

EXHIBIT 6

Housing Assistance Payment Agreement #3

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

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 1 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

1. CONTRACT INFORMATION

a. Parties

This housing assistance payments (HAP) contract is entered into between:

_____ (PHA) and

_____ (owner).

b. Contents of contract

The HAP contract consists of Part 1, Part 2 and the contract exhibits listed in paragraph c.

c. Contract exhibits

The HAP contract includes the following exhibits:

EXHIBIT A: TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS HAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF THE CONTRACT UNITS. (See 24 CFR 983.203 for required items.) If this is a multi-stage project, this exhibit must include a description of the units in each completed phase.

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EXHIBIT B: SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

EXHIBIT C: UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITIY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

EXHIBIT D: FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

ADDITIONAL EXHIBITS

d. Single-Stage and Multi-Stage Contracts (Check the applicable box.)

1. ☐ **Single-Stage Project**

This is a single-stage project.

For all contract units, the effective date of the HAP contract is:

_____.

The PHA enters the effective date, and executes the HAP contract, after completion and PHA acceptance of all units in the single stage project.

2. ☐ **Multi-Stage Project**

This is a multi-stage project. The units in each completed stage are designated in Exhibit A.

The PHA enters the effective date for each stage after completion and PHA acceptance of all units in that stage. The PHA enters the effective date for each stage in the “Execution of HAP contract for contract units completed in stages” (starting on page 8).

The annual anniversary date of the HAP contract for all contract units in this multi-stage project is the anniversary of the effective date of the HAP contract for the contract units included in the first stage. The expiration date of the HAP contract for all of the contract units completed in stages must be concurrent with the end of the HAP contract term for the units included in the first stage. (See 24 CFR 983.206(c).)

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e. Term of the HAP contract

1. Beginning of Term

The PHA may not enter into a HAP contract for any contract unit until the PHA has determined that the unit complies with the housing quality standards. The term of the HAP contract for any unit begins on the effective date of the HAP contract.

2. Length of initial term

- a. Subject to paragraph 2.b, the initial term of the HAP contract for any contract units is:

_____.

- b. The initial term of the HAP contract for any unit may not be less than one year, nor more than fifteen years.

3. Extension of term

The PHA and owner may agree to enter into an extension of the HAP contract at the time of initial HAP contract execution or any time prior to expiration of the contract. Any extension, including the term of such extension, must be in accordance with HUD requirements.

A PHA must determine that any extension is appropriate to achieve long-term affordability of the housing or expand housing opportunities.

4. Requirement for sufficient appropriated funding

- a. The length of the initial term and any extension term shall be subject to availability, as determined by HUD, or by the PHA in accordance with HUD requirements, of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the PHA's annual contributions contract (ACC) with HUD, to make full payment of housing assistance payments due to the owner for any contract year in accordance with the HAP contract.
- b. The availability of sufficient funding must be determined by HUD or by the PHA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units and for the full term of the HAP contract, the PHA has the right to terminate the HAP contract by notice to the owner for all or any of the contract units. Such action by the PHA shall be implemented in accordance with HUD requirements.

f. Occupancy and payment

1. Payment for occupied unit

During the term of the HAP contract, the PHA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the calendar month when the family moves out (“move-out month”). However, the owner may not keep the payment if the PHA determines that the vacancy is the owner’s fault.

2. Vacancy payment

THE PHA HAS DISCRETION WHETHER TO INCLUDE THE VACANCY PAYMENT PROVISION (PARAGRAPH f.2), OR TO STRIKE THIS PROVISION FROM THE HAP CONTRACT FORM.

- a. If an assisted family moves out of a contract unit, the PHA may provide vacancy payments to the owner for a PHA-determined vacancy period extending from the beginning of the first calendar month after the move-out month for a period not exceeding two full months following the move-out month.
- b. The vacancy payment to the owner for each month of the maximum two-month period will be determined by the PHA, and cannot exceed the monthly rent to owner under the assisted lease, minus any portion of the rental payment received by the owner (including amounts available from the tenant’s security deposit). Any vacancy payment may only cover the period the unit remains vacant.
- c. The PHA may only make vacancy payments to the owner if:
 - 1. The owner gives the PHA prompt, written notice certifying that the family has vacated the unit and the date when the family moved out (to the best of the owner’s knowledge and belief);
 - 2. The owner certifies that the vacancy is not the fault of the owner and that the unit was vacant during the period for which payment is claimed;
 - 3. The owner certifies that it has taken every reasonable action to minimize the likelihood and length of vacancy; and

4. The owner provides any additional information required and requested by the PHA to verify that the owner is entitled to the vacancy payment.
- d. The PHA must take every reasonable action to minimize the likelihood and length of vacancy.
- e. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.
- f. The owner must submit a request for vacancy payments in the form and manner required by the PHA and must provide any information or substantiation required by the PHA to determine the amount of any vacancy payments.

3. PHA is not responsible for family damage or debt to owner

Except as provided in this paragraph f (Occupancy and Payment), the PHA will not make any other payment to the owner under the HAP contract. The PHA will not make any payment to owner for any damages to the unit, or for any other amounts owed by a family under the family's lease.

g. Income-mixing requirement

1. Except as provided in paragraphs g.2 and 3, the PHA will not make housing assistance payments under the HAP contract for more than 25 percent of the total number of dwelling units (assisted or unassisted) in any project. The term “project” means a single building, multiple contiguous buildings, or multiple buildings on contiguous parcels of land assisted under this HAP contract.
2. The limitation in paragraph g.1 does not apply to single-family buildings.
3. In referring eligible families to the owner for admission to the number of contract units in any project exceeding the 25 percent limitation under paragraph g.1, the PHA shall give preference to elderly or disabled families, or to families receiving supportive services, for the number of contract units designated for occupancy by such families. The owner shall rent the designated number of contract units to such families referred by the PHA from the PHA waiting list.
4. The PHA and owner must comply with all HUD requirements regarding income mixing.

5. The following specifies the number of contract units (if any):
- a. Designated for occupancy by disabled families;
 - b. Designated for occupancy by elderly families;
 - c. Designated for occupancy by elderly or disabled families; or
 - d. Designated for occupancy by families receiving supportive services.

