to require the owner to provide amenities that were not approved or required when the project was initially approved. However, owners must comply with requirements that affect the health and safety of project residents.

E. Condition of Provided Components and Amenities

All provided components and amenities must be in working condition. For example:

1. appliances must be in working condition;
2. windows designed to be opened must open and those that are accessible from the outside must have working locks;
3. Heating, Ventilation and Air Conditioning (HVAC) system must provide adequate heating, cooling, and ventilation;
4. the condition of walls, ceilings, floors must be free from hazardous conditions;
5. smoke detectors must be present and in operating condition;
6. all electrical outlets must work and be free from hazards;
7. entry doors, handrails, and guard rails must be sound and secure.

F. Inspection, Procedures

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The inspection form ([Form HUD-9602](#)) requires the inspector to rate unit conditions in one of the following four categories:

1. Good. It should be used to identify elements that are in notably good condition.
2. Acceptable. HUD staff is required to determine if the condition of the elements listed are acceptable or require one of the actions identified in either Action Required or Immediate Action Required described below. owner and residents may use the acceptable section to note minor conditions that will not be corrected but should be noted as a condition predating occupancy by the current

tenant.

3. Action Required. This category includes unit deficiencies that should be repaired or replaced but do not represent an immediately hazardous condition. Examples of such deficiencies would be minor leaks, some burners not working on a stove, windows cracked or not weather tight, etc.
4. Immediate Action Required. This category includes unit deficiencies that pose an immediate threat to the health or safety of unit occupants. Examples of such deficiencies include: electrical hazards, tripping or falling hazards, unit not secure, etc.

G. Exit Meeting and Target Dates for Correction

For each deficiency, the inspector must establish a target date for completion of repairs. The target dates should be discussed with the owner or the management agent in an exit meeting before the inspector leaves the project.

1. For Action Required items, 30 days is the generally accepted practice. The time may be

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extended if the owner can demonstrate that the action is scheduled within a reasonable period as part of an overall maintenance program or provide other good reason for an extension (e.g., the project has been approved for assistance under the Flexible Subsidy Program and the required repairs are scheduled).

2. For Immediate Action Required items, 72 hours is the generally accepted practice. If a serious condition cannot be corrected immediately, consideration must be given to relocating the resident to another unit.
3. If correction of all unit deficiencies will take more than 30 days, the inspector must specify dates for periodic status reports on the owner's progress in making corrections.

H. Owner Certification and Compliance

When corrections have been made, the owner must

notify the HUD Field Office and certify that the required corrections have been made. See Appendix 14a and 14b for sample certification letters. The certification must include the date of completion and the fraud statement shown on the sample letter.

The owner is responsible for correcting all deficiencies, even if they were the result of tenant neglect or abuse. In accordance with the tenant's lease, the owner may require the tenant to pay for the cost of the repairs.

I. Review of Previous Inspections and Management Reviews

Loan Management staff must review current (completed within the last 12 months) Income and Operating Expense Analysis, Management Review Report, Form HUD-9834 (Appendix 8), and the Annual Physical Inspection Report, Form HUD-9822 (Appendix 9), to help assess the project's physical condition. If these forms have not been

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completed within the past 12 months an on-site inspection should be scheduled.

J. Consideration of Tenant Comments

Loan Management staff must also review any written tenant comments, particularly those that deal with the condition of the project or individual units within the project.

2-6. LEAD-BASED PAINT

- A. TESTING FOR LEAD-BASED PAINT. The owner will be responsible for obtaining testing services. Testing must be performed by a State or local health or housing agency; or an inspector certified or regulated by the State or local health or housing agency; or an organization recognized by HUD. If a positive reading for lead-based paint is questionable, it must be confirmed by laboratory testing. The owner is permitted to forego all testing requirements and abate all units without testing if they choose. The testing entity shall certify the results of the test and a copy will be available for review by the HUD Field Office. Loan Management staff should maintain certifications and document all actions taken concerning lead-based paint and

other environmental issues in the project file.

- B. ABATEMENT OF LEAD-BASED PAINT. If the owner is required or chooses to abate lead-based paint the following guidelines must be followed. Lead-based paint is classified as a toxic waste by the Environmental Protection Agency (EPA) and thus can be more dangerous during and after removal if the proper procedures are not followed. At a minimum, abatement will consist of abating chewable surfaces, unless otherwise specified by law. Chewable surfaces are defined as protruding painted surfaces up to five feet from the floor or ground which are readily accessible to children under seven years of age.

1. Allowable methods of Abatement. The

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following methods of abatement are permitted by HUD:

- a. Covering the existing surface. Covering the existing surface is allowed because it reduces lead dust often generated in the removal of lead-based paint. Covering shall be a sturdy permanent binding that cannot be removed or damaged by children. The following methods are permitted:
- i. Adding a layer of wallboard to the wall surface.
 - ii. Wallcoverings which are permanently attached.
 - iii. Covering or replacing trim surfaces.
- b. Removal of Lead-based Paint. Removal is recommended as a more permanent solution to the problem.
- i. The following methods of removal are permitted:
 - o Scraping
 - o Heat Treatment (infra red or coil type heat guns)
 - o Chemical Removal
 - ii. The following methods of removal

are prohibited:

- o Machine Sanding
 - o Use of propane or gasoline torches
 - o Washing and repainting the surface without thorough removal or covering.
- c. Defective Paint Spots. In the case of defective paint spots, scraping and repainting the defective paint area

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will be considered adequate treatment.

2. Worker protection during abatement. It is recommended, but not required, that workers adhere to the Occupational Safety and Health Administration (OSHA) guidelines. These requirements are detailed in 29 CFR 1910.1025 and will need to be modified for the abatement industry. For additional guidance in this matter it will be helpful to review Lead-Based Paint: Interim Guidelines for Hazard Identification and Abatement in Public and Indian Housing and to contact your local OSHA office.
3. Tenant protection during abatement. It is important that the following minimum steps be taken to assure tenant safety as well as the protection of management during this process.
 - a. All tenants in the project should be notified of the fact that abatement is taking place, where the abatement is occurring and the dangers of entering the worksite area or allowing children to play near the area.
 - b. Tenants and furniture should be removed from the abatement area prior to the abatement by the removal of lead-based paint. This precaution is necessary due to lead dust that may be present and effects that this dust can have now and in the future on the health and safety of the tenants.
 - c. If the covering of lead-based paint is used as the method of abatement, then the owner should take into

consideration the health and safety of the tenants and the future consequences when deciding whether or not to remove the tenant and their possessions from the abatement area.

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4. State and Local Laws. Owners and managers are responsible for adhering to all State and local laws regarding the testing, abatement and disposal process.

2-7. POTENTIAL FOR PROJECT LONG TERM VIABILITY

To make a determination of long-term viability the Field Office should determine whether:

- A. The property is subject to any serious problems that are not economic in nature, such as structural deficiencies, poor management or disinterested ownership;
- B. The owner is in substantial compliance with the Regulatory Agreement, regulations and other contract terms and conditions, including:
- o Project funds are not being diverted for personal use;
 - o Distributions are taken as defined in the Regulatory Agreement and in conformance with HUD Handbook 4350.1;
 - o The current management agent is in compliance with the instructions in HUD Handbook 4381.5, Management Documents, Agents, and Fees;
 - o Financial records are being adequately kept; and
 - o Occupancy requirements are being met.
- C. Marketing and maintenance programs are being carried out in an adequate manner;
- D. The projects, record is generally free of significant or repetitive complaints, or that the LMSA assistance will remedy the cause of any complaints;
- E. The project's problems are primarily the result of problems beyond the control of the present ownership and management;

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- F. The major problems are traceable to an inadequate cash flow;
- G. The requested Section 8 assistance is likely to solve the cash flow problems by: (1) making it possible to grant needed rent increases; and (2) reducing turnover, vacancies and collection losses; and
- H. The owner's plan for remedying any deferred maintenance, financial difficulties, or other problems is realistic and achievable; there is positive evidence that the owner will carry out the plan. Examples of such evidence include the owner's past performance in correcting problems and, in the case of profit-motivated owners, any cash contributions made to correct project problems.

2-8. RENT LIMITATIONS FOR NEW CONTRACTS

A. General Contract Rent Limitation

The HUD approved unit rents shown on the current Form HUD-92458 plus any HUD-approved utility allowance generally must fall within the Section 8 Existing Housing Fair Market Rents (FMRs) for the jurisdiction published in the Federal Register.

1. The Field Office Manager may approve exception rents up to 10 percent above the published FMRs.
2. The Regional Administrator may approve rents up to 20 percent above the published FMRs. The Field Office should include a justification for this exception in its application package to Headquarters.

B. Recently Completed Housing

1. For housing that was completed not more than six years prior to the date of request, the Field Office may approve initial contract rents as high

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as 75 percent of the published Section 8 FMRs applicable to newly constructed housing.

2. The Field Office Manager may approve exception rents up to 10 percent above the published FMRs.
3. The Regional Administrator may approve rents up to 20 percent above the published FMRs. The Field Office should include a justification for this exception in its application package to Headquarters.

2-9. FIELD OFFICE RECOMMENDATION

The Field Office Manager recommends approval of the project's application by recommending to Headquarters that the project be approved subject to the owner's agreement to certain conditions. Any recommendation from the Field Office must contain certification by the Field Office Manager that the necessary review and follow-up have been completed. Final approval will be contingent upon satisfactory modification of the owner's plan to include final solutions to all documented problems and deficiencies.

2-10. FIELD OFFICE DETERMINATION

All applications received by the Field Office must be: (1) unconditionally recommended for funding; or (2) conditionally recommended for funding; or (3) rejected by the Field Office.

A. Recommended Applications

For applications that meet the program requirements listed in Paragraph 2-4 (unconditional and conditional approvals), the Field Office must complete the analyses described in Paragraph 2-11 and submit these projects to Headquarters for review.

B. Rejected Applications

For each application rejected at the Field Office level, the Field Office must notify the owner of the rejection and specify the reasons.

2-11. ANALYSES FOR RECOMMENDED PROJECTS

A. Preliminary Determination of Priority

1. Based on data supplied by the owner and the Field Office, Headquarters will categorize all recommended applications. Projects will be funded in the following priority, unless otherwise specified in the NOFA, as long as funding is available:
 - a. Insured projects with presently serious financial problems likely to result in a mortgage insurance claim in the near future.
 - b. Insured projects with potentially serious financial problems which appear to have a high probability of producing a mortgage insurance claim within approximately the next five years.
 - c. HUD-Held and Section 202 projects with presently serious financial problems.
 - d. HUD-Held and Section 202 projects with potentially serious financial problems.
 - e. Insured formerly coinsured projects with presently serious financial problems likely to result in a mortgage insurance claim in the near future.
 - f. HUD-Held formerly coinsured projects with presently serious financial problems.
 - g. Insured Retirement Service Centers (RESCs) with presently serious financial problems likely to result in a mortgage insurance claim in the near future.
 - h. HUD-Held RESCs with presently serious financial problems.

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The Field Office should make a preliminary priority determination for projects within their jurisdiction.

2. Projects are considered to have presently serious financial problems if, for example, there is a net loss during the period or when

net income before depreciation was less than annual debt service plus reserve payments.

3. Further, projects that are in poor physical condition, but the financial statement indicates there is surplus cash may be an indication of presently serious financial problems. If deferred liabilities have increased during the last year or within the last eight or nine months, there may exist a potentially serious financial problem. Such projects can be added to category (a), for insured projects or category (c) for HUD-held or Section 202 projects if the Field Office justifies and documents the special circumstances which would give the project this higher priority rating. For example, a substantial increase in vacancies in recent months may warrant elevating the project's priority category.

B. Number of Units to be Assisted

Using the data submitted in the application, Loan Management staff must determine the number of units to be assisted. The estimate generally must be the sum of units currently occupied by residents who appear to be eligible plus any vacant units.

1. Any resident at or below the Section 8 Lower Income limit (80 percent of median income) who is paying over 30 percent of income for rent shall be assumed to be eligible for Section 8 assistance.
2. Rent Supplement and RAP units may be converted to LMSA units when HUD receives appropriations to do so. Owners will be

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properly notified by HUD when the last opportunity to convert is possible.

3. Regional Office Review: If the Field Office recommendation exceeds the sum of vacant units plus the number of tenants paying more than 30 percent of their adjusted income for rent, the Director, Regional Office of Housing, must review and approve the number of units recommended for LMSA assistance.
4. Projects with an unsubsidized mortgage: For

these projects, if the number of units to be assisted exceeds 40 percent of the total units in the project, the Field Office recommendation will be subject to further review by the Office of Multifamily Housing Management. In the recommendation to Headquarters, the Field Office must document that the owner has a workable plan for leasing the market rate units in the project.

C. Estimate of Contract Authority Required

1. Loan Management staff must estimate the annual dollar amount of the contract by providing the information on rents, utilities and number of units. To do so, use the following formula for each size:

(Current HUD-approved unit rent) plus
(HUD-approved utility allowance) times (# of units) times (12 months).

2. If a rent increase or utility allowance increase is proposed, use the proposed amounts to estimate contract authority.

D. Subsidy Layering Review

Until further guidelines have been issued, Loan Management Staff should refer to Notices and other guidance circulated by HUD, including Notice 90-17 and Philip Salamone's memo or April 17, 1991 on subsidy layering to assure that the LMSA

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assistance requested is not excessive when considered in combination with the other assistance received by the project.

Headquarters will assess any tax credits or other government assistance received by the project in determining the number of units of LMSA assistance to award.

2-12. SUBMISSION TO HEADQUARTERS

A. Annual Needs Survey (ANS)

1. The ANS package is an automated system which enables the Field Office to enter relevant project information into a database and print

hardcopy reports.

2. Each year, Headquarters will distribute the LMSA ANS software package and instructions to the Field Offices. Loan Management staff should complete the ANS after having reviewed all applications received by the NOFA deadline and identify those projects that meet LMSA requirements.
3. The Director, Housing Management Division, must sign a hard copy of the ANS report certifying that the projects listed are acceptable under program regulations and instructions. The database file, printed final report, and any required supporting materials must be forwarded to Headquarters by the ANS deadline.
4. Any additional instructions regarding determining project needs will be included in the NOFA.

B. Supplementary Documentation

The Checklist of Application Submission Requirements, referred to in the NOFA, is completed for each application to document the detailed review and to provide justification for approval of recommendations and must contain the signatures of both the Loan Management Branch

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Chief and the Director, Housing Management Division. The Checklist, along with appropriate documents, must be transmitted to Headquarters by memorandum under the signature of the Field Office Manager. This transmittal will take the form of a certification that the necessary review and follow-up have been completed. The Field Office must provide supporting documentation as specified in Headquarters instructions each year. This may include:

1. Information pertaining to subsidy layering requirements;
2. Documentation to support a higher project priority than indicated by the priority determination described in Paragraph 2-11.A; and

3. Other documentation specified by Headquarters listed in Paragraph 2-11.

2-13. HEADQUARTERS PROCESSING -- GENERAL FUNDING

A. Priority Determinations

Headquarters will assign a priority rating to each application, using the procedures described in Paragraph 2-11. To address special needs, the NOFA may modify priorities for funding.

B. Selection Criteria

The selection criteria for LMSA applications will be announced and defined in the NOFA.

2-14. FIELD OFFICE REQUEST FOR HEADQUARTERS PROCESSING OF EMERGENCY FUNDING

After the deadline for HUD Field Offices' response to the Annual Needs Survey, applications for LMSA assistance can only be considered under emergency funding procedures. Consideration will be given only to the extent that sufficient resources are available to fund emergency requests. Headquarters staff will

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examine the Field Office justification for an emergency funding request and must determine that the provision of LMSA assistance is an appropriate response to the circumstances documented by Field Office staff.

Requests for Emergency Funding must follow the same application and Field Office review procedures as described for general funding requests. In addition, emergency requests must have written concurrence from the Director of Housing in the appropriate HUD Regional Office.

Field Office staff must demonstrate that the provision of LMSA units is likely to avert a mortgage default or assignment in the near future and the request to HUD Headquarters must explain why funds are needed on an emergency basis.

2-15. FUND RESERVATION

A. Reservation of Contract Authority

1. Headquarters will notify Regional Offices of all LMSA funding awards. Regional Offices will receive a Fund Assignment Form (HUD 185)

and transmittal instructions from Headquarters indicating the number of units, and the amount of contract and budget authority for each approved project.

2. The Regional Offices will issue a Sub-Assignment Form (HUD 185.1) and transmittal instructions to each Field Office showing the projects receiving LMSA awards, the number of units approved for assistance, and the contract and budget authority for each project. More detailed information about fund assignment procedures can be found in Housing Fund Control, HUD Handbook 7400.10.
3. After receiving this notice, the Director, Housing Management Division, should complete the Section 8 Contract List and request a reservation of units and budget authority for the project from the Regional Office.

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B. Completing the Section 8 Contract List (HUD 5041C)

Loan Management staff should follow the following steps when completing the Section 8 Contract List (see Appendix 10).

1. Part B -- Project Identification, No. 3:
Leave this space blank, and insert the FHA case number under Part F -- Remarks.
2. Part C -- Project Assistance Data, No. 5:
Leave this space blank.
3. Part C -- Project Assistance Data, No. 6:
Enter 75 percent of gross rent and insert the following statement under Part F -- Remarks,
"The Loan Management staff has established the dollar amount of the contract based on 75 percent of the current HUD-approved rents including utilities (current Form HUD 92458, see Appendix 11) for the units to be assisted under Section 8."

C. Field Office Procedures for Reserving LMSA Funds

1. The Director, Housing Management Division, should ensure that a completed Form HUD 5041C is processed and request a HAP list approval in accordance with Processing Control and Reports (PC&R) procedures.

2. Upon receipt of RAD confirmation, PC&R shall enter the date of the confirmation in Part H of the list and transmit the list to the Field Office Manager for signature.
3. Upon release of the list, PC&R shall send the original to the Director, Housing Management Division, with copies to the Regional Director of Housing; Regional Accounting Division; and the Director, Office of Multifamily Housing Management, Headquarters.
4. After the Section 8 Contract List has been approved, Field Office Counsel will prepare the appropriate Section 8 Contract, Form HUD

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52537, for execution by the Field Office Manager.

5. To reserve the units and budget authority awarded to a project, Loan Management staff must also prepare the Assisted Housing Project Accounting Data Form (HUD 52540, see Appendix 12) for submission to the RAD. The Field Office Manager must sign and submit the 52540 to the RAD.

2-16. NOTIFICATION TO OWNER

A. Approved Applications

The Director, Housing Management Division, must send to the owner a notice of application approval indicating to the owner the number of units for which assistance has been approved and the annual dollar amount to be made available under the contract. A copy of the HAP Contract (HUD 52537) should be transmitted with the notification.

B. Disapproved Applications

The Director, Housing Management Division, must notify the owner by letter and indicate the reasons why the application was not approved.

2-17. HAP CONTRACT EXECUTION

A. Pre-Conditions for Contract Execution

1. Owners of projects with a conditional

approval must satisfactorily meet each of the specified conditions.

2. By executing a HAP Contract, the Director, Housing Management Division, is certifying that the units to receive assistance are decent, safe, and sanitary, consistent with Section 886.113 of the LMSA regulations.

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B. HAP Contract Execution

1. The project owner must sign six copies of the HAP contract and forward them to the Field Office.
2. A copy of Form 1199A, Direct Deposit Sign-Up Form (Appendix 16), must be attached to the copy of the contract going to the RAD.
3. The Field Office Manager executes the Contract on behalf of the Secretary. Loan management staff will distribute copies of the executed Contract as follows:
 - o Owner;
 - o Field Office Project File;
 - o Regional Office of Housing staff;
 - o the Regional Accounting Division (RAD);
 - and
 - o Director, Office of Multifamily Housing Management, HUD Headquarters.

C. Term of Contract

The term of the LMSA contracts awarded each year will be specified in the NOFA. In general, LMSA contracts will have a term of five years. The effective date of the contract should be the first day of the month in which the contract is executed. The expiration date should be the last day of the month preceding the month of the effective date and the year being five years later (i.e., if the effective date is July 1, 1992; the expiration date would be June 30, 1997--June 30 being the last day of the month preceding the month of the effective date and 1997 being five years from the year of the effective date). For extensions, the effective date would be the first day of the month in which the current contract expires, except for projects with an expiration date of the last day of a month. In that case,

the effective date would be the first day of the following month. The provisions for extension of LMSA contracts as described in Section 3-4 of this handbook will apply unless otherwise specified in the NOFA.

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2-18. RECORDS RETENTION

Pursuant to 24 CFR 12.14, Field Offices must maintain files on LMSA applications and related documents, including financial analyses and recommendations, for a period of no less than five (5) years.

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CHAPTER 3. CONTRACT ADMINISTRATION

3-1. OWNER RESPONSIBILITIES DURING THE CONTRACT PERIOD

Owners must comply with requirements imposed by the applicable Regulatory Agreement and the HAP Contract. Specific requirements related to the receipt of Section 8 assistance are highlighted below.

A. Occupancy Functions

Detailed instructions for occupancy functions for LMSA projects are provided in HUD Handbook 4350.3. In summary the owner must comply with the following requirements:

1. **Marketing and Leasing Units:** Owners must comply with the HUD approved Affirmative Fair Housing Marketing Plan and use an approved lease with each Section 8 tenant. Appendix 15 of Handbook 4350.3 provides a model lease form.
2. **Maintenance and Inspection:** The owner must maintain and operate units and related facilities to provide decent, safe and sanitary housing that meets Section 8 Housing Quality Standards. Prior to occupancy of any unit, both the owner and the family must inspect the unit. The owner must certify that the unit meets Section 8 Housing Quality Standards. The owner may use the Inspection Form in Appendix 13 or another form that provides the same information to conduct the move-in inspection.
3. **Requests for HAP Payments and Other Claims:** The Housing Owner's Certification and Housing Assistance Payments form ([HUD-52670](#)) should be used to request assistance payments and special claims for unpaid rent, tenant damages and vacancy loss. Guidance on completing this form is found in Chapter 6 of

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Handbook 4350.3.

4. **Tenant Certifications and Recertifications:** The owner must recertify annually family income and other circumstances that affect the amount of assistance the family may receive. In addition, under certain circumstances owners must process interim recertifications. Chapter 5 of Handbook 4350.3 provides detailed guidance on the recertification process.
5. **Overcrowded and Underutilized Units:** If a unit becomes overcrowded or underused because of changes in household composition, the owner should usually require the family to move to a unit of appropriate size when one becomes available within the project. The Field Office may abate housing assistance payments if the owner fails to offer the family a suitable unit as soon as one becomes available. In making this determination, the Field Office should be guided by paragraph 5-9 of Handbook HUD-4350.3 which discusses when unit transfers are appropriate.

B. Ongoing Reporting Requirements

Owners must determine whether disclosure statements regarding government assistance to the project and lobbying activities need to be updated. Owners must also inform the Field Office of any changes in the status of the project's tax credits.

3-2. FIELD OFFICE MONITORING RESPONSIBILITIES

The Loan Management staff is responsible for assuring that owners comply with applicable Regulatory Agreements and the Section 8 HAP contract. Monitoring instructions for the insured programs are contained in Handbook 4350.1, and HUD Handbook 4350.5, Subsidy Contract Administration and Field Office Monitoring provides guidance in administering subsidy contracts. Routine monitoring responsibilities include:

conducting management reviews and annual physical inspections, processing annual and special rent adjustments, reviewing annual financial statements, investigating resident complaints, and processing requests for transfers of physical assets (TPA).

3-3. RENT ADJUSTMENTS

A. Projects Subject to Budgeted Rent Increase Provisions

Owners may request unit rent increases in accordance with Chapter 7 of Handbook 4350.1. The Field Office will adjust the Contract Rent based on the amount of any HUD-approved increase in unit rents.

B. Projects Subject to Annual Adjustment Factor Rent Increase Provisions

Contract rents are adjusted annually on the anniversary date of the HAP Contract by using the annual adjustment factors most recently published in the Federal Register.

C. Maximum Assistance Payments

The Loan Management staff must assure that the total maximum assistance payments for any fiscal year do not exceed the available funds. The amount available in any given fiscal year is the sum of:

- o the maximum annual contract commitment (Paragraph 6.a. of the HAP Contract), and
- o any unused contract authority from previous years available in the HAP Reserve.

Should the Loan Management staff determine that contract funds are insufficient to cover the approved rent increase, the Regional Director of Housing should be requested to provide funds to amend the contract.

D. Notification to owners

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The Loan Management staff should prepare a revised Schedule of Units, Rents, Equipment, Utilities and Services (Exhibit B to the HAP Contract) which is used to amend the HAP Contract.

E. Special Adjustments

Owners whose rents are calculated by the annual adjustment factor may request special additional rent adjustments when required to support increases in the actual and necessary expenses of the project which have resulted from substantial general increases in real property taxes, utility rates or similar costs (i.e., assessments and utilities not covered by regulated rates) but only to the extent that the owner clearly demonstrates that such general increases have caused increases in operating costs which are not adequately compensated for by the automatic annual adjustments. The owner must submit financial statements and other information requested by HUD to support the increase. For additional guidance of processing of special rent increases see Handbook 4350.1.

3-4. CONTRACT EXPIRATIONS AND EXTENSIONS

Under federal law, owners are required to give notice of their intent not to continue LMSA assistance upon expiration of the current HAP contract. Loan Management staff should inform project owners of the notice requirements at least 18 months prior to the expiration of their HAP contract.

A. Owner Notice Requirements

1. Section 8(c)(9) of the United States Housing Act of 1937 requires project owners to give written notice to HUD and to project tenants of their intention to terminate the Section 8 LMSA contract. Owners must give notice at least one year prior to the termination date of the contract.
2. The termination date is either the end of the

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next HAP option period or the date of the expiration of the entire contract. This provision applies to owners even if their contract is expiring and contains no further provisions for contract extension.

3. The owner's contract termination notice to tenants must include a statement that the owner and HUD may agree to an extension of the Section 8 LMSA contract.

4. The owner must submit the same notice to the Housing Management Division Director at the appropriate Field Office. The notice to the tenants and HUD must specify the reasons for terminating the contract so that HUD can determine whether the notice is lawful and whether additional actions can be taken by HUD to avoid the termination. Under Section 544 of the 1990 National Affordable Housing Act, HUD must make a determination of whether the notice was legally sufficient. The Director, Housing Management Division, should review the owner's notices assess whether the notification was adequate, and inform the owner of HUD's decision. The owner, upon receiving notice of the HUD's determination, must notify project tenants of the decision within 30 days.

B. Owner Failure to Provide Sufficient Notice

1. If the required one year notice is not given, or fails to meet the requirements for the notice, the Loan Management staff must document the project's file with the following statement:

This project owner has not provided the one year notice required by Section 8 (c) (9) of the United States Housing Act of 1937.

Loan Management staff entering the statement

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must initial and date this entry.

2. Loan Management staff must notify owners in writing when they have not given adequate notice of their intent to terminate the LMSA contract. The notice should inform the owner that the contract that under options a. or b. below, HUD will extend the contract for the period of time necessary to allow the owner to provide the one year notice to terminate. The owner must operate the project for the one year notice period. The owner has three alternatives under which to provide funds to carryover the contract to fulfill the one year notice requirement. They are as

follows:

- a. Maintain provision of assistance using contract reserves from the project reserve account (if available),
 - b. Maintain provision of assistance by paying out of pocket, or
 - c. Obtain LMSA funds from HUD.
(Currently, the appropriated funds must be used pursuant to a contract or contract extension of no less than five years and may not be terminated before the term of the contract. This requirement may vary according to future Appropriation Acts).
3. If an owner refuses to execute the contract extension, the Field Office must send a letter informing the owner that failing to renew the contract is a violation of Section 8(c)(9) of the United States Housing Act of 1937 and HUD will pursue affirmative litigation for the protection of the tenants.