☐ Check this box if any contract units are designated for disabled families.

The following number of contract units shall be rented to disabled families: _____.

☐ Check this box if any contract units are designated for elderly families.

The following number of contract units shall be rented to elderly families: _____.

☐ Check this box if any contract units are designated for elderly or disabled families.

The following number of contract units shall be rented to elderly or disabled families: _____.

☐ Check this box if any contract units are designated for families receiving supportive services.

The following number of contract units shall be rented to families receiving supportive services: _____.

EXECUTION OF HAP CONTRACT FOR SINGLE-STAGE PROJECT**PUBLIC HOUSING AGENCY (PHA)****Name of PHA (Print)**

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By:

Signature of authorized representative

--

Name and official title (Print)

Date

OWNER**Name of Owner (Print)**

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By:

Signature of authorized representative

--

Name and title (Print)

Date

EXECUTION OF HAP CONTRACT FOR CONTRACT UNITS COMPLETED AND ACCEPTED IN STAGES

(For multi-stage projects, at acceptance of each stage, the PHA and the owner sign the HAP contract execution for the completed stage.)

STAGE NO. 1. The Contract is hereby executed for the contract units in this stage.
STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:
PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)
B{<
Signature of authorized representative
Name and official title (Print) Date
OWNER Name of Owner (Print)
By<
Signature of authorized representative
Name and title (Print) Date

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<p>STAGE NO. 2. The Contract is hereby executed for the contract units in this stage.</p> <p>STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:</p>
<p>PUBLIC HOUSING AGENCY (PHA)</p> <p>Name of PHA (Print)</p>
<p>By<</p> <p>Signature of authorized representative</p>
<p>Name and official title (Print)</p> <p>Date</p>
<p>OWNER</p> <p>Name of Owner (Print)</p>
<p>By<</p> <p>Signature of authorized representative</p>
<p>Name and title (Print)</p> <p>Date</p>

STAGE NO. 3. The Contract is hereby executed for the contract units in this stage.

STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:

PUBLIC HOUSING AGENCY (PHA)
Name of PHA (Print)

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By<
Signature of authorized representative

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Name and official title (Print)
Date

--

OWNER
Name of Owner (Print)

--

--

By<
Signature of authorized representative

--

Name and title (Print)
Date

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STAGE NO. ____ The Contract is hereby executed for the contract units in this stage. STAGE EFFECTIVE DATE. The effective date of the Contract for this stage is:
PUBLIC HOUSING AGENCY (PHA) Name of PHA (Print)
B{< Signature of authorized representative
Name and official title (Print) Date
OWNER Name of Owner (Print)
By< Signature of authorized representative
Name and title (Print)
F cvg

EXHIBIT A

TOTAL NUMBER OF UNITS IN PROJECT COVERED BY THIS CAP CONTRACT; INITIAL RENT TO OWNER; AND THE NUMBER AND DESCRIPTION OF CONTRACT UNITS

1. The total number of units covered by this HAP contract is 191 units with a total of 559 bedrooms. All units are located in the City of Yuma, County of Yuma, State of Arizona, with a zip code of 85364

2. The initial rent to owner per unit on a monthly basis is as follows:
 - a. 655 S. Magnolia Avenue and 656 S. 16th Avenue (same lot – will be tied together legally), 44 units (93 bedrooms):
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units;
 - b. \$ 738 . 175 S. 22nd Avenue (single home, 4 bedrooms)
 - c. \$ 738 . 260 S. 7th Avenue (single home, 4 bedrooms)
 - d. \$ 644 . 1143 Arena Drive (single home, 3 bedrooms)
 - e. \$ 644 . 1188 Arena Drive (single home, 3 bedrooms)
 - f. \$ 738 . 1178 Arena Drive (single home, 4 bedrooms)
 - g. 2230, 2240, and 2250 S. Arizona Avenue, 6 units (10 bedrooms):
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;

- iv. \$ 738 . for 4 bedroom units.
- h. 1830, 1836, 1840 S. First Avenue, 6 units:
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- i. 1924 S. Maple Avenue, 2 units:
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- j. 1635 W. 3rd Street, 19 units:
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- k. \$ 738 . 140 S. 22nd Avenue (single home, 4 bedrooms)
- l. \$ 644 . 144 S. 22nd Avenue (single home, 3 bedrooms)
- m. \$ 738 . 148 S. 22nd Avenue (single home, 4 bedrooms)
- n. \$ 738 . 143 N. 22nd Avenue (single home, 4 bedrooms)
- o. \$ 738 . 588 S. 17th Avenue (single home, 4 bedrooms)
- p. \$ 738 . 625 S. 17th Avenue (single home, 4 bedrooms)
- q. 2025 S. Madison Avenue, 9 units

- i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- r. 2044 S. Maple Avenue, 8 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- s. 2078 S. Walnut Avenue, 8 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- t. 220 S. Magnolia Avenue, 14 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- u. 480 S. Madison Avenue, 12 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;

- iv. \$ 738 . for 4 bedroom units.
- v. \$ 644 . 1900 S. Madison Avenue (single home, 3 bedrooms)
- w. \$ 644 . 1902 S. Madison Avenue (single home, 3 bedrooms)
- x. 2030 S. Avenue A, 34 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units;
 - v. \$ 848 . for 5 bedroom units.
- y. 505 S. First Avenue, 3 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- z. 690 S. First Avenue, 4 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;
 - iv. \$ 738 . for 4 bedroom units.
- aa. 750 S. First Avenue, 9 units
 - i. \$ 331 . for 1 bedroom units;
 - ii. \$ 437 . for 2 bedroom units;
 - iii. \$ 644 . for 3 bedroom units;

iv. \$ 738 . for 4 bedroom units.

3. Description of Contract Units:

- a. 14 units with 1 bedroom;
- b. 55 units with 2 bedrooms;
- c. 128 units with 3 bedrooms;
- d. 33 units with 4 bedrooms;
- e. 5 units with 5 bedrooms.