C. Owners Giving Notices of Termination

1. Loan Management staff must immediately inform owners who have given the required

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termination notice of two options:

- a. Owner may accept 5-year extension of contract at contract rents in effect at the time of the extension, or
 - b. Owner may submit to HUD documentation supporting the need for repairs, rehabilitation or under funded reserves which will serve as the basis for HUD considering increasing the contract rents to support such needs to a level not exceeding the Section 8 Existing Fair Market Rent (FMR).
2. After the owner declines both of the above options, HUD will give vouchers to eligible tenants upon the expiration of the Section 8 contract.

D. Owners Rejecting HUD Incentives to Renew Contract

If the owner declines this offer or fails to respond within the specified time, the Field Office shall begin contract close-out procedures described in Chapter 4. At this time, Loan Management staff must also document the project file with the following sentence:

The owner has provided timely expiration notice to HUD and to each tenant involved. The notice has met the legal requirements of Section 8(c)(9) of the United States Housing Act of 1937. The owner has been offered an inducement to continue in the program but has declined.

Loan Management staff must date and initial this entry into the project file.

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CHAPTER 4. CONTRACT CLOSE-OUT

4-1. OBTAINING HOUSING VOUCHERS FOR TENANTS OF PROJECTS WITH TERMINATED LMSA CONTRACTS

The Housing and Community Development Act of 1987 directs HUD to award Housing Vouchers to tenants receiving Section 8 assistance upon termination of the contract. The Field Office should take the following steps to obtain vouchers for the tenants of a project where the owner has chosen to terminate the HAP Contract.

A. Notification to Assisted Housing Management Staff

At least 200 days before the expiration of the contract, Loan Management staff should provide the Assisted Housing Management staff with the following information about the project:

1. name of the project;
2. number of housing vouchers required, by bedroom size (number of tenants in the project receiving Section 8 assistance);
3. average annual adjusted income and average annual total tenant payment of the families living in the project, by family size; and
4. copies of current HUD-50059 forms for families receiving Section 8 assistance.

B. Request to PHA

1. At least 180 days before contract expiration, the Assisted Housing Management staff should ask the local PHA if it would be willing to administer the housing vouchers for the families living in the project.
 2. If the PHA accepts the responsibility for
-

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administering the vouchers:

- a. The Field Office should:
 - o make sure a request for funds is submitted to the Regional Office;
 - o ask the PHA to determine the bedroom mix for the vouchers using the HUD-50059 forms and the PHAs occupancy standards; and
 - o request the appropriate Field Office Division to begin the application process for the vouchers.
 - o send the request for funds to the Regional Office;
 - o invite the PHA to submit an application for housing vouchers; and
 - o process the housing voucher application up to the steps of preparing the application approval letter and reservation documents.

The Field Office does not need to wait until the voucher funds have been subassigned to invite the PHA to submit an application.

- b. The Regional Office forwards the fund assignment request to the Funding Control Division, Office of Multifamily Housing, Headquarters. Headquarters must receive the fund assignment request at least 60 days before the expiration date of the HAP Contract.
3. If no local, regional, or State PHA chooses to administer the vouchers, the Assisted Housing Management staff should contact the

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Rental Assistance Division, Office of Assisted Housing, Public and Indian Housing in Headquarters.

C. Reservation of Funds

1. Detailed instructions on fund reservation procedures can be found in the Housing Funding Control Handbook (HUD Handbook 7400.10). Once the Regional Office sub-assigns the voucher funds to the Field Office, the Field Office must complete the following tasks:
 - a. Prepare the application approval letter and funds reservation document;
 - b. Prepare a modified Project Accounting Data (PAD) Form [HUD 52540](#) to reserve funds for the "renewal" vouchers. Staff should follow the "Instructions for Modified PAD" included in Appendix 17. The PAD and approval letter must be signed by the Field Office Manager, and the appropriate copies submitted to the RAD.

Once the RAD confirms the fund reservations, the Regional Office notifies the Loan Management and Assisted Housing Management staff of the application approval. Loan Management staff should then enter the appropriate information into the MIDLIS (or its successor system) system. (Note: The PAD only incorporates changes into the AHAS and MIS.)

- c. Request the Field Office counsel to prepare the Annual Contributions Contract (ACC) for the housing vouchers.
- d. Send the ACC and financial documents to the PHA for signature.

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2. After executing the ACC, the PHA should return the Contract, budget documents, and any PHA Administrative Plan modifications to the Field Office.
3. The Field Office may execute the ACC once the

PHA Administrative Plan and PHA budget documents have been approved.

4-2. PROJECT CLOSE-OUT

A. Owner Submission of Final Tenant Assistance Voucher

1. The owner must submit a final voucher for tenant assistance payments (HUD-52670) by the 10th day of the month prior to expiration date on the contract. For example, if the HAP Contract expires on July 31, the owner must submit the final 52670 by June 10.
2. If the owner is due a payment resulting from a prior period adjustment under the Appropriation #86X0164, Loan Management staff should prepare a separate requisition marked "Ongoing Appropriation #86X0164," approved by the Housing Management Division Director and forward it to RAD for payment. RAD cannot process a prior-year adjustment submitted as a contract renewal requisition, nor can it process a prior-year adjustment under an expiring contract unless the Field Office has approved the request.

B. Owner Submission of Final Voucher for Special Claims

Owners should refer to Occupancy Requirements of Subsidized Multifamily Housing Programs, HUD Handbook 4350.3, for guidance on procedures and deadlines for filing their final voucher for special claims.

C. Close-Out PAD

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1. To close-out a project account, Loan Management staff should prepare a PAD to record the contract's expiration and reduce the project's contract authority to zero. The Field Office Director should sign the completed PAD and forward it to the Regional Accounting Division. Undisbursed budget authority will remain in the account until final close-out takes place.
2. The Field Office may allow a maximum of one year from the contract expiration date to close-out the project account. During this

period, Loan Management staff must fully review final HAP vouchers and all special claims before the RAD will issue payments. Field office staff must develop a tracking system that will assist in notifying the appropriate staff when the one year period has ended and when close-out of the project account should commence. If close-out of the project account is not completed within a year, the Field Office may request the RAD to automatically recapture the undisbursed budget authority at the end of the year. Loan Management staff must advise owners in writing if discrepancies are found and corrections must be made to reconcile their accounts prior to close-out.

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APPENDIX 1

Application for Loan
Management Set-Aside

Form Cancelled.

form HUD-52530 (11/91)
ref 24 CFR Part 886

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APPENDIX 2

Housing Assistance
Payments (HAP) Contract
Section 8 Housing Assistance
Payments Program **

Form Cancelled

form HUD-52537 (02/05/92)
ref Handbook 4350.1 & 4350.3

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APPENDIX 2

Exhibit A to HAP Contract - Equal Opportunity Requirement

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APPENDIX 2

Exhibit B - Schedule of Units, Rents, Equipment, Utilities and Services

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APPENDIX 4

Affirmative Fair Housing
Marketing Plan

[Link to Form](#)

form HUD-935.2 (04/18/90)
ref Handbook 8025.1

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APPENDIX 4

form HUD-935.2

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APPENDIX 5

Certification for Contracts, Grants, Loans and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit [Standard Form-LLL](#), "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Executed this _____ date of _____, 19 ____.

By: _____

(signature)

(typed or printed name)

(title, if any)

Covered Action:

(type and identity of program, project or activity)

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DISCLOSURE OF LOBBYING ACTIVITIES

Approved by OMB

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

0348-0046

(See reverse for public burden disclosure.)

1. Type of Federal Action: <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	2. Status of Federal Action: <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	3. Report Type: <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change For Material Change Only: year _____ quarter _____ date of last report _____
4. Name and Address of Reporting Entity: <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, <i>if known</i> : Congressional District, if known:	5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime: Congressional District, if known:	
6. Federal Department/Agency:	7. Federal Program Name/Description: CFDA Number, <i>if applicable</i> : _____	
8. Federal Action Number, if known:	9. Award Amount, if known: \$ _____	
10. a. Name and Address of Lobbying Registrant <i>(if individual, last name, first name, MI):</i>	b. Individuals Performing Services <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i>	
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be reported to the Congress semi-annually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
Federal Use Only:		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

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APPENDIX 7

SAMPLE LETTER TO THE
CHIEF EXECUTIVE OFFICER
OF LOCAL GOVERNMENT

Chief Executive Officer or His Designee
Unit General Local Government
Address

Dear _____:

HUD recently published a Notice of Fund Availability (NOFA) announcing the opportunity to apply for Section 8 Loan Management Set Aside assistance. I have enclosed the applications we received from owners of multifamily rental properties in your jurisdiction. Pursuant to Section 213(c) of the Housing and Community Development Act of 1974, HUD will assess the extent to which there is a need for the assistance requested, taking into consideration whether:

- the community in which the project is located is providing, or will provide, essential services to the project in keeping with the community's general level of these services; and
- the real estate taxes on the project are or will be no greater than would be the case if the property were assessed in a manner consistent with normal property assessment procedures for the community.

An application may be approved only if HUD reaches favorable determination.

I invite you to submit your comments and any information you believe is relevant to our determination. While HUD will not be bound by any such comments or information, all relevant or submissions you provide will be considered. We can only accept comments or information returned to this office within 30 days of your receipt of this letter. If you do not intend to submit comments or information, please notify us as soon as possible so that we may expedite our review.

Sincerely,

(Field Office Manager)

Enclosures

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Instructions for Completing Management Reviews of Multifamily Projects

U.S. Department of Housing
and Urban Development
Office of Housing
Federal Housing Commissioner

OMB Approval No. 2502-0178 (exp. 09/30/2008)

Public reporting burden for this collection of information is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2502-0178), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

Do not send this form to the above address.

The information is used by HUD to evaluate the quality of project management; determine the causes of project problems; and devise collective actions to stabilize projects and prevent defaults. The information is gathered and recorded during an on-site review of project operations. The Worksheet provides a checklist of items to be reviewed and evaluated. This information is required under 24 CFR 207.19(f)(4), 24 CFR 207.19(f)(5)(v) and 24 CFR 219.110. If this information is not collected there would be more defaults on insured loans and consequently greater losses to HUD's insurance funds. HUD does not ensure confidentiality to respondents.

Detailed instructions are contained in Chapter 6 of HUD Handbook 4350.1. Form HUD-9834 shall be used for all on-site management reviews. Limited management reviews require completion of those line items of form HUD-9834, Summary Sheet, that are shaded. The Loan Management Branch Chief determines the method for gathering this information. All categories of the form HUD-9834 shall be used for all comprehensive management reviews.

A. Prior to On-Site Visit

1. The realty/loan technician should thoroughly review the project file, answer the questions on Form HUD-9834 marked with an asterisk (*) and alert the realty/loan specialist to any imminent or existing problems.
2. The realty/loan specialist should:
 - a. Review the form HUD-9834 questions completed by the realty/loan technician; the most recent physical inspection, annual financial report, and occupancy review; and other relevant file documents. This review will help the realty/loan specialist to identify potential problem areas on which the review should focus and to determine if other HUD staff (*e.g., the Financial or Occupancy Specialist*) should participate in the on-site visit.
 - b. Call the owner/agent to set up a date for the on-site review. Confirm the review date in writing. The owner/agent should be given at least a two-week notice.

B. On-Site Visit

1. Complete all questions on form HUD-9834. Document other significant observations.
2. Double check information and answers completed in the HUD Field Office prior to the on-site review.
3. After you have answered all of the HUD-9834 questions, hold a close-out session with the owner/agent. Discuss your observations and conclusions. Let the owner/agent explain his/her opinion of the cause of the problems and suggest recommendations for correction and target completion dates (TCD).

C. After On-Site Visit

1. Complete the Management Review Report Summary Sheet, form HUD-9834, as follows:
 - a. For each of the 45 management tasks, indicate whether existing conditions and operating procedures are acceptable or whether corrective action or improvement is needed (*see codes on top of form*). **For each line item on which action is needed, a statement of deficiencies, recommended or required corrective action and target completion date (TCD) must be completed on the bottom half of the form.**

- b. For each of the six major categories (*Lines I, II, III, IV, V & VI*) indicate your assessment of the appropriateness and effectiveness of the owner's/agent's management operation. On line VII indicate your assessment of the owner's/agent's overall operation. Consider the condition of the project at the time owner/agent assumed responsibility for project operations.
 - c. On page 3 of the form, thoroughly explain the facts and reasoning underlying any unsatisfactory or below average rating.
 - d. Mail report with an appropriate cover letter. If manager was rated below average or unsatisfactory, management must be afforded an opportunity to appeal the rating before the report is distributed to Headquarters.
 - e. Guidance on appeal procedures is provided in Section 2.6. of Chapter 6 of the Handbook 4350.1.
2. Distribute the completed forms as follows:
 - a. Page 2 (Summary Sheet) and Page 3: Send the originals to the project owner and copies to:
 - (1) Management Agent (*gets original on HUD-owned projects*)
 - (2) Project file
 - (3) Mortgagee
 - (4) When management is rated below average or unsatisfactory and after the appeals or time frame for the appeals has expired, send copy of the HUD-9834 Summary Sheet and owner's/agent's response to:
 - (a) Headquarters, Office of Multifamily Housing Management, to the attention of the Office Director having management responsibility for the project.
(*If the owner/agent does not submit a response within thirty (30) days of the date of the Management Review Report, then submit the form HUD-9834 and conduct follow up activities to secure response and submit the owner's response when received.*)
 - (b) Director, Participation and Compliance Division, HUD Headquarters.
 - (5) Management Agent's file, if maintained.
 - b. Form HUD-9834. File in project file.
 3. Conduct follow-up action to verify whether required actions have been completed. Enter date correction was verified in right-hand column of Page 3 of the form HUD-9834.

Management Review Summary Sheet

U.S. Department of Housing
and Urban Development
Office of Housing

OMB Approval No. 2502-0178 (09/30/2008)

For each item reviewed, mark a block in column **A** (acceptable), **M** (management to correct within 1 yr.), or **I** (items requiring immediate action).
After discussing items with owner or management agent, enter the estimated completion date in the **TCD** (Target Completion Date) column.

Project Number:		Section of the Act:	Name of Owner:		Date of Report:
Project Status: <input type="checkbox"/> Insured <input type="checkbox"/> HUD-Held <input type="checkbox"/> HUD-Owned <input type="checkbox"/> MIP <input type="checkbox"/> Non-Insured		Purpose of Report: <input type="checkbox"/> Limited Review <input type="checkbox"/> Comprehensive Review		Type of Project: <input type="checkbox"/> Subsidized <input type="checkbox"/> Unsubsidized	No. of Units Inspected: Date of Inspection:
Project Status: <input type="checkbox"/> Current Under Mortgage <input type="checkbox"/> Current under Workout/Modification <input type="checkbox"/> Foreclosure in Process <input type="checkbox"/> Delinquent Under Mortgage <input type="checkbox"/> Delinquent under Workout/Modification				Name of Management Agent:	
Report Based on: <input type="checkbox"/> HUD Occupancy Review Date: <input type="checkbox"/> On-Site Interview with: <input type="checkbox"/> HUD Physical Inspection Date: <input type="checkbox"/> Visited Agent's Office with:				Management Term (mm/dd/yy): thru	
Project Name & Address:				Name of Resident Manager:	
				Date Hired:	

	A	M	I	TCD					
A. Maintenance & Security					28. Tenant Files and Records				
1. General Physical Condition					III. Leasing and Occupancy Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
2. Work Scheduling									
3. Preventive Maintenance									
4. Unit Inspections					D. Tenant/Management Relations	A	M	I	TCD
5. Vacant Unit Preparation					29. Tenant Participation				
6. Equipment and Inventory Controls					30. Provision of Tenant Services				
7. Procurement and Supply Practices					31. Use of Community Space				
8. Security Program					32. Tenant Satisfaction				
9. Energy Conservation					IV. Tenant/Management Relations Ratings				
I. Maintenance and Security Rating					<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory					E. Drug-Free Housing Policy	A	M	I	TCD
B. Financial Management	A	M	I	TCD	33. Uniform, Written Tenant Selection Plans That Aid And Support Drug-Free Housing.				
10. Accounting and Bookkeeping					34. House Rules That Aid And Support Drug-Free Housing.				
11. Budget Management					35. Evidence of Drug Use/Sales at Project Address.				
12. Cash Controls					36. Overall Project Plan For Drug-Free Housing.				
13. Cost Controls					37. Project Owner/Agent is A Member of Local Drug-Free Housing Task Force (if formed).				
14. Submission of Reports					V. Drug-Free Housing Policy Rating				
15. Financial Compliance					<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
16. Rental Collection					F. General Management Practices	A	M	I	TCD
17. Fee Collection Practices					38. Owner Participation				
18. Accounts Receivable/Payable					39. Organization and Supervision				
19. Reserves and Escrows					40. Staffing and Personnel Practices				
II. Financial Management Rating					41. Operating Procedures and Manuals				
<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory					42. Training				
C. Leasing & Occupancy	A	M	I	TCD	43. Office Administration				
20. Tenant Selection and Orientation					44. Insurance and Bonding				
21. Vacancy and Turnover					45. Management Plan and Agreement				
22. Leases and Deposits					VI. General Management Practices Rating				
23. Rent Schedule Compliance					<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				
24. Application Processing									
25. Recertification System									
26. Monthly Vouchers									
27. Eviction Procedures									

VII. Rating of Overall Management Operation (mark applicable box): Superior Satisfactory Below Average Unsatisfactory

Signature, Name & Title of Person Preparing this Report & Date :	Signature, Name & Title of Person Approving this Report & Date :
--	--

Item No.	For each 'M' and 'I' item checked, describe findings and give recommendation for correction. Explain any "Below Average" or "Unsatisfactory" rating. Use photocopies of page 3 as Continuation Sheets, if necessary.	Date Completion Verified

Management Review Questionnaire

Part A: Maintenance and Security Review most recent physical inspection report before responding to the items below. Check to see if corrections requested in the report have been made. If the report indicated serious problems or if the inspection was made more than 9 months ago, you should request the HUD Maintenance Engineering Staff to complete a new Physical Inspection Report in conjunction with this review.

	N/A	Yes	No	Remarks
1. General Physical Condition				
a. Are grounds and landscaping in acceptable condition?				
b. Are exterior painted surfaces such as stairs, railings, decks, porches, windows, doors, etc. free from cracking, scaling, chipping, peeling or loose paint?				
c. Is the project generally free of broken windows, broken light globes or seriously damaged exterior doors?				
d. Are hallways, stairways, elevators, laundry rooms, garbage areas and other public areas clean?				
e. Is playground equipment in safe and acceptable condition?				
f. Is the project free of obvious fire/safety/health hazards or housing code violations?				
g. Is project free of lead-based paint contamination on surfaces exposed to children? <i>Note: An obvious health hazard related to lead-based paint would be deteriorated paint conditions on the interior walls and woodworks and exterior painted surfaces.</i>				
h. Have repairs or corrections called for on last annual physical inspection been satisfactorily completed?				
i. Have all latent defects been corrected? If not, list depository and amount of any construction escrows remaining. _____				
2. Work Scheduling				
a. Are maintenance and janitorial employees provided with written schedules for routine work (i.e., mowing lawns, cleaning trash areas, etc.)?				
b. Are emergency items given priority and acted upon quickly? Maintenance program can best be described as (check one): <input type="checkbox"/> Preventive <input type="checkbox"/> Corrective <input type="checkbox"/> Deferred				
c. Is emergency maintenance service available after regular working hours?				
d. Are purchase orders and work orders required of maintenance staff?				
e. Does management have a system for receiving, assigning, completing and billing work orders and for establishing work priorities? Avg. no. requests received per day _____ Avg. response time _____ Current backlog _____				
3. Preventive Maintenance				
a. Is there a schedule for preventive maintenance/servicing of all items listed below? Check schedules in use and indicate in parentheses whether servicing is done by on-site staff (o) or by contractor (c). <input type="checkbox"/> Heating and A/C Equipment () <input type="checkbox"/> Hot Water Heaters () <input type="checkbox"/> Cleaning Carpets and Drapes () <input type="checkbox"/> Inspect Roof and Fascias () <input type="checkbox"/> Major Appliances () <input type="checkbox"/> Elevators () <input type="checkbox"/> Motor Vehicles ()				

	N/A	Yes	No	Remarks
b. Are exterminator services provided regularly as necessary? Are tenants properly notified?				
c. Are sewer lines and roof gutters and downspouts cleaned periodically?				
d. Are lawns and plants fertilized and trimmed at appropriate time of year?				
e. Is recreational equipment serviced/stored as seasonal changes dictate?				
f. Are exterior windows cleaned on regular basis?				
g. Is there a schedule for exterior painting? Is it followed?				
4. Unit Inspections (<i>Inspect at least 2 occupied and 2 vacant units selected at random.</i>)				
a. In the case of long-term tenants: 1) are units inspected on a regular basis? 2) are units redecorated on a regular basis? 3) is there a written schedule for the inspections and redecorating?				
b. In the case of vacant units: 1) are move-in and move-out inspection forms used? 2) is there a system for billing tenants for damages? 3) is charge back to tenants for damages itemized in writing? Do charges to tenants appear reasonable?				
c. Is the condition of units inspected satisfactory? How many units were inspected? _____				
5. Vacant Unit Preparation				
a. Does management have a system to monitor timely preparation of vacancies for rental? Average preparation time for vacated units is _____ days. Number of vacant units requiring substantial rehab is _____.				
b. Is preparation of vacant units free from delays due to: 1) lack of funds? 2) insufficient supply of parts maintained at project site? 3) use of contractor instead of on-site staff, or vice versa?				
6. Equipment and Inventory Controls				
a. Is maintenance work area and storage space adequate?				
b. Is there a satisfactory inventory system for accounting for tools, equipment, supplies and keys?				
c. Is a list of equipment and appliance serial numbers maintained?				
d. Are equipment and tools adequate to perform maintenance tasks?				
e. Is a copy of the project's as-built drawings on-site?				
7. Procurement and Supply Practices				
a. Does the project maintain a list/file of vendors who sell services or products to the project?				
b. Is an adequate amount of supplies kept on hand at all times?				
c. Is there evidence that the project has shopped around and compared prices to obtain supplies and services at the most favorable terms available?				
d. Are copies of maintenance and/or service contracts available for review?				

	N/A	Yes	No	Remarks																																	
<p>e. Does the project maintain a list/card file on outside contractors? Check services currently contracted with outside contractors and identify name of contractor and annual amount of contract.</p> <table border="0"> <thead> <tr> <th>Service</th> <th>Name of Contractor</th> <th>Annual Contract Amount</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Elevator</td> <td>_____</td> <td>\$ _____</td> </tr> <tr> <td><input type="checkbox"/> Exterminating</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Apartment Cleaning</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Heating and A/C</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Plumbing</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Security</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Trash Collection</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Decorating</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Grounds</td> <td>_____</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Other</td> <td>_____</td> <td>_____</td> </tr> </tbody> </table> <p>(*Indicate (by asterisk) whether there is an identity-of-interest relationship between the contractor and the owner or agent.)</p>	Service	Name of Contractor	Annual Contract Amount	<input type="checkbox"/> Elevator	_____	\$ _____	<input type="checkbox"/> Exterminating	_____	_____	<input type="checkbox"/> Apartment Cleaning	_____	_____	<input type="checkbox"/> Heating and A/C	_____	_____	<input type="checkbox"/> Plumbing	_____	_____	<input type="checkbox"/> Security	_____	_____	<input type="checkbox"/> Trash Collection	_____	_____	<input type="checkbox"/> Decorating	_____	_____	<input type="checkbox"/> Grounds	_____	_____	<input type="checkbox"/> Other	_____	_____				
Service	Name of Contractor	Annual Contract Amount																																			
<input type="checkbox"/> Elevator	_____	\$ _____																																			
<input type="checkbox"/> Exterminating	_____	_____																																			
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<input type="checkbox"/> Security	_____	_____																																			
<input type="checkbox"/> Trash Collection	_____	_____																																			
<input type="checkbox"/> Decorating	_____	_____																																			
<input type="checkbox"/> Grounds	_____	_____																																			
<input type="checkbox"/> Other	_____	_____																																			
f. Is information on pricing of goods and services from identity-of-interest firms and/or central service units reviewed for the propriety of such transactions and the reasonableness of the resulting charges to the project?																																					
g. Do records indicate that management has:																																					
1) inspected contractor's work before authorizing payment?																																					
2) pursued corrections needed?																																					
8. Security Program																																					
a. Is exterior lighting adequate for protection and visual security?																																					
b. Is the project free of major security problems? If not, check problem areas.																																					
<input type="checkbox"/> Break-ins																																					
<input type="checkbox"/> Vandalism																																					
<input type="checkbox"/> Auto Theft																																					
<input type="checkbox"/> Personal Assault																																					
<input type="checkbox"/> Other																																					
c. Check type(s) of security service available.																																					
<input type="checkbox"/> Tenant patrol																																					
<input type="checkbox"/> Volunteer organization patrol (e.g. Guardian Angels)																																					
<input type="checkbox"/> Paid car patrol																																					
<input type="checkbox"/> Paid on-site guard																																					
<input type="checkbox"/> Police Department car patrols in excess of normal for area																																					
d. Is type and level of security service appropriate for this project:																																					
e. Review of police reports for project address:																																					
<input type="checkbox"/> Violent Crime Arrests																																					
<input type="checkbox"/> Non-citizen Ineligible Aliens																																					
<input type="checkbox"/> Drug Activity																																					

	N/A	Yes	No	Remarks
9. Energy Conservation				
a. Has the project complied with the provisions of the Natural Gas Pipeline Safety Act (e.g., cathodic protection, etc.)?				
b. Has the owner/agent compared the utility rate schedules to assure that the most economic rate schedule is used?				
c. Has management attempted to reduce energy consumption? Check measures undertaken. <input type="checkbox"/> Caulking and weatherstripping <input type="checkbox"/> Storm doors and windows <input type="checkbox"/> Watersaver devices <input type="checkbox"/> Extra insulation <input type="checkbox"/> Conversion to individual metering <input type="checkbox"/> Consumer education <input type="checkbox"/> Other (specify) _____ _____				
d. Is there a current HUD-approved Energy Conservation Plan?				
e. Are the improvements being implemented in accordance with the approved plan?				
I. Maintenance and Security Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

Part B—Financial Management (This section will assist HUD staff in evaluating the mortgagor's system of financial and accounting controls, as well as the mortgagor's compliance with HUD financial reporting requirements. If some or all of the following questions have been covered in the Audit Compliance and Internal Control Questionnaire portion of the IPA Audit, Appendix 2 of Handbook IG 4372.1, the finding of that audit should be presented below as appropriate and no further analysis of those areas is required. If, however, the auditor's unqualified certification concerning some or all of these questions is not available, additional review will be necessary to respond to these items.)

When possible, questions should be addressed to the individual responsible for the functions under review. A thorough review of all financial reports in the HUD office, including an analysis of the latest annual audited statement, should be completed prior to the field visit.)

	N/A	Yes	No	Remarks
10. Accounting and Bookkeeping				
a. Are books and records maintained as required by HUD Handbook 4371.1 (Chapter 4)? Check books of accounts maintained. Indicate where books may be examined: O - owner's office; A - agent's office; P - project site. <input type="checkbox"/> General Ledger () <input type="checkbox"/> Rent Receivable Ledger () <input type="checkbox"/> General Journal () <input type="checkbox"/> Cash Receipts Journal () <input type="checkbox"/> Cash Disbursements Journal () <input type="checkbox"/> Accounts Payable Journal ()				
b. Are rental receipts deposited in the name of the project in a federally insured account? If trust account is used for disbursements, are only HUD-insured projects in the pool and is the project's balance transferred to the project account at least once monthly?				
c. Are operating funds, security deposits, reserve funds, and flexible subsidy funds maintained in separate accounts and properly secured for authorized use?				