EXHIBIT B

SERVICES, MAINTENANCE AND EQUIPMENT TO BE PROVIDED BY THE OWNER WITHOUT CHARGES IN ADDITION TO RENT TO OWNER

Services to be provided by the Owner: Trash Collection, Pest Control Service, Air Conditioning Units, Window Coverings, Ranges, and Refrigerators.

Maintenance to be provided by the Owner: Interior and Exterior of Apartments; Common Areas.

- a. 655 S. Magnolia Avenue and 656 S. 16th Avenue:
- b. 175 S. 22nd Avenue:
- c. 260 S. 7th Avenue:
- d. 1143 Arena Drive:
- e. 1188 Arena Drive:
- f. 1178 Arena Drive:
- g. 2230, 2240, and 2250 S. Arizona Avenue:
- h. 1830, 1836, 1840 S. First Avenue:
- i. 1924 S. Maple Avenue:
- j. 1635 W. 3rd Street:
- k. 140 S. 22nd Avenue:
- l. 144 S. 22nd Avenue:
- m. 148 S. 22nd Avenue:
- n. 143 S. 22nd Avenue:
- o. 588 S. 17th Avenue:
- p. 625 S. 17th Avenue:

- q. 2025 S. Madison Avenue:
- r. 2044 S. Maple Avenue:
- s. 2078 S. Walnut Avenue:
- t. 220 S. Magnolia Avenue:
- u. 480 S. Madison Avenue:
- v. 1900 S. Madison Avenue:
- w. 1902 S. Madison Avenue:
- x. 2030 S. Avenue A:
- y. 505 S. First Avenue:
- z. 690 S. First Avenue:
- aa. 750 S. First Avenue:

EXHIBIT C

UTILITIES AVAILABLE IN THE CONTRACT UNITS, INCLUDING A LISTING OF UTILITY SERVICES TO BE PAID BY THE OWNER (WITHOUT CHARGES IN ADDITION TO RENT TO OWNER) AND UTILITIES TO BE PAID BY THE TENANTS

Utilities to be paid by the Owner: Water and Sewer.

Utilities to be paid by the Tenant: Electricity and Gas.

- a. 655 S. Magnolia Avenue and 656 S. 16th Avenue:
- b. 175 S. 22nd Avenue:
- c. 260 S. 7th Avenue:
- d. 1143 Arena Drive:
- e. 1188 Arena Drive:
- f. 1178 Arena Drive:
- g. 2230, 2240, and 2250 S. Arizona Avenue:
- h. 1830, 1836, 1840 S. First Avenue:
- i. 1924 S. Maple Avenue:
- j. 1635 W. 3rd Street:
- k. 140 S. 22nd Avenue:
- l. 144 S. 22nd Avenue:
- m. 148 S. 22nd Avenue:
- n. 143 S. 22nd Avenue:
- o. 588 S. 17th Avenue:
- p. 625 S. 17th Avenue:
- q. 2025 S. Madison Avenue:

- r. 2044 S. Maple Avenue:
- s. 2078 S. Walnut Avenue:
- t. 220 S. Magnolia Avenue:
- u. 480 S. Madison Avenue:
- v. 1900 S. Madison Avenue:
- w. 1902 S. Madison Avenue:
- x. 2030 S. Avenue A:
- y. 505 S. First Avenue:
- z. 690 S. First Avenue:
- aa. 750 S. First Avenue:

EXHIBIT D

FEATURES PROVIDED TO COMPLY WITH PROGRAM ACCESSIBILITY FEATURES OF SECTION 504 OF THE REHABILITATION ACT OF 1973

Fully mobility-accessible units: 655 Magnolia Ave #1, #11, & #22; 1836 S. 1st Ave #B; 2240 S. Arizona Ave #B; 1902 S. Madison Ave; 2030 S. Ave A #7, #21, #34; 690 S. 1st Ave #4; 505 S. 1st Ave #1.

- a. 655 S. Magnolia Avenue and 656 S. 16th Avenue:
- b. 175 S. 22nd Avenue:
- c. 260 S. 7th Avenue:
- d. 1143 Arena Drive:
- e. 1188 Arena Drive:
- f. 1178 Arena Drive:
- g. 2230, 2240, and 2250 S. Arizona Avenue:
- h. 1830, 1836, 1840 S. First Avenue:
- i. 1924 S. Maple Avenue:
- j. 1635 W. 3rd Street:
- k. 140 S. 22nd Avenue:
- l. 144 S. 22nd Avenue:
- m. 148 S. 22nd Avenue:
- n. 143 S. 22nd Avenue:
- o. 588 S. 17th Avenue:
- p. 625 S. 17th Avenue:
- q. 2025 S. Madison Avenue:
- r. 2044 S. Maple Avenue:

- s. 2078 S. Walnut Avenue:
- t. 220 S. Magnolia Avenue:
- u. 480 S. Madison Avenue:
- v. 1900 S. Madison Avenue:
- w. 1902 S. Madison Avenue:
- x. 2030 S. Avenue A:
- y. 505 S. First Avenue:
- z. 690 S. First Avenue:
- aa. 750 S. First Avenue:

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

SECTION 8 PROJECT-BASED VOUCHER PROGRAM

**PBV HOUSING ASSISTANCE PAYMENTS CONTRACT
NEW CONSTRUCTION OR REHABILITATION**

PART 2 OF HAP CONTRACT

This agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless that collection displays a valid OMB control number. Assurances of confidentiality are not provided under this collection.

2. DEFINITIONS

Agreement. Agreement to enter into HAP Contract between the owner and the PHA. The HAP contract was entered into following new construction or rehabilitation of the contract units by the owner pursuant to an Agreement.

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A.

Family. The persons approved by the PHA to reside in a contract unit with assistance under the program.

HAP contract. This housing assistance payments contract between the PHA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in section 1.c of the HAP contract).

Housing assistance payment. The monthly assistance payment by the PHA for a contract unit, which includes: (1) a payment to the owner for rent to the owner under the family's lease minus the tenant rent; and (2) an additional payment to or on behalf of the family if the utility allowance exceeds total tenant payment.

Household. The family and any PHA-approved live-in aide.

Housing quality standards (HQS). The HUD minimum quality standards for dwelling units occupied by families receiving project-based voucher program assistance.