	N/A	Yes	No	Remarks
d. Does the mortgagor make frequent postings (at least monthly) to the ledger accounts?				
e. Is owner adhering to HUD-approved repayment Plan? (i.e. loan from reserve for replacement, 236 excess income, capital improvement loan, etc.)				
11. Budget Management				
a. Is an operating budget prepared annually and is it approved by the owner? If yes, obtain copy of current year's budget.				
b. Is current budget on site and used by staff to monitor and control operating expenses?				
c. Are monthly or quarterly reports prepared indicating variances between actual income and expenses and budgeted income and expenses?				
*d. Are rent increase requests submitted to HUD promptly when needed?				
12. Cash Controls				
a. Are collections deposited on the day received or, pending deposit, are they properly controlled?				
b. Are there adequate controls over cash accepted? Check controls used. <input type="checkbox"/> Prenumbered rent receipts <input type="checkbox"/> Bank collections <input type="checkbox"/> Safe <input type="checkbox"/> Lock Box				
c. Do different persons handle bank deposits and accounts receivable, or is an alternative safeguard in effect?				
d. Are all disbursement checks prenumbered, properly identified with account numbers and supported by vouchers or invoices? Is the supply of unused checks adequately safeguarded and under the custody of persons who do not sign checks manually, control the use of facsimile signature plates, or operate the facsimile signature machine?				
e. Are funds (i.e., receipts, disbursements, petty cash, etc.) periodically checked on a surprise basis by a responsible official (other than on-site employees)?				
f. Are bank statements reconciled promptly upon receipt by someone other than check signer and by one who has no cash receipt or disbursement function?				
13. Cost Controls				
a. Does owner/agent solicit bids (formal or informal) in order to obtain materials, supplies, and services on most advantageous terms to project? If yes, give recent example: _____				
b. Are bills (including mortgage payment) paid in sufficient time to avoid late penalties?				
c. Are vendor bills paid in time to obtain maximum trade discounts?				
d. Are operating expenses (including taxes and utilities) periodically reviewed to assure that project is paying the lowest possible rate? Identify any efforts by owner/agent taken to reduce expenses/effect cost savings. _____ _____ _____				
*e. Do project operating expenses appear reasonable compared with similar projects? Indicate latest MIPS rating and check problem areas flagged by MIPS. <input type="checkbox"/> Administrative <input type="checkbox"/> Maintenance <input type="checkbox"/> Utility <input type="checkbox"/> Taxes & Insurance <input type="checkbox"/> Financial				

	N/A	Yes	No	Remarks
16. Rental Collection Practices				
a. Is there a written rental collection policy? Late charge of \$ _____ on _____ day. Delinquent notices sent on days _____, _____, _____. Eviction procedures commence on _____ day. Referred to collection agent on _____ day.				
b. Does rent collection policy in effect reflect that stated in approved management plan?				
c. Does rent collection policy appear to be uniformly applied? (Check rent collection cards on a sample of tenants at various stages of delinquency.)				
d. Is an aged tenant delinquency report prepared monthly? 1) During an average month, how many tenants have not paid their rent by the tenth of the month? _____ 2) During an average month, how many tenants have not paid their rent by the end of the month? _____				
17. Fee Collection Practices (Those fees that are collected separately from rent that should be reflected in lease and house rules.)				
a. Mandatory meals				
b. Pets				
18. Accounts Receivable/Payable				
a. Are tenant accounts receivable within acceptable limits? Amount of receivables in No. 15K is _____% of monthly rents due from tenants. Of this amount, \$ _____ is more than 30 days past due.				
b. Does procedure for write-off of bad debts appear reasonable?				
c. Has annual "write-off of tenants' accounts receivable for the last two fiscal years been less than 1% of gross rents due from tenants? Tenant delinquent accounts written off last 12 months equals \$ _____.				
d. Are accounts payable reasonably current? Indicate amount of accounts payable more than 60 days old: \$ _____				
19. Reserves and Escrows				
a. Complete chart below.				
	As of ____/____/____			Held in Interest-Bearing Account? Yes/No
Name of Reserve	Total	Per Unit	Monthly Deposit	
Replacement Reserve	\$	\$	\$	
Gen. Operating Res. (Co-ops)				
Residual Receipts				
Other				
b. Do the balances in replacement or general operating reserve accounts appear adequate to meet future needs? If not, what action is recommended? _____				
*c. Have monthly deposits to these reserves been increased since the project was completed?				

	N/A	Yes	No	Remarks
d. Has mortgagor/HUD performed analysis to determine future Replacement Reserve needs?				
e. Is only one account (i.e., the appropriate reserve or operating expense account) being billed for repairs that are eligible for reimbursement from the reserves?				
II. Financial Management Rating				
<input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

Part C—Leasing and Occupancy (The responses to some of the items in this portion of the review may have been covered in a previous HUD Occupancy Review or in the Audit Compliance and Internal Control Questionnaire portion of the IPA Audit, Appendix 2 to Handbook IG 4372.1, Audit Guide for Mortgagors Having HUD Insured or Secretary Held Multifamily Mortgages for Use by Independent Public Accountants. If both the report and the Audit Questionnaire indicated satisfactory performance, a spot check of tenant files and some of these items may suffice. If however, an on-site, in-depth occupancy review has not been completed within the past 9 months or if there has been a turnover in on-site staff since the last review, perform a full occupancy review in conjunction with this management review. In addition to interviewing appropriate project staff, also review a reasonable sample (approximately 15%) of the tenant files.)

	N/A	Yes	No	Remarks
20. Tenant Selection and Orientation				
a. Have written tenant selection procedures been established? If yes, ask to see a copy. If no, describe procedures for reviewing and approving tenant applications. _____				
b. Has project implemented tenant preference requirements? Ask to see a copy of tenant waiting list, or other documentation, if either is available, to ascertain.				
c. Does management check references of applicants? Checks with: Previous Landlord Employer Personal References Credit Bureau (Cost = \$ _____) Other _____				
d. Is affirmative marketing plan on site? Does advertising program reasonably comply with affirmative marketing plan? Estimate racial mix of current tenants: Ethnicity American Indian or Alaskan Native _____ % Asian or Pacific Islander _____ % Black _____ % Hispanic _____ % White _____ %				
e. Has any local authority or project owner received complaints of prohibited discrimination? (e.g., based on race, age, sex, handicap, familial status)				
f. If an applicant is rejected, does management provide the applicant with an explanation for the rejection? Is the explanation written?				
g. Are new tenants given informational handbooks or manuals?				

	N/A	Yes	No	Remarks
<p>h. Does project staff personally interview new tenants and provide orientation to the project? Check topics covered.</p> <p><input type="checkbox"/> Project Rules</p> <p><input type="checkbox"/> Lease Terms</p> <p><input type="checkbox"/> Maintenance Request Procedures</p> <p><input type="checkbox"/> Explanation of Appliances</p> <p><input type="checkbox"/> Location of Shopping, Schools, Transportation, Community Services, etc.</p> <p><input type="checkbox"/> Grievance Procedure</p> <p><input type="checkbox"/> Security Deposit and Charge Backs</p> <p><input type="checkbox"/> Rent Payment Procedure</p> <p><input type="checkbox"/> Energy Conservation</p> <p><input type="checkbox"/> Subsidy Policies and Rules</p>				
<p>i. Do project staff and new tenant jointly inspect unit prior to occupancy?</p>				
<p>21. Vacancy and Turnover</p> <p>a. Is the vacancy rate satisfactory and not excessive? List month-end vacancies for last 6 months.</p> <p>Month ___ ___ ___ ___ ___ Total Avg.</p> <p>No. Vacant ___ ___ ___ ___ ___ _____ _____</p> <p>No. Vacant Today _____(%)</p> <p>No. Ready for Occupancy _____</p> <p>Avg. Length of Vacancy = _____ days</p>				
<p>b. Is vacancy percent in 21a above less than vacancy factor used in last rent increase approval? Used _____%.</p>				
<p>c. Is project free from vacancy problems due to any of the following factors? If not, check the factors contributing to vacancies.</p> <p><input type="checkbox"/> Security Problem</p> <p><input type="checkbox"/> Non-competitive Amenities</p> <p><input type="checkbox"/> Inadequate Marketing</p> <p><input type="checkbox"/> Project Reputation</p> <p><input type="checkbox"/> Bedroom Mix/Size (_____ <i>bdrm hard to rent</i>)</p> <p><input type="checkbox"/> Poor Maintenance</p> <p><input type="checkbox"/> Rents too High</p> <p><input type="checkbox"/> Location</p> <p><input type="checkbox"/> Lack of Demand</p> <p><input type="checkbox"/> Tenant/Management Relations</p>				
<p>d. Is advertising program in use appropriate? Check type of ads used and enter cost/month.</p> <p><input type="checkbox"/> Newspaper (\$ _____/Mo.)</p> <p><input type="checkbox"/> Radio (\$ _____/Mo.)</p> <p><input type="checkbox"/> Contacts with community groups (\$ _____/Mo.)</p> <p><input type="checkbox"/> Other (<i>Specify</i>) _____</p>				
<p>e. Does the project maintain a waiting list of prospective tenants? Is the list updated regularly? How many are now on list? _____</p>				

	N/A	Yes	No	Remarks
f. Has the project had a significant turnover problem? Indicate number of units becoming vacant during the last six months. Month _____ Total _____ Avg. _____ No. of Units _____ (____%)				
22. Leases and Deposits				
*a. On subsidized projects, is HUD model lease used? If not, has lease in use been approved by HUD? On non-subsidized projects, does lease meet HUD requirements?				
b. If necessary, are the HUD approved lease and/or the owner's/agent's rules and regulations available to project tenants in foreign language version?				
c. In Section 236 projects with tenant paid utilities, is the model lease being used in compliance with the provisions of Chapter 4, Section 5 of Handbook 4350.1 with respect to tenant paid utilities? Check to assure regulatory agreement has also been amended.				
d. Is amount of security deposit within limits set for this HUD program?				
e. Are the security deposit and first month's rent the only charges made when applicant is accepted for occupancy? List other charges and amounts. Type _____ Amount _____ \$ _____ \$ _____				
f. Has the project implemented the pet rule (elderly only) requirement?				
g. Obtain copy of pet policy to ascertain if the pet policy and amount of pet deposit is reasonable?				
h. Has the Pet policy (elderly only) been incorporated into the lease?				
23. Rent Schedule Compliance				
*a. Is a HUD-approved Rent Schedule (HUD-92458) on file? List and compare the rental charges.				

	Rent Used	Form HUD-92458 Rent		Rent Used	Form HUD-92458 Rent
_____ Bedroom	\$ _____	\$ _____	_____ Bedroom	\$ _____	\$ _____
_____ Bedroom	_____	_____	_____ Bedroom	_____	_____
_____ Bedroom	_____	_____	_____ Bedroom	_____	_____
_____ Bedroom	_____	_____	_____ Bedroom	_____	_____

b. In non-subsidized projects, is the gross potential income from apartments equal to or less than rents approved on the latest Form HUD-92458?				
c. In Section 221(d)(3) projects, is the rent for each dwelling unit at or below the upper limit of the approved rent range shown on the latest Form HUD-92458?				
d. In Section 236 projects, are Basic Rents and Market Rents the same as shown on the latest Form HUD-92458?				
e. In project receiving Section 8 assistance, are rents charged for Section 8 units the same as rents charged for all similar units in the project?				
f. Are charges for equipment and services included in the rent the same as shown on the latest Form HUD-92458? Do these charges equal or exceed management's cost for providing these services and equipment?				
g. Is the other income-producing space in the project rented at or above the rates shown on the latest Form HUD-92458?				

				N/A	Yes	No	Remarks	
h. Are the number of non-revenue producing dwelling spaces at the project the same as shown on the latest Form HUD-92458?								
24. Application Processing								
a. Are proper income limits used?								
b. Are income, assets (<i>if applicable</i>) and medical and other expenses (child care allowance, handicapped assistance expenses, elderly household allowance) independently verified?								
c. Is income properly calculated? Are deductions from income properly calculated?								
d. Is size of unit reasonably related to size of the family?								
e. When tenants are paying their own utilities, have certification/recertification forms (<i>Form HUD-50059</i>) been revised to reflect utility allowance?								
f. Are application forms signed by both the tenant and the owner and sent to HUD on a timely basis?								
g. Are appropriate preference rankings applied to prospective tenants?								
25. Recertification System								
a. Does management use a tickler system to identify recertifications that are coming due? Are recertifications completed on or before the anniversary date?								
b. Is request for new verification of income sent to tenant at least 60 days before the anniversary date?								
c. Are tenants notified of any rent change resulting from the recertification prior to the effective date of the rent change?								
26. Monthly Vouchers								
*a. Is project utilizing all subsidy units allocated to it? Complete the following chart. Explain why subsidies are not used.								
Secondary Subsidy	Rent Supp.	RAP	LM Sec. 8	Existing Sec. 8	Sec. 23	Flex. Subsidy	Total	
(1) No. of Units Approved								
(2) Annual Contract Amount	\$	\$	\$	\$	\$	\$	\$ /yrs.	
(3) No. of Units Used Last Month								
(4) Estimated Usage This Year	\$	\$	\$	\$	\$	\$	\$ /yrs.	
*b. Are monthly vouchers submitted to HUD on time?								
*c. Are billings properly prorated for move-ins and move-outs?								
d. Are claims for Section 8 vacancy payments supported by accounting records and owner recertifications?								
e. Does agent monitor monthly subsidy usage and promptly request increases in contract authority when warranted?								
27. Eviction/Termination of Assistance Procedures								
a. Does management have a written policy for handling evictions?								
b. Are eviction policies and procedures consistent with HUD requirements?								
c. When tenants are evicted, are they evicted only with good cause and are they given adequate notice of the reason for evictions?								

	N/A	Yes	No	Remarks
d. Are eviction procedures initiated promptly, when warranted? 1) Number of evictions completed during last 6 months _____. 2) Average cost per eviction \$_____. 3) Eviction handled by: <input type="checkbox"/> attorney on staff of owner/agent <input type="checkbox"/> attorney on contract <input type="checkbox"/> attorney on call				
e. Is Legal Services actively involved in evictions at this project?				
f. Does eviction procedure comply with that shown in approved management plan? Describe process used in evicting tenants for causes other than nonpayment of rent. _____ _____ _____				
g. Does management provide written policy on termination of assistance to tenants (e.g. incorporated into a tenant handbook)?				
h. Are these policies consistent with HUD requirements?				
i. Number of terminations of assistance incurred over the past year: _____				
28. Tenant Files and Records				
a. Are tenant files organized, properly maintained, and secured in a confidential manner?				
b. Do tenant files contain all the necessary forms and documents? Are these signed by the tenant and the owners, as required? Check items typically found in files. <input type="checkbox"/> Application (signed) <input type="checkbox"/> Income Verifications <input type="checkbox"/> Lease (signed) <input type="checkbox"/> Lease addenda <input type="checkbox"/> Security Deposit Receipt <input type="checkbox"/> Recertification Form(s) <input type="checkbox"/> Unit Inspection <input type="checkbox"/> Correspondence, including complaints and requests for service <input type="checkbox"/> Other _____				
c. Is there a chronological record of maintenance inspection and work for each unit maintained in the project office?				
III. Leasing and Occupancy Rating				
*a. Occupancy Review Compliance—List deficiencies in occupancy procedures noted in prior occupancy review(s) or elsewhere (e.g. Appendix 2 of 4372.1) which are still outstanding.				
Review Date	Deficiency	Corrected		Action Needed
		Yes	No	

b. Rating: <input type="checkbox"/> Superior <input type="checkbox"/> Below Average <input type="checkbox"/> Satisfactory <input type="checkbox"/> Unsatisfactory				
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Part D—Tenant/Management Relations (When assessing tenant/management relations, the critical point is whether or not management is aware of and sensitive to tenants' concerns and is using the optimum resources available to address these concerns. The principal sources of information for completing this section will be correspondence in the project file, interviews with on-site management staff and, when appropriate, interviews with some residents of the project.)

	N/A	Yes	No	Remarks																											
29. Tenant Participation																															
a. Is there an active tenant organization at this project?																															
b. Does the tenant organization appear to represent the majority of the residents? What tenants appear to be under-represented? _____																															
c. Does the tenant organization meet frequently with management? Give frequency _____ Date of last meeting _____																															
d. Is tenant organization supported by project funds? How much? _____																															
e. Are there brochures and newsletters available regarding project policies and activities? Does management encourage tenant input to the newsletter?																															
f. Is tenant involvement in project operations encouraged? Check areas in which involvement is encouraged. <input type="checkbox"/> Project rules <input type="checkbox"/> Redecorating schedule <input type="checkbox"/> Use of community space <input type="checkbox"/> Energy conservation <input type="checkbox"/> Social service program <input type="checkbox"/> Security program																															
g. Have tenants been notified of and given an opportunity to comment upon proposed rental increases, capital improvements, proposed sale of project, change of ownership/management agents, and other areas where tenant notification and comment is required by HUD?																															
30. Provision of Tenant Services																															
a. Has management made efforts to determine what community resources and social services are available to meet tenant needs?																															
b. Do social services provided by either the project or neighborhood appear adequate to meet the tenants needs? Check services available and identify agency providing the service (i.e., CETA; city/county/state; church/school; community groups, etc.) and any cost to project. <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 15%; text-align: center;">Source Agency</th> <th style="width: 15%; text-align: center;">Cost to Project</th> </tr> </thead> <tbody> <tr> <td><input type="checkbox"/> Child Care</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Recreation</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Health Care</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Vocational Training/ Job Placement</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Meals</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Financial Counseling</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Substance Abuse Counseling</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td><input type="checkbox"/> Other (specify) _____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>		Source Agency	Cost to Project	<input type="checkbox"/> Child Care	_____	_____	<input type="checkbox"/> Recreation	_____	_____	<input type="checkbox"/> Health Care	_____	_____	<input type="checkbox"/> Vocational Training/ Job Placement	_____	_____	<input type="checkbox"/> Meals	_____	_____	<input type="checkbox"/> Financial Counseling	_____	_____	<input type="checkbox"/> Substance Abuse Counseling	_____	_____	<input type="checkbox"/> Other (specify) _____	_____	_____				
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<input type="checkbox"/> Other (specify) _____	_____	_____																													

	N/A	Yes	No	Remarks
c. Has management made an effort to employ tenants? If so, describe and indicate how many tenants have been employed in the past two years. _____				
31. Use of Community Space				
a. Is indoor community space adequate and is it in satisfactory condition?				
b. Does managing agent plan and use the space effectively?				
c. Have written procedures been established for reserving the space (<i>including a fee schedule, when appropriate</i>)?				
d. Is outdoor recreation space adequate and in good condition?				
32. Tenant Satisfaction				
a. Do residents appear reasonably satisfied with the overall quality of housing services provided by the project? Maintenance Services Security Social Services List any areas of dissatisfaction _____ _____				
b. Does management respond promptly to maintenance requests and other resident complaints?				
c. Do project files indicate it is not necessary for tenants to communicate with HUD to resolve project problems?				
d. Does management have an effective method for resolving tenant grievances and are the tenants aware of it?				
IV. Tenant/Management Relations Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

Part E—Drug-Free Housing Policy

	N/A	Yes	No	Remarks
33. Uniform, Written Tenant Selection Plans That Aid and Support Drug-Free Housing.				
34. House Rules That Aid and Support Drug-Free Housing.				
35. Evidence of Drug Use/Sales at Project Address.				
a. Police Reports/Arrest Records				
b. Physical Inspection/Paraphernalia				
36. Overall Project Plan for Drug-Free Housing				
37. Project Owner/Agent is A Member of Local Drug-Free Housing Task Force (if formed).				
V. Drug-Free Housing Policy Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

Part F—General Management Practices (Thoroughly review the management plan and management agreement before completing this Part of the review. If you determine in Question No. 43a that the management plan does not reflect systems and procedures in use at the project, or if you believe that the systems and procedures set forth in the plan are not appropriate for the project, in Part I specify deficiencies and recommend revisions to practices/content of the plan.)

	N/A	Yes	No	Remarks																														
38. Owner Participation																																		
a. Is the project owner actively involved in project affairs? If yes, describe. _____ _____																																		
b. Does management agent submit reports to owner as required by management agreement or plan, if one exists? Check reports required and indicate frequency. (Obtain copies, if possible.) <table border="0" style="width: 100%;"> <tr> <td style="width: 30%;">Type</td> <td style="width: 30%;">Frequency</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Cash flow/accounting</td> <td>_____</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Move out/move in</td> <td>_____</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Delinquency</td> <td>_____</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Maintenance</td> <td>_____</td> <td></td> <td></td> <td></td> </tr> <tr> <td><input type="checkbox"/> Other (specify) _____</td> <td>_____</td> <td></td> <td></td> <td></td> </tr> </table>	Type	Frequency				<input type="checkbox"/> Cash flow/accounting	_____				<input type="checkbox"/> Move out/move in	_____				<input type="checkbox"/> Delinquency	_____				<input type="checkbox"/> Maintenance	_____				<input type="checkbox"/> Other (specify) _____	_____							
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<input type="checkbox"/> Maintenance	_____																																	
<input type="checkbox"/> Other (specify) _____	_____																																	
c. If project is owned by a cooperative or nonprofit entity, does Board of Directors meet regularly? How often? _____																																		
d. If project is owned by a cooperative, are minutes prepared?																																		
39. Organization and Supervision																																		
*a. Do management agreement and plan, if they exist, and/or the Management Entity Profile and Management Certifications, clearly describe the relationships and responsibilities of the owner and the agent? Do on-site staff understand these relationships?																																		
b. Does owner/agent have a system/procedure for providing field supervision of on-site personnel? Name of Field Supervisor(s) _____ _____ Freq. of Visits by Supervisor _____																																		
c. Are lines of supervision between on-site staff and agent's central staff described in writing and understood by staff?																																		
d. Are duties of on-site staff described in writing (e.g., job description, etc.) and are they clearly understood by on-site staff?																																		
e. Has the owner/agent established a written personnel policy for employees?																																		
40. Staffing and Personnel Practices																																		
*a. List all staff billed to project account.																																		

Name *	Title	Date Employed	Hours per Week	Monthly Salary or Wage	If a free apt, give number of bedrooms	Position approved in mgmt plan? Yes / No

*Indicate by asterisk those employees living on site.

	N/A	Yes	No	Remarks									
b. Does above staffing reasonably correspond to that submitted in support of last rent increase?													
c. Are the number of skills of staff appropriate for this project?													
d. Are staff recruited in accordance with affirmative action and tenant employment goals specified in management plan?													
41. Operating Procedures and Manuals													
a. Is a copy of the current management plan, if it exists, on-site and available to staff? If not, answer N/A.													
b. Do on-site staff refer to this plan in their day-to-day activities?													
c. Is there a procedures manual on site for staff use? (<i>Obtain copy, if available.</i>)													
d. Does manual adequately cover HUD requirements?													
e. Are HUD manuals, handbooks or other guide materials available on site for staff use?													
42. Training													
a. Does owner/agent have a formal ongoing training program for its staff? Check types of training used. <input type="checkbox"/> On Site (Frequency _____) <input type="checkbox"/> IREM <input type="checkbox"/> HUD Seminars <input type="checkbox"/> NCHM <input type="checkbox"/> Local Colleges <input type="checkbox"/> Other (<i>specify</i>) _____													
b. When on-site staff have questions or concerns, do they know who to call for assistance? Who do they call? _____													
c. Does owner/agent have a system to keep on-site staff informed of changes in either HUD policies or project operating procedures?													
43. On-Site Office Administration													
a. Are there signs enabling applicants/tenants to easily locate the office?													
b. Is office organized and neat in appearance?													
c. Are office hours posted?													
d. Are office hours convenient for prospective applicants and tenants?													
e. Is rent collection policy posted?													
f. Is affirmative fair housing sign posted?													
g. Are emergency phone numbers posted?													
44. Insurance and Bonding													
a. List current insurance coverage and premiums. <table style="margin-left: 40px;"> <thead> <tr> <th></th> <th>Basic Coverage</th> <th>Annual Premium</th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>\$ _____</td> <td>\$ _____</td> </tr> <tr> <td>Liability</td> <td>\$ _____</td> <td>\$ _____</td> </tr> </tbody> </table>		Basic Coverage	Annual Premium	Property	\$ _____	\$ _____	Liability	\$ _____	\$ _____				
	Basic Coverage	Annual Premium											
Property	\$ _____	\$ _____											
Liability	\$ _____	\$ _____											
b. Is property insurance adequate to cover replacement cost?													
c. Has the project been able to obtain property or liability insurance coverage without any major difficulties? If not, describe problems.													

	N/A	Yes	No	Remarks
d. Has the owner/agent attempted to obtain lower insurance coverage rates? If yes, describe. _____				
e. Does the owner/agent have a fidelity bond which is at least equal to potential collections for two months and which provides coverage for all employees handling cash? (Obtain copy, if available.)				
45. Management Plan and Agreement				
a. Have owner and managing agent executed and submitted an appropriate management certification (Form HUD-9839-A, B, or C) to HUD? Date of certification ____/____/____.				
b. Is the agent in compliance with the terms of the management certification?				
c. Has a management entity profile been submitted to HUD and is it relevant to the agent's organization and how it operates? Date of profile ____/____/____				
d. Is there an approved management plan relevant to the needs of the project?				
e. If a plan exists, is the owner/agent complying with the management plan?				
f. Is a management agreement in force? Term of Agreement ____/____/____ thru ____/____/____ Management Fee _____%				
g. Is the agent in general compliance with the terms of the management agreement, if one exists?				
VI. General Management Practices Rating <input type="checkbox"/> Superior <input type="checkbox"/> Satisfactory <input type="checkbox"/> Below Average <input type="checkbox"/> Unsatisfactory				

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APPENDIX 9

Physical Inspection Report

The form is now captured via a hand held computer. You may
contact the REAC staff at 888-245-4860 for information
on the automation of this process.
[Click Here for Form](#)

form HUD-9822 (1/90)
ref Handbook 4350.1

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APPENDIX 9

form HUD-9822

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APPENDIX 11

Rent Schedule
Low Rent Housing

[Click Here for Form](#)

form HUD-92458 (2/89)
HB 4566.2

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APPENDIX 11

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APPENDIX 11

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Page 2 of 2 form HUD-9602

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APPENDIX 13

Multifamily Unit
Inspection Summary

* [Click Here for HUD-9602-A](#) *

form HUD-9602-A (03/17/92)
ref. Handbook 4350.5

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APPENDIX 14A

SAMPLE CERTIFICATION OF OWNER
COMPLETION OF UNIT CORRECTIONS

PROJECT NAME _____

PROJECT ADDRESS _____

PROJECT NUMBER _____

I certify that the required corrections have been made on the following units. Copies of letters sent to tenants for those cases which involved tenant non-compliance are attached. Copies of work orders showing tenant acceptance of the work are also attached.

Unit#	Date of HUD Inspection	Target Due Date	Actual Completion	Tenant Letter? Yes, N/A, No**
-------	------------------------	-----------------	-------------------	-------------------------------

WARNING: It is a crime to knowingly make false statements to a federal agency. Penalties upon conviction can include a fine or imprisonment. For details, see Title 18 U.S. Code, Sections 1001 and 1010.

Owner/Representative Signature Date

**Explain any "No" answers.

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APPENDIX 14B

SAMPLE CERTIFICATION OF OWNER
COMPLETION OF UNIT CORRECTIONS

PROJECT NAME _____

PROJECT ADDRESS _____

PROJECT NUMBER _____

UNIT NO. _____

OWNER CERTIFICATION:

I certify that all of the deficiencies requiring action identified in HUD's inspection dated _____ have been corrected.

A letter to the tenant with respect to lease non-compliance is attached.

A letter to the tenant was not required.

WARNING: It is a crime to knowingly make false statements to a federal agency. Penalties upon conviction can include a fine or imprisonment. For details, see Title 18 U.S. Code, Sections 1001 and 1010.