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

HUD requirements. HUD requirements which apply to the project-based voucher program. HUD requirements are issued by HUD headquarters, as regulations, Federal Register notices or other binding program directives.

Newly constructed housing. Housing units that do not exist on the proposal selection date and are developed after the date of selection pursuant to an Agreement between the PHA and owner for use under the project-based voucher program.

Owner. Any person or entity who has the legal right to lease or sublease a unit to a participant.

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in project management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

Program. The project-based voucher program (see authorization for project-based assistance at 42 U.S.C. 1437f(o)(13)).

PHA. Public Housing Agency. The agency that has entered into the HAP contract with the owner. The agency is a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Proposal selection date. The date the PHA gives written notice of proposal selection to the owner whose proposal is selected in accordance with the criteria established in the PHA's administrative plan.

Rehabilitated housing. Housing units that exist on the proposal selection date, but do not substantially comply with the HQS at that date, and are developed, pursuant to an Agreement between the PHA and owner, for use under the project-based voucher program.

Rent to owner. The total monthly rent payable to the owner under the lease for a contract unit. Rent to owner includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the lease.

Tenant. The person or persons (other than a live-in aide) who executes the lease as a lessee of the dwelling unit.

Tenant rent. The portion of the rent to owner payable by the family, as determined by the PHA in accordance with HUD requirements. The PHA is not responsible for paying any part of the tenant rent.

3. PURPOSE

- a. This is a HAP contract between the PHA and the owner.
- b. The purpose of the HAP contract is to provide housing assistance payments for eligible families who lease contract units that comply with the HUD HQS from the owner.
- c. The PHA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term. HUD provides funds to the PHA to make housing assistance payments to owners for eligible families.

4. RENT TO OWNER; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial rent to owner

The initial rent to owner for each contract unit is stated in Exhibit A, which is attached to and made a part of the HAP contract. At the beginning of the HAP contract term, and until rent to owner is adjusted in accordance with section 5 of the HAP contract, the rent to owner for each bedroom size (number of bedrooms) shall be the initial rent to owner amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the rent to owner may in no event exceed the amount authorized in accordance with HUD requirements. The PHA has the right to reduce the rent to owner, at any time, to correct any errors in establishing or adjusting the rent to owner in accordance with HUD requirements. The PHA may recover any overpayment from the owner.

c. PHA payment to owner

1. Each month the PHA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in

accordance with the HAP contract.

2. The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the rent to owner exceeds the tenant rent.
3. Payment of the tenant rent is the responsibility of the family. The PHA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The PHA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.
4. The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due, unless the owner and the PHA agree on a later date.
5. To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
6. If the PHA determines that the owner is not entitled to the payment or any part of it, the PHA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
7. The owner will notify the PHA promptly of any change of circumstances that would affect the amount of the monthly housing assistance payment, and will return any payment that does not conform to the changed circumstances.

d. Termination of assistance for family

The PHA may terminate housing assistance for a family under the HAP contract in accordance with HUD requirements. The PHA must notify the owner in writing of its decision to terminate housing assistance for the family in such case.

5. ADJUSTMENT OF RENT TO OWNER

a. PHA determination of adjusted rent

1. At each annual anniversary during the term of the HAP contract, the PHA

shall adjust the amount of rent to owner, upon request to the PHA by the owner, in accordance with law and HUD requirements. In addition, the PHA shall adjust the rent to owner when there is a five percent or greater decrease in the published, applicable Fair Market Rent in accordance with 24 CFR 983.302.

2. The adjustment of rent to owner shall always be determined in accordance with all HUD requirements. The amount of the rent to owner may be adjusted up or down, in the amount defined by the PHA in accordance with HUD requirements.

b. Reasonable rent

The rent to owner for each contract unit, as adjusted by the PHA in accordance with 24 CFR 983.303, may at no time exceed the reasonable rent charged for comparable units in the private unassisted market. The reasonable rent shall be determined by the PHA in accordance with HUD requirements.

c. No special adjustments

The PHA will not make any special adjustments of the rent to owner.

d. Owner compliance with HAP contract

The PHA shall not approve, and the owner shall not receive, any increase of rent to owner unless all contract units are in accordance with the HQS, and the owner has complied with the terms of the assisted leases and the HAP contract.

e. Notice of rent adjustment

Rent to owner shall be adjusted by written notice by the PHA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

6. OWNER RESPONSIBILITY

The owner is responsible for:

- a. Performing all management and rental functions for the contract units.
- b. Maintaining the units in accordance with HQS.

- c. Complying with equal opportunity requirements.
- d. Enforcing tenant obligations under the lease.
- e. Paying for utilities and housing services (unless paid by the family under the lease).
- f. Collecting from the tenant:
 - 1. Any security deposit;
 - 2. The tenant rent; and
 - 3. Any charge for unit damage by the family.

7. OWNER CERTIFICATION

The owner certifies that at all times during the term of the HAP contract:

- a. All contract units are in good and tenantable condition. The owner is maintaining the premises and all contract units in accordance with the HQS.
- b. The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- c. Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family referred by the PHA, and the lease is in accordance with the HAP contract and HUD requirements.
- d. To the best of the owner's knowledge, the members of the family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- e. The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- f. The amount of the housing assistance payment is the correct amount due under the HAP contract.
- g. The rent to owner for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.

- h. Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the PHA, HUD, or any other public or private source) for rental of the contract unit.
- i. The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

8. CONDITION OF UNITS

a. Owner maintenance and operation

The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the HQS, including performance of ordinary and extraordinary maintenance. The owner must provide all the services, maintenance and utilities set forth in Exhibits B and C, and in the lease with each assisted family.

b. PHA inspections

- 1. The PHA must inspect each contract unit before execution of the HAP contract. The PHA may not enter into a HAP contract covering a unit until the unit fully complies with the HQS.
- 2. Before providing assistance to a new family in a contract unit, the PHA must inspect the unit. The PHA may not provide assistance on behalf of the family until the unit fully complies with the HQS.
- 3. At least annually during the term of the HAP contract, the PHA must inspect a random sample, consisting of at least 20 percent of the contract units in each building, to determine if the contract units and the premises are maintained in accordance with the HQS. Turnover inspections pursuant to paragraph 2 of this section are not counted towards meeting this annual inspection requirement.
- 4. If more than 20 percent of the annual sample of inspected contract units in a building fail the initial inspection, the PHA must reinspect 100 percent of the contract units in the building.
- 5. The PHA must inspect contract units whenever needed to determine that the contract units comply with the HQS and that the owner is providing

maintenance, utilities, and other services in accordance with the HAP contract. The PHA must take into account complaints and any other information that comes to its attention in scheduling inspections.

c. Violation of the housing quality standards

1. If the PHA determines a contract unit is not in accordance with the HQS, the PHA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract.
2. The PHA may exercise any such contractual remedy respecting a contract unit even if the family continues to occupy the unit.
3. The PHA shall not make any housing assistance for a dwelling unit that fails to meet the HQS, unless the owner corrects the defect within the period specified by the PHA and the PHA verifies the correction. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any PHA-approved extension).

d. Maintenance and replacement—owner’s standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

9. LEASING CONTRACT UNITS

a. Selection of tenants

1. During the term of the HAP contract, the owner must lease all contract units to eligible families selected and referred by the PHA from the PHA waiting list. (See 24 CFR 983.251.)
2. The owner is responsible for adopting written tenant selection procedures that are consistent with the purpose of improving housing opportunities for very low-income families and reasonably related to program eligibility and an applicant’s ability to perform the lease obligations.
3. Consistent with HUD requirements, the owner may apply its own admission procedures in determining whether to admit a family referred

by the PHA for occupancy of a contract unit. The owner may refer families to the PHA, and recommend selection of such families from the PHA waiting list for occupancy of vacant units.

4. The owner must promptly notify in writing any rejected applicant of the grounds for rejection.
5. The PHA must determine family eligibility in accordance with HUD requirements.
6. The contract unit leased to each family must be appropriate for the size of the family under the PHA's subsidy standards.
7. If a contract unit was occupied by an eligible family at the time the unit was selected by the PHA, or is so occupied on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately-sized contract unit with assistance under the HAP contract.
8. The owner is responsible for screening and selecting tenants from the families referred by the PHA from its waiting list.

b. Vacancies

1. The owner must promptly notify the PHA of any vacancy in a contract unit. After receiving the owner notice, the PHA shall make every reasonable effort to refer a sufficient number of families for owner to fill the vacancy.
2. The owner must rent vacant contract units to eligible families on the PHA waiting list referred by the PHA.
3. The PHA and the owner must make reasonable good faith efforts to minimize the likelihood and length of any vacancy.
4. If any contract units have been vacant for a period of 120 or more days since owner notice of vacancy (and notwithstanding the reasonable good faith efforts of the PHA to fill such vacancies), the PHA may give notice to the owner amending the HAP contract to reduce the number of contract units by subtracting the number of contract units (by number of bedrooms) that have been vacant for such period.

10. TENANCY

a. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. In all cases, the lease must include the HUD-required tenancy addendum. The tenancy addendum must include, word-for-word, all provisions required by HUD.

b. Termination of tenancy

1. The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
2. The owner must give the PHA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under State or local law.

c. Family payment

1. The portion of the monthly rent to owner payable by the family (“tenant rent”) will be determined by the PHA in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract. Any changes in the amount of the tenant rent will be effective on the date stated in a notice by the PHA to the family and the owner.
2. The amount of the tenant rent as determined by the PHA is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
3. The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the PHA. The owner must immediately return any excess rent payment to the tenant.
4. The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the PHA housing assistance payment.

5. The PHA is only responsible for making the housing assistance payments to the owner on behalf of the family in accordance with the HAP contract. The PHA is not responsible for paying the tenant rent, or any other claim by the owner.

d. Other owner charges

1. Except as provided in paragraph 2, the owner may not require the tenant or family members to pay charges for meals or supportive services. Nonpayment of such charges is not grounds for termination of tenancy.
2. In assisted living developments receiving project-based voucher assistance, owners may charge tenants, family members, or both for meals or supportive services. These charges may not be included in the rent to owner, nor may the value of meals and supportive services be included in the calculation of reasonable rent. Non-payment of such charges is grounds for termination of the lease by the owner in an assisted living development.
3. The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to the unsubsidized tenant in the premises.

e. Security deposit

1. The owner may collect a security deposit from the family.
2. The owner must comply with HUD and PHA requirements, which may change from time to time, regarding security deposits from a tenant.
3. The PHA may prohibit security deposits in excess of private market practice, or in excess of amounts charged by the owner to unassisted families.
4. When the family moves out of the contract unit, the owner, subject to State and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must

promptly refund the full amount of the balance to the family.

5. If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the family. However, the PHA has no liability or responsibility for payment of any amount owed by the family to the owner.

11. FAMILY RIGHT TO MOVE

- a. The family may terminate its lease at any time after the first year of occupancy. The family must give the owner advance written notice of intent to vacate (with a copy to the PHA) in accordance with the lease. If the family has elected to terminate the lease in this manner, the PHA must offer the family the opportunity for tenant-based rental assistance in accordance with HUD requirements.
- b. Before providing notice to terminate the lease under paragraph a, the family must first contact the PHA to request tenant-based rental assistance if the family wishes to move with continued assistance. If tenant-based rental assistance is not immediately available upon lease termination, the PHA shall give the family priority to receive the next available opportunity for tenant-based rental assistance.

12. OVERCROWDED, UNDER-OCCUPIED, AND ACCESSIBLE UNITS

The PHA subsidy standards determine the appropriate unit size for the family size and composition. The PHA and owner must comply with the requirements in 24 CFR 983.259.