Owner/Representative Signature

Date

TENANT CERTIFICATION: (**)

I agree that all items on the HUD inspection form marked "R" or "I" have been corrected.

Tenant Signature

Date

(**) Alternatively, owners may attach copies of work orders showing tenant acceptance of the work.

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APPENDIX 15

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM
ADDITIONAL ASSISTANCE PROGRAM FOR PROJECTS WITH HUD-INSURED
AND HUD-HELD MORTGAGES
24 CFR PART 886, SUBPART A

HOUSING ASSISTANCE PAYMENTS (HAP) CONTRACT
(Renewal or New Contract)

This HAP Contract is between the United States of America, acting through the Department of Housing and Urban Development (called "HUD"), and _____ (1) _____ (called "Owner"). The housing project covered by this HAP Contract, as amended, is identified as follows:

Project Name: _____ (2) _____ City: _____
Street Address: _____
Section 8 Contract No: _____ (3) _____ County: _____
Fiscal Year End _____ (3/31, 6/30, etc.)
Number of Units _____
Cumulative Budget Authority _____ (Term x Contract Authority)

I. Sections 1 through 28 and Exhibits A and B of Contract No. _____ beginning _____ (4) _____, 19____, and continuing through _____ (5) _____, 19____, are incorporated herein by reference as if fully set forth hereafter unless modified herein and made a part hereof.

II. The Section 8 project number identification of this HAP Contract is modified by deleting _____ (6) _____ and substituting in lieu thereof _____ (7) _____.

III. Sections 5 and 6 are modified as follows:

Section 5. Term of Contract. This Contract shall run for a period of five years, beginning _____ (8) _____, 19____ and continuing through _____ (9) _____, 19____. This Contract may be extended for 0 (zero) additional five-year periods at the option of the owner.

** See instructions

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APPENDIX 15

Section 6. Maximum Amount of Housing Assistance Payments. Maximum Annual Contract Commitment. Notwithstanding any other provision of this Contract (other than Paragraph b) or any other contract between HUD and the Owner, HUD shall not be obligated to make assistance payments and pay PHA fees, if any, in excess of \$ _____(10)_____ under this Contract during any contract year.

In addition, HUD shall not be obligated to pay assistance for more than the total number of contract units shown in Exhibit B.

IV. All other sections of the Contract shall remain the same.

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

Project Owner: _____

By: _____
Name

Title

Signature
_____, 19_____, 19____

Secretary of the Department of Housing and Urban Development

By: _____
Name

Title

Signature
_____, 19_____
Date

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APPENDIX 15

INSTRUCTIONS FOR COMPLETING SECTION 8 LMSA HAP CONTRACT

Field Offices must fill in the following where indicated by number prior to forwarding to project owner for signature:

- (1) Owner Name
- (2) Project Name, Street Address, and Location
- (3) Original Section 8 Contract Number
- (4) Beginning Date and Year of Current Contract or Renewal Term
- (5) Current Expiration Date and Year
- (6) Original Section 8 Project Number
- (7) Modified Section 8 Project Number (see p. ___ of Notice)
- (8) If the current contract expiration date is the last date of the month, the effective date of the extension contract is the first day of the month following the expiration date. If the current contract expiration date is not the last day of the month, enter the first day of the same month in which the contract expires as the effective date of the extension contract.

Examples:

```

If Current Expiration    =    May 31, 1991
      THEN
Extension Effective Date =    June 1, 1991

If Current Expiration    =    May 20, 1991
      THEN
Extension Effective Date =    May 1, 1991

```

- (9) Last day of the month preceding the effective date shown in Item 8 plus 5 years; e.g., effective date is August 1, 1991, use July 31, 1991 plus 5 years for an expiration date of July 31, 1996.

** This entry will be zero unless this is an amendment of a contract with optional renewal periods remaining. If this is the case, enter the number of renewal periods remaining after the end of this 5-year period.

- (10) Annual Contract Authority transferred from Form HUD-185.

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APPENDIX 16

DIRECT DEPOSIT SIGN-UP FORM

[Click Here for Form](#)

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APPENDIX 16

INSTRUCTIONS FOR PREPARING STANDARD FORM 1199A

SECTION 1:

Block A: Enter the name, address and telephone number of the payee--Public Housing Agency (PHA), private owner or the private owner's management agent if the private owner wants the Department to send the funds directly to the management agent.

Block B: Enter the Taxpayer Identification Number (TIN) for the payee entered in Block A. The TIN is either the payee's social security number or the payee's employer identification number. Remember, social security numbers have nine digits separated by two hyphens: e.g., 000-00-0000, and employer identification numbers have nine digits separated by one hyphen; e.g., 00-0000000.

Block C: Enter the code (project) number that is shown on the first line of the mailing address on the HAP Contract.

PAYEE/JOINT PAYEE CERTIFICATION. Signature of an official of the PHA or the private owner (or designated agent of the private owner) that would have the authority to direct the Department to

send funds to the designated payee as shown in Block A.

Block D: Insert "X" for either checking or savings.

Block E: Insert the bank account number of the payee shown in Block A. If payee is PHA, insert bank account number of the PHA. If private owner is payee, insert bank account number of private owner. If management agent is payee for the private owner, insert bank account number of management agent. The account number should appear exactly as it does in the financial institutions records. Within the account number, hyphens are acceptable; spaces and other characters are not.

Block F: Insert "X" in the box preceding "Other" and enter "SEC-8" on the line after "Other."

Block G: Leave blank.

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APPENDIX 16

INSTRUCTIONS FOR PREPARING STANDARD FORM 1199A (continued)

Joint Account Holders, Certification

First line, insert the name of the private owner as it is shown in the Section 8 Contract with the Department. This would be the same name entered in Block A unless the funds are paid to the private owner's management agent. For a PHA, leave blank.

Second line, insert the private owner's TIN. This would be the same TIN shown in Block B unless the funds are paid to the private owner's management agent. For a PHA, leave blank.

SECTION 2 Insert the name and address of the Regional Accounting Division that services your area.

SECTION 3 Take the [SF-1199A](#) to your financial institution for completion.

PLEASE DO NOT FORGET TO ATTACH A COPY OF A BLANK CHECK MARKED "CANCELED" OR "VOID" PRIOR TO MAILING.

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APPENDIX 17

Instructions for Modified PAD Form [HUD-52540](#)
for Housing Programs entered in the
Program Accounting System (PAS)

These interim instructions are for use in reserving authority in PAS for Housing Vouchers, Section 8 Existing Certificate Contract Renewals, Loan Management Extensions and Moderate Rehabilitation-Single Room occupancy (SRO). Note that some entries on the PAD [Form HUD-52540](#) (Modified) are to be completed only by the Regional Accounting Division (RAD).

- o Block "To". Enter the name and address of the RAD Director.
- o Block "From". Enter the name and address of the Regional Administrator or Field office Manager.
- o Block 1. Transaction Code and Modifier. Circle the appropriate Modifier group as described below. RAD will then select the correct transaction code and modifier for use in recording the reservation action.
- o N = New. An initial reservation of funds for a project for a particular program code.
- o F = Increase Amendment or Correction. A previous reservation under the same program code is being increased, e.g.:
 - o An amendment to a current year fund reservation increasing the authority for a project for which an Annual Contribution Contract (ACC) has not been executed.
 - o An amendment action increasing only authority on a project, with the number of total units unchanged.
 - o A correction entry increasing a previous reservation entered for the wrong amount.
- C, CB, CF = Decrease Amendment-Cancellation. A current year reservation under the same program code is being cancelled. The RAD will select the appropriate modifier based on whether funds have been disbursed on the project and whether all project funding is being cancelled.
- D, DB, DF = Decreased Amendment-Recapture.
- R, RF = Decreased Amendment-Correction. A correction entry

to decrease a current year reservation entered for the wrong amount.

- o Block 2. Not applicable.
- o Block 3. Program Code. Enter the code of the funds being used to make the reservation. These codes also are used on the assignment and sub-assignment documents.
- o Block 4. Not Applicable.

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APPENDIX 17

Instructions for Modified [PAD Form HUD-52540](#) (continued)

- o Block 5. Not Applicable.
- o Block 6. Area. Enter either "1" for Metropolitan or "2" for Non-metropolitan.
- o Block 7. Project number. Enter an 11-digit alphanumeric code (e.g., A06-V106-001).
- o Block B. PHA/IHA/Private owner Name. Enter the name of the Public Housing Agency/Indian Housing Authority/Private owner as shown the Notification Letter.
- o Block 9. Not Applicable.,
- o Block 10. Date Latter of Notification Reservation Document Signed. During the first 11 months of a fiscal year the RAD shall enter the reservation date (month/date/year) displayed on the PAD daily transaction listing. During the last month of the fiscal year, the Regional/Field Office shall enter the date for which a PAD is being submitted. A copy Of this Notification Letter or Reservation Document must be attached. This includes documents for the termination of projects.
- o Block 11. Term. Enter the number of years for which HUD is obligated to pay annual contributions.
- o Block 12. Unit and Fund Section. Complete this Section for all new or amendatory types of action. This section shall not be completed if Termination is shown in Block 1. Complete columns b, e, and f for the action. Columns a is completed by the RAD. Columns 12c, d, and g are not applicable.
- o Block 12a. To be completed by the RAD.
- o Block 12b. Total Units. Enter the total number of assisted units for the subject project. If the type of action is an amendment, enter only the number of units increased or decreased. If units are being decreased, enter that number of units in parentheses, (e.g., 25).

Column 12c. Elderly Units. Not applicable.

Column 12d. Source Year. Not applicable (see 3.a. above).

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APPENDIX 17

Instructions for Modified PAD [Form HUD-52540](#) (continued)

Column 12e. Contract Authority. Enter the amount of annual contributions contract authority being reserved for the project. If the of action is an amendment or transfer, enter only the amount of the increase or a transfer, enter only the amount of the increase or decrease. If contract authority is being decreased, enter that amount of funds in parentheses, e.g., (\$25,000).

Column 12f. Budget Authority. Enter the amount of budget authority being reserved. Budget authority in the maximum total amount of annual contributions committed to a project over the term of the ACC or HAP Contract. If the type of action is an amount shown is the increase of decrease only. If budget authority is being decreased, enter that amount of funds in parentheses, e.g., (\$25,000).

Column 12g. Loan. Section 203(a) Exception Authority. Not applicable.

Column 12h. To be completed by the RAD.

Date and signature. The PAD form must be signed and dated by the Office Manager/Regional Administrator. If the action taken involves current fiscal year funds, the PAD must be signed and dated no later than the last day of the fiscal year.

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Project Accounting Data (PAD)
Project Accounting System (PAS)

**U.S. Department of Housing
and Urban Development**
Office of Public Housing

To	From	Batch Number	Reformulation	
			To	From
1. Transaction Code and Modifier			126	1
N - New FAD Use Only: F - Increase CB, CF C - Cancellation DB, DF D - Recapture RF - Decrease, Transfer or Correction				
2. Program Code				2
3. Fiscal Year				3
4. Allotment Number				4
5. Regional Code				5
6. Field Office Code				6
7. Document Number			52540	7
8. Project Number				8
9. Reason Code				9
10. Budget or Grant Authority (enter number without commas)				10
11. Effective Date (mm/dd/yyyy)				11
12. Fed/NonFed Code			2	12
13. Metro/NonMetro (enter 1 or 2)				13
14. Contract Type				14
15. Number of Units				15
16. Grantee Name				16
17. Term of Reservation (months)				17
18. Number of Elderly Units				18
19. Contract Authority				19
20. Second Project Number				20
21. State Code				21
22. Object Class				22

Comments

Name of Authorized HUD Official	Signature	Date

Instructions for Completing the Project Accounting Data (PAD) Form
Public Housing Development (including MROP) Program
to be entered into the Program Accounting System (PAS)

The PAD must be completed for each action relating to the reservation of grant authority, the recapture of budget authority (or loan authority for loan programs), or a permanent change in the Annual Contributions Contract (ACC) unit count. Send the signed PAD with supporting documentation to the Field Accounting Division (FAD).

Block "To." Enter the name and address of the FAD Director.

Block "From." Enter the name and address of the authorized HUD Official.

Block "Reformulation." Check the appropriate block when splitting one project into two, combining two projects, redistributing units and funds between two projects, or changing the development method.

Block 1. Transaction Code and Modifier. Mark the appropriate alpha code (N, F, C, D, or RF) and enter the code in Block 1, starting from the first space after "126." The codes are described below:

N - New. An initial reservation of funds. It is also used to create a "To" project in a reformulation and to establish a "new" project number when a development method change occurs or if the project has never before been entered under this program code.

F - Increase -- Amendment or Correction. A previous reservation under the same program code is being increased. For example:

- o An amendment action increasing only the grant authority (number of units unchanged).
- o An increase in units and grant authority to a previous reservation for the "To" project in a reformulation.
- o A correcting entry increasing a previous reservation entered for the wrong amount.

C - Cancellation or Amendment. A current year reservation under the same program code is being cancelled.

D - Recapture. A prior year reservation under the same program code is being recaptured.

RF -Decrease -- Transfer or Correction.

- o A correcting entry to decrease a current year reservation entered for the wrong amount.
- o A correcting entry for the "From" side of the transaction in an approved development reformulation.
- o A correcting entry to change the development method (requires two sets of PADs; one to subtract units/funds from the donating project and the second to add them to the receiving project). PAS may see the "To" project as "new."

Block 2. Program Code. Enter a 3-digit alpha code specified on the fund assignment form. New program codes may be established by memorandum.

Reservations To 1987

Dev-Loans = BLB
Dev-Budget = BSA

Reservations From 1987 - 1989

Devel (Devel Funds) = PHD
Devel (Recapt/Reuse) = PHR
MROP (Dev Funds) = PHM
MROP/Recapt = PMR
Cost Amendments = PHA
Amend Recapt/Reuse = PAR
Devel (FFS) = TFO

Reservations From 1990 & Thereafter

New/Rehab/Acq-Dev-Metro = PDM
New/Rehab/Acq-Dev-Non-Metro = PDN
New/Rehab/Acq-Fair Share Exempt = PDO
Dev-FSS = PFO
MROP-Metro = PRM
MROP-Non-Metro = PRN
MROP-Fair Share Exempt = PRO
Dev-Disabled = PHF
Cost Amendments = PHA
St. Louis Demolition = MPE

Blocks 3 and 4. Leave blank.