13. PROHIBITION OF DISCRIMINATION

- a. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, religion, sex, national origin, disability, age or familial status.
- b. The owner must comply with the following requirements: The Fair Housing Act (42 U.S.C. 3601–19) and implementing regulations at 24 CFR part 100 *et seq.* ; Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1959–1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing Programs) and implementing regulations at 24 CFR part 107; title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d-2000d-4) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR part 1; the

Age Discrimination Act of 1975 (42 U.S.C. 6101–6107) and implementing regulations at 24 CFR part 146; section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at part 8 of this title; title II of the Americans with Disabilities Act, 42 U.S.C. 12101 *et seq.* ; 24 CFR part 8; section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) and implementing regulations at 24 CFR part 135; Executive Order 11246, as amended by Executive Orders 11375, 11478, 12086, and 12107 (3 CFR, 1964–1965 Comp., p. 339; 3 CFR, 1966–1970 Comp., p. 684; 3 CFR, 1966–1970 Comp., p. 803; 3 CFR, 1978 Comp., p. 230; and 3 CFR, 1978 Comp., p. 264, respectively) (Equal Employment Opportunity Programs) and implementing regulations at 41 CFR chapter 60; Executive Order 11625, as amended by Executive Order 12007 (3 CFR, 1971–1975 Comp., p. 616 and 3 CFR, 1977 Comp., p. 139) (Minority Business Enterprises); Executive Order 12432 (3 CFR, 1983 Comp., p. 198) (Minority Business Enterprise Development); and Executive Order 12138, as amended by Executive Order 12608 (3 CFR, 1977 Comp., p. 393 and 3 CFR, 1987 Comp., p. 245) (Women's Business Enterprise).

- c. The PHA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and all related rules and regulations.

14. PHA DEFAULT AND HUD REMEDIES

If HUD determines that the PHA has failed to comply with the HAP contract, or has failed to take appropriate action to HUD's satisfaction or as directed by HUD, for enforcement of the PHA's rights under the HAP contract, HUD may assume the PHA's rights and obligations under the HAP contract, and may perform the obligations and enforce the rights of the PHA under the HAP contract.

15. OWNER DEFAULT AND PHA REMEDIES

a. Owner default

Any of the following is a default by the owner under the HAP contract:

1. The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the housing quality standards.
2. The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

3. The owner has committed any fraud or made any false statement to the PHA or HUD in connection with the HAP contract.
4. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
5. If the property where the contract units are located is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD and:
 - A. The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement; or
 - B. The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.
6. The owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. PHA remedies

1. If the PHA determines that a breach has occurred, the PHA may exercise any of its rights or remedies under the HAP contract.
2. The PHA must notify the owner in writing of such determination. The notice by the PHA to the owner may require the owner to take corrective action (as verified by the PHA) by a time prescribed in the notice.
3. The PHA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.

c. PHA remedy is not waived

The PHA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

16. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR PHA

a. Required information

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the PHA or HUD. The owner shall furnish such information in the form and manner required by the PHA or HUD.

b. PHA and HUD access to premises

The owner must permit the PHA or HUD or any of their authorized representatives to have access to the premises during normal business hours and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

17. PHA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of owner action or failure to act

The PHA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

b. Legal relationship

The owner is not the agent of the PHA. The HAP contract does not create or affect any relationship between the PHA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

c. Exclusion of third party claims

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the PHA or the owner under the HAP contract.

d. Exclusion of owner claims against HUD

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.

18. PHA-OWNED UNITS

Notwithstanding Section 17 of this HAP contract, a PHA may own units assisted under the project-based voucher program, subject to the special requirements in 24 CFR 983.59 regarding PHA-owned units.

19. CONFLICT OF INTEREST

a. Interest of members, officers, or employees of PHA, members of local governing body, or other public officials

1. No present or former member or officer of the PHA (except tenant-commissioners), no employee of the PHA who formulates policy or influences decisions with respect to the housing choice voucher program or project-based voucher program, and no public official or member of a governing body or State or local legislator who exercises functions or responsibilities with respect to these programs, shall have any direct or indirect interest, during his or her tenure or for one year thereafter, or in the HAP contract.
2. HUD may waive this provision for good cause.

b. Disclosure

The owner has disclosed to the PHA any interest that would be a violation of the HAP contract. The owner must fully and promptly update such disclosures.

c. Interest of member of or delegate to Congress

No member of or delegate to the Congress of the United States of America or resident-commissioner shall be admitted to any share or part of this HAP contract or to any benefits arising from the contract.

20. EXCLUSION FROM FEDERAL PROGRAMS

a. Federal requirements

The owner must comply with and is subject to requirements of 2 CFR part 2424.

b. Disclosure

The owner certifies that:

1. The owner has disclosed to the PHA the identity of the owner and any principal or interested party.
2. Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended, subject to a limited denial of participation or otherwise excluded under 2 CFR part 2424.

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

1. The owner agrees that neither the HAP contract nor the property may be transferred without the advance written consent of the PHA in accordance with HUD requirements.
2. "Transfer" includes:
 - A. Any sale or assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - B. The transfer of any right to receive housing assistance payments that may be payable pursuant to the HAP contract;
 - C. The creation of a security interest in the HAP contract or the property;
 - D. Foreclosure or other execution on a security interest; or
 - E. A creditor's lien, or transfer in bankruptcy.

3. If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the PHA pursuant to paragraph a for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a for transfer of any interest of a general partner.

b Transferee assumption of HAP contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the PHA has consented in advance, in writing to such transfer, and the transferee has agreed in writing, in a form acceptable to the PHA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

c. Effect of consent to transfer

1. The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
2. The PHA's consent to transfer of the HAP contract or the property does not to change the terms of the HAP contract in any way, and does not change the rights or obligations of the PHA or the owner under the HAP contract.
3. The PHA's consent to transfer of the HAP contract or the property to any transferee does not constitute consent to any further transfers of the HAP contract or the property, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The PHA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended subject to a limited denial of participation, or otherwise excluded under 2 CFR part 2424, or is listed on the

U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. SUBSIDY LAYERING

a. Owner disclosure

The owner must disclose to the PHA, in accordance with HUD requirements, information regarding any related assistance from the Federal Government, a State, or a unit of general local government, or any agency or instrumentality thereof, that is made available or is expected to be made available with respect to the contract units. Such related assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect assistance.

b. Limit of payments

Housing assistance payments under the HAP contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of such related assistance. The PHA will adjust in accordance with HUD requirements the amount of the housing assistance payments to the owner to compensate in whole or in part for such related assistance.

23. OWNER LOBBYING CERTIFICATIONS

- a. The owner certifies, to the best of owner's knowledge and belief, that:
1. No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, 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 the awarding of the HAP contract, or the extension, continuation, renewal, amendment, or modification of the HAP contract.
 2. If any funds other than Federally 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 the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in
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**Project-based Voucher Program
HAP Contract for New Construction or Rehabilitation**

accordance with its instructions.

- b. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. COMPLETION AND ACCEPTANCE OF CONTRACT UNITS

The owner certifies that the contract units have been completed in accordance with the Agreement. Completion and acceptance of the units is subject to the provisions of the Agreement.

25. TERMINATION OF HAP CONTRACT FOR WRONGFUL SELECTION OF CONTRACT UNITS

The HAP contract may be terminated upon at least 30 days notice to the owner by the PHA or HUD if the PHA or HUD determines that the contract units were not eligible for selection in conformity with HUD requirements.

26. NOTICES AND OWNER CERTIFICATIONS

- a. Where the owner is required to give any notice to the PHA pursuant to the HAP contract or any other provision of law, such notice must be in writing and must be given in the form and manner required by the PHA.
- b. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

27. ENTIRE AGREEMENT; INTERPRETATION

- a. The Agreement and the HAP contract, including the exhibits, is the entire agreement between the PHA and the owner.
- b. The Agreement and the HAP contract must be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

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

**Rental Assistance Demonstration (RAD); Rider to the Section 8 Project-based
Voucher (PBV) Housing Assistance Payments (HAP) Contract for New
Construction or Rehabilitated Housing (Public Housing Conversions; First
Component)**

1. Purpose

This purpose of this Rider is to effectuate the conversion of Public Housing to section 8 PBV projects under section 8(o)(13) of the United States Housing Act of 1937 (1937 Act). This Rider must be attached to the PBV HAP Contract for New Construction or Rehabilitation.¹

2. Authority

The Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, approved November 18, 2011 (2012 Appropriations Act), authorizes the conversion of properties with Public Housing assistance under section 9 of the 1937 Act to properties with PBV assistance under section 8(o)(13) of the 1937 Act.

3. Amendments to the HAP Contract

- (a) Section 1.a. and all other relevant sections of the HAP Contract are revised to replace the term “Public Housing Agency” with “Contract Administrator” (CA).²
- (b) Section 1.c. of the HAP Contract is amended to eliminate the reference to a multi-stage project in Exhibit A.
- (c) Section 1.d. of the HAP Contract is amended by eliminating the multi-stage project option in section 1.d.2. In addition, the corresponding signature pages for multi-stage projects at the end of Part I of the HAP Contract are deleted.

¹ This Rider covers all Public Housing conversions. The traditional PBV distinction between “existing housing” and “rehabilitated and newly constructed housing” is overridden by the special RAD requirements contained in Notice PIH 2012-32; Rental Assistance Demonstration—Final Implementation.

² In Public Housing to PBV conversions, the Contract Administrator will be the Public Housing Agency that executes the HAP Contract with the owner and administers the voucher funding under the Consolidated Annual Contributions Contract with HUD.

- (d) Section 1.e.1. of the HAP Contract is revised to read as follows: “The Contract begins on _____, and shall run for an initial term of ____ years.”
- (e) Section 1.e.2.b. of the HAP Contract is revised to read as follows: “The initial term of the HAP Contract may not be for less than 15 years, and may be for a term of up to 20 years upon request of the owner and with the approval of the CA.”
- (f) Section 1.e.3. of the HAP Contract is revised to read as follows: “**Owner Obligation to Accept Offers to Renew.** The owner acknowledges and agrees that upon expiration of the initial term of the Contract, and upon each renewal term of the Contract, the owner shall accept each offer to renew the Contract, subject to the terms and conditions applicable at the time of each offer, and further subject to the availability of appropriations for each year of each such renewal.”
- (g) Section 1.e.4 of the HAP Contract is revised to read as follows:

4. Funding of PBV HAP contract

a. Funding for remainder of calendar year in which the HAP Contract becomes effective. The HAP Contract shall be funded from the effective date of the Contract through the remainder of the calendar year from public housing amounts obligated prior to the effective date of the Contract, and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriated funding, for the remainder of the calendar year in which the Contract becomes effective. In the latter case, to the extent sufficient appropriated funding becomes available, HUD will obligate such funding and provide the CA and owner written notification of (i) the amount of such funding, and (ii) the approximate amount of time within the remainder of the calendar year in which the Contract becomes effective to which it will be applied. Notwithstanding any other provisions in this Contract, housing assistance payments and RAD Rehab Assistance Payments are subject to the requirements in this paragraph during the remainder of the calendar year in which the HAP Contract becomes effective.

b. Funding for remainder of the initial term and any renewal term. For the remainder of the initial term and any renewal term, the initial term and any renewal term shall be subject to the availability of sufficient appropriated funding (budget authority), as provided in appropriations acts and in the CA’s Consolidated Annual Contributions Contract with HUD, to make full payments of housing assistance payments due to an owner for any contract year in accordance with the HAP Contract. The availability of sufficient funding must be determined by HUD or the CA in accordance with HUD requirements. If it is determined that there may not be sufficient funding to continue housing assistance payments for all contract units

and for the full term of the HAP Contract, the CA has the right to terminate the Contract by notice to the owner for all or any of the Contract units. Such action by the CA shall be implemented in accordance with HUD requirements.