Block 5. Regional Code. Enter the 2-digit numeric Regional code.

Block 6. Field Office Code. Enter the 2-digit numeric Field Office code.

Block 7. Pre-printed.

Block 8. Project Number. Enter a 14-digit alpha numeric code as follows:

- 1-2: State code - alpha
- 3-4: Field Office code - numeric
- 5: P for Public Housing
- 6-8: PHA number
- 9-11: Development project number. All numbers must be 3 digits.
- 12-13: Source year (Federal Fiscal Year) of funds
- 14: Project type code; select one from the following list:
 - New Construction - Conventional = A
 - New Construction - Turnkey = C
 - Rehabilitation - Conventional = D
 - Rehabilitation - Turnkey = E
 - Acquisition of Existing (without rehab) = F
 - Maj Reconstr of Obsolete Pub Hsg = M

Block 9. Leave blank.

Block 10. Budget or Grant Authority. Enter the grant amount being reserved (e.g., 3900500, with no commas or cents). Enter decreases in brackets [].

Block 11. Effective Date.

A. For a new reservation (i.e., modifier "N" in Block 1, using current year grant authority), the effective date shall be (a) from October 1 through August 31, the date entered by the FAD, and displayed on the PAS daily transaction listing; or (b) in September, the date shown on the Notification letter, a copy of which shall be attached to the PAD.

B. If the modifier "N" is used to add amendment funds or create a new project (such as the "To" in a "From-To" reformulation), the effective date is the same as the initial reservation date on the "From" project. For example, if the "From" project was originally reserved 9/15/93, the effective date for the "To" project is also 9/15/93. (The "From" modifier code is "RF.")

C. For a change in development method in Block 8, the effective date is the date of the initial fund reservation. The modifier "N" is used to create a "new" project record. For example, if the effective date of W116P01400193A was 9/15/93, changing the project to W116P01400192C creates a new record. The effective date remains 9/15/93.

D. If the project already exists and is part of a reformulation as a "From" or a "To" (i.e., units/funds shift from one established project to another), the date each project was originally reserved is its effective date. If all funds/units are being transferred from one project to another, the effective date is the date of the earlier reserved project (in both instances, the modifier for the "From" project is "RF", and the modifier for the "To" project is "F").

Block 12. Fed/Non-Fed Code. Pre-printed.

Block 13. Metro/Non-Metro Code. Enter either "1" for Metropolitan or "2" for Non-Metropolitan.

Block 14. Leave blank.

Block 15. Number of Units. Enter the number of units being added to, or <deleted from>, the project with this action. Make no changes to the units if the program code (Block 2) is PHA. Increasing units and decreasing funds, or vice-versa, requires two PADS.

Block 16. Grantee Name. Enter the name of the Public Housing Agency.

Blocks 17, 18, 19. Leave blank.

Block 20. Second Project Number. If reformulating a project, enter the project number linking this project to the other project. For example, if this PAD is for the "To" project, Block 20 should be the "From" project.

Blocks 21 and 22. Leave blank.

Applicant/Recipient Disclosure/Update Report

U.S. Department of Housing
and Urban Development

OMB Approval No. 2510-0011 (exp. 08/31/2006)

Instructions. (See Public Reporting Statement and Privacy Act Statement and detailed instructions on page 2.)

Applicant/Recipient Information

Indicate whether this is an Initial Report or an Update Report

1. Applicant/Recipient Name, Address, and Phone (include area code):	2. Social Security Number or Employer ID Number:
3. HUD Program Name	4. Amount of HUD Assistance Requested/Received
5. State the name and location (street address, City and State) of the project or activity:	

Part I Threshold Determinations

1. Are you applying for assistance for a specific project or activity? These terms do not include formula grants, such as public housing operating subsidy or CDBG block grants. (For further information see 24 CFR Sec. 4.3). <input type="checkbox"/> Yes <input type="checkbox"/> No	2. Have you received or do you expect to receive assistance within the jurisdiction of the Department (HUD), involving the project or activity in this application, in excess of \$200,000 during this fiscal year (Oct. 1 - Sep. 30)? For further information, see 24 CFR Sec. 4.9 <input type="checkbox"/> Yes <input type="checkbox"/> No.
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If you answered "No" to either question 1 or 2, **Stop!** You do not need to complete the remainder of this form. **However,** you must sign the certification at the end of the report.

Part II Other Government Assistance Provided or Requested / Expected Sources and Use of Funds.

Such assistance includes, but is not limited to, any grant, loan, subsidy, guarantee, insurance, payment, credit, or tax benefit.

Department/State/Local Agency Name and Address	Type of Assistance	Amount Requested/Provided	Expected Uses of the Funds

(Note: Use Additional pages if necessary.)

Part III Interested Parties. You must disclose:

- All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
- any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Alphabetical list of all persons with a reportable financial interest in the project or activity (For individuals, give the last name first)	Social Security No. or Employee ID No.	Type of Participation in Project/Activity	Financial Interest in Project/Activity (\$ and %)

(Note: Use Additional pages if necessary.)

Certification

Warning: If you knowingly make a false statement on this form, you may be subject to civil or criminal penalties under Section 1001 of Title 18 of the United States Code. In addition, any person who knowingly and materially violates any required disclosures of information, including intentional non-disclosure, is subject to civil money penalty not to exceed \$10,000 for each violation.

I certify that this information is true and complete.

Signature: X	Date: (mm/dd/yyyy)
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Public reporting burden for this collection of information is estimated to average 2.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not conduct or sponsor, and a person is not required to respond to, a collection information unless that collection displays a valid OMB control number.

Privacy Act Statement. Except for Social Security Numbers (SSNs) and Employer Identification Numbers (EINs), the Department of Housing and Urban Development (HUD) is authorized to collect all the information required by this form under section 102 of the Department of Housing and Urban Development Reform Act of 1989, 42 U.S.C. 3531. Disclosure of SSNs and EINs is optional. The SSN or EIN is used as a unique identifier. The information you provide will enable HUD to carry out its responsibilities under Sections 102(b), (c), and (d) of the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235, approved December 15, 1989. These provisions will help ensure greater accountability and integrity in the provision of certain types of assistance administered by HUD. They will also help ensure that HUD assistance for a specific housing project under Section 102(d) is not more than is necessary to make the project feasible after taking account of other government assistance. HUD will make available to the public all applicant disclosure reports for five years in the case of applications for competitive assistance, and for generally three years in the case of other applications. Update reports will be made available along with the disclosure reports, but in no case for a period generally less than three years. All reports, both initial reports and update reports, will be made available in accordance with the Freedom of Information Act (5 U.S.C. §552) and HUD's implementing regulations at 24 CFR Part 15. HUD will use the information in evaluating individual assistance applications and in performing internal administrative analyses to assist in the management of specific HUD programs. The information will also be used in making the determination under Section 102(d) whether HUD assistance for a specific housing project is more than is necessary to make the project feasible after taking account of other government assistance. You must provide all the required information. Failure to provide any required information may delay the processing of your application, and may result in sanctions and penalties, including imposition of the administrative and civil money penalties specified under 24 CFR §4.38.

Note: This form only covers assistance made available by the Department. States and units of general local government that carry out responsibilities under Sections 102(b) and (c) of the Reform Act must develop their own procedures for complying with the Act.

Instructions

Overview.

A. Coverage. You must complete this report if:

- (1) You are applying for assistance from HUD for a specific project or activity **and** you have received, or expect to receive, assistance from HUD in excess of \$200,000 during the during the fiscal year;
- (2) You are updating a prior report as discussed below; or
- (3) You are submitting an application for assistance to an entity other than HUD, a State or local government if the application is required by statute or regulation to be submitted to HUD for approval or for any other purpose.

B. Update reports (filed by "Recipients" of HUD Assistance):

General. All recipients of covered assistance must submit update reports to the Department to reflect substantial changes to the initial applicant disclosure reports.

Line-by-Line Instructions.

Applicant/Recipient Information.

All applicants for HUD competitive assistance, must complete the information required in blocks 1-5 of form HUD-2880:

1. Enter the full name, address, city, State, zip code, and telephone number (including area code) of the applicant/recipient. Where the applicant/recipient is an individual, the last name, first name, and middle initial must be entered.
2. Entry of the applicant/recipient's SSN or EIN, as appropriate, is optional.
3. Applicants enter the HUD program name under which the assistance is being requested.
4. Applicants enter the amount of HUD assistance that is being requested. Recipients enter the amount of HUD assistance that has been provided and to which the update report relates. The amounts are those stated in the application or award documentation. NOTE: In the case of assistance that is provided pursuant to contract over a period of time (such as project-based assistance under section 8 of the United States Housing Act of 1937), the amount of assistance to be reported includes all amounts that are to be provided over the term of the contract, irrespective of when they are to be received.
5. Applicants enter the name and full address of the project or activity for which the HUD assistance is sought. Recipients enter the name and full address of the HUD-assisted project or activity to which the update report relates. The most appropriate government identifying number must be used (e.g., RFP No.; IFB No.; grant announcement No.; or contract, grant, or loan No.) Include prefixes.

Part I. Threshold Determinations - Applicants Only

Part I contains information to help the applicant determine whether the remainder of the form must be completed. **Recipients filing Update Reports should not complete this Part.**

If the answer to **either** questions 1 or 2 is No, the applicant need not complete Parts II and III of the report, but must sign the certification at the end of the form.

Part II. Other Government Assistance and Expected Sources and Uses of Funds.

A. Other Government Assistance. This Part is to be completed by both applicants and recipients for assistance and recipients filing update reports. Applicants and recipients must report any other government assistance involved in the project or activity for which assistance is sought. Applicants and recipients must report any other government assistance involved in the project or activity. Other government assistance is defined in note 4 on the last page. For purposes of this definition, other government assistance is expected to be made available if, based on an assessment of all the circumstances involved, there are reasonable grounds to anticipate that the assistance will be forthcoming.

Both applicant and recipient disclosures must include all other government assistance involved with the HUD assistance, as well as any other government assistance that was made available before the request, but that has continuing vitality at the time of the request. Examples of this latter category include tax credits that provide for a number of years of tax benefits, and grant assistance that continues to benefit the project at the time of the assistance request.

The following information must be provided:

1. Enter the name and address, city, State, and zip code of the government agency making the assistance available.
2. State the type of other government assistance (e.g., loan, grant, loan insurance).
3. Enter the dollar amount of the other government assistance that is, or is expected to be, made available with respect to the project or activities for which the HUD assistance is sought (applicants) or has been provided (recipients).
4. Uses of funds. Each reportable use of funds must clearly identify the purpose to which they are to be put. Reasonable aggregations may be used, such as "total structure" to include a number of structural costs, such as roof, elevators, exterior masonry, etc.

B. Non-Government Assistance. Note that the applicant and recipient disclosure report must specify all expected sources and uses of funds - both from HUD **and any other source** - that have been or are to be, made available for the project or activity. Non-government sources of

funds typically include (but are not limited to) foundations and private contributors.

Part III. Interested Parties.

This Part is to be completed by both applicants and recipients filing update reports. Applicants must provide information on:

1. All developers, contractors, or consultants involved in the application for the assistance or in the planning, development, or implementation of the project or activity and
2. any other person who has a financial interest in the project or activity for which the assistance is sought that exceeds \$50,000 or 10 percent of the assistance (whichever is lower).

Note: A financial interest means any financial involvement in the project or activity, including (but not limited to) situations in which an individual or entity has an equity interest in the project or activity, shares in any profit on resale or any distribution of surplus cash or other assets of the project or activity, or receives compensation for any goods or services provided in connection with the project or activity. Residency of an individual in housing for which assistance is being sought is not, by itself, considered a covered financial interest.

The information required below must be provided.

1. Enter the full names and addresses. If the person is an entity, the listing must include the full name and address of the entity as well as the CEO. Please list all names alphabetically.
2. Entry of the Social Security Number (SSN) or Employee Identification Number (EIN), as appropriate, for each person listed is optional.
3. Enter the type of participation in the project or activity for each person listed: i.e., the person's specific role in the project (e.g., contractor, consultant, planner, investor).
4. Enter the financial interest in the project or activity for each person listed. The interest must be expressed both as a dollar amount and as a percentage of the amount of the HUD assistance involved.

Note that if any of the source/use information required by this report has been provided elsewhere in this application package, the applicant need

not repeat the information, but need only refer to the form and location to incorporate it into this report. (It is likely that some of the information required by this report has been provided on SF 424A, and on various budget forms accompanying the application.) If this report requires information beyond that provided elsewhere in the application package, the applicant must include in this report all the additional information required.

Recipients must submit an update report for any change in previously disclosed sources and uses of funds as provided in Section I.D.5., above.

Notes:

1. All citations are to 24 CFR Part 4, which was published in the Federal Register. [April 1, 1996, at 63 Fed. Reg. 14448.]
2. Assistance means any contract, grant, loan, cooperative agreement, or other form of assistance, including the insurance or guarantee of a loan or mortgage, that is provided with respect to a specific project or activity under a program administered by the Department. The term does not include contracts, such as procurements contracts, that are subject to the Fed. Acquisition Regulation (FAR) (48 CFR Chapter 1).
3. See 24 CFR §4.9 for detailed guidance on how the threshold is calculated.
4. "Other government assistance" is defined to include any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance from the Federal government (other than that requested from HUD in the application), a State, or a unit of general local government, or any agency or instrumentality thereof, that is, or is expected to be made, available with respect to the project or activities for which the assistance is sought.
5. For the purpose of this form and 24 CFR Part 4, "person" means an individual (including a consultant, lobbyist, or lawyer); corporation; company; association; authority; firm; partnership; society; State, unit of general local government, or other government entity, or agency thereof (including a public housing agency); Indian tribe; and any other organization or group of people.