- (h) Section 1.g.1. of the HAP Contract is revised by replacing the phrase “25 percent” with the phrase “50 percent.”
- (i) Section 1.g.3. of the HAP Contract is revised by replacing the phrase “25 percent” with the phrase 50 percent.” In addition, a second paragraph is added to this section to read as follows: “The excepted unit provisions in the PBV regulations generally apply to RAD projects. However, for existing families occupying units when the PBV contract is initially executed, a unit may count as a supportive service excepted unit if the CA offers the family supportive services. The family is not required to accept the services, and may not be evicted for a refusal to accept such services. In addition, an assisted family shall not be involuntarily displaced as a result of this provision. Once an existing family leaves a supportive service excepted PBV unit, the CA and owner must comply with 24 C.F.R. § 983.56(b)(2)(B) (“Families Receiving Supportive Services”) and all other HUD requirements in order to continue treating the unit as a support service excepted unit.”
- (j) Section 2 of the HAP Contract is revised by: (1) deleting the definitions of “Agreement,” “Newly constructed housing,” “Proposal selection date,” and “Rehabilitated housing”; and (2) adding a third sentence to the definition of “HUD requirements” as follows: “HUD requirements include Notice PIH 2012-32; Rental Assistance Demonstration—Final Implementation (RAD Implementation Notice).”
- (k) Section 5.a.1. of the HAP Contract is revised to read as follows: “Subject to section 5.b. of the HAP Contract, at each anniversary date during the term of the Contract, the CA will adjust the rent to owner by applying HUD’s operating cost adjustment factor (OCAF), subject to the availability of appropriations for each year of the Contract term.”
- (l) Section 5.b. of the HAP Contract is revised to read as follows: “The rent to owner for each Contact unit may at no time exceed the reasonable rent charged for comparable units in the private unassisted market, as determined by the CA in accordance with 24 C.F.R. § 983.303. However, the rent to owner shall not be reduced below the initial rent to owner for dwelling units under the HAP Contract except in the following cases: (1) to correct errors in calculations in accordance with HUD requirements; (2) if additional housing assistance has been combined with PBV assistance after the execution of the HAP Contract and a rent decrease is required pursuant to 24 C.F.R. § 983.55; or (3) if a decrease in rent to owner is required based on changes in the allocation of responsibility for utilities between the owner and the tenant.”

- (m) Section 7.a. of the HAP Contract is revised to read as follows: “The owner certifies that during the term of the HAP Contract: a. All Contract units meet HQS, or will meet HQS no later than the date of completion of initial repairs as indicated in the RAD Conversion Commitment (attached as an Exhibit to this Contract), which will be on _____.”
- (n) Section 8.b.1. of the HAP Contract is revised to read as follows: “The CA must inspect each Contract unit after rehabilitation is completed in accordance with the RAD Conversion Commitment.”
- (o) Section 9.a.1. of the HAP Contract is revised to read as follows: “During the term of the HAP Contract, the owner must lease all Contract units to eligible families selected and referred by the CA from the CA’s waiting list. The waiting list shall be established and maintained in accordance with HUD requirements, including the special PBV waiting list provisions in section 1.6.D.4 of the RAD Implementation Notice.”
- (p) A new Section 10.b.3. of the HAP Contract is added to read as follows : “The owner shall provide adequate written notice of termination of the lease, which shall be a reasonable period of time, not to exceed 30 days: (A) If the health or safety of other tenants, owner employees, or persons residing in the immediate vicinity of the premises is threatened; or in the event of any drug-related or violent criminal activity or any felony conviction; (B) 14 days in the case of nonpayment of rent; and (C) 30 days in any other case, except that if a State or local law provides for a shorter period of time, such shorter period shall apply.”
- (q) A new Section 10.b.4. of the HAP Contract is added to read as follows: “The owner must renew all tenant leases upon expiration, unless good cause under 24 C.F.R. § 983.257(a) exists for non-renewal of a lease.”
- (r) Section 18 of the HAP contract is revised to read as follows: “Notwithstanding Section 17 of the HAP Contract, a PHA may own units assisted under the PBV program, subject to the special requirements in 24 C.F.R. 983.59 regarding PHA-owned units and all other HUD requirements governing PHA ownership of PBV units.”
- (s) Section 21 of the HAP Contract is revised throughout by requiring HUD consent instead of PHA consent for actions covered under section 21 of the Contract.

- (t) Section 21a.1. of the HAP Contract is revised to read as follows: “The owner and the CA agree that neither the HAP Contract nor the property may be transferred without the written consent of HUD.”
- (u) Section 21.a.2. of the HAP Contract is revised by adding the following at the end of the definition of “transfer”: “F. Any refinancing or restructuring of permanent debt by the owner of the project.”
- (v) Section 24 of the HAP Contract is deleted. Sections 25, 26, and 27 are redesignated as sections 24, 25, and 26 respectively.
- (w) Sections 26.a. and 26.b. of the HAP Contract are amended by deleting the phrase “Agreement.”

4. Additional Terms and Alternative Requirements

- (a) A new section 27 is added to the HAP to read as follows:

27. RAD Rehab Assistance Payments

For any unit that (1) is vacant during the period of initial repairs pursuant to the RCC; and (2) was receiving payment under the Public Housing Operating Fund immediately prior to the effective date of this Contract, the Owner is entitled to receive a monthly RAD Rehab Assistance Payment in the amount of subsidy that the Owner received for the unit under the Public Housing Operating Fund and the Capital Fund immediately prior to the effective date of this Contract. The amount of monthly RAD Rehab Assistance Payments shall be up to \$_____ "per unit, as determined by HUD, and shall commence upon effective date of this Contract, so long as the Owner is in compliance with the approved repair schedule as provided in the RCC. All RAD Rehab Assistance Payments shall end, and the Owner will cease to be entitled to any such payment, (1) on _____, _____ "*****", or (2) upon actual completion of such work, if sooner.

- (b) A new Section 28 of the HAP Contract is added to read as follows:

28. CA Board Approval

The CA’s Board must approve the operating budget for the covered project annually in accordance with HUD requirements.

- (c) A new section 29 of the HAP Contract is added to read as follows:

29. Property and Liability Insurance

The owner agrees that the project shall be covered at all times by commercially available property and liability insurance to protect the project from financial loss. To the extent insurance proceeds permit, the owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a project, except with the written approval of HUD to the contrary.

(d) A new section 30 of the HAP Contract is added to read as follows:

30. Resident Procedural Rights; Grievance Process

The owner and the CA must comply with the grievance process requirements in section 1.6.C.7.b. of the RAD Implementation Notice for projects converting to PBV assistance.

(e) A new section 31 is added to the HAP Contract to read as follows:

31. Resident Participation and Funding

In accordance with Attachment 1B.2B. of the RAD Implementation Notice, captioned “PBV Resident Participation and Funding,” families in projects that convert to PBV assistance have the right to establish and operate resident organizations for the purpose of addressing issues related to their living environment. The Attachment details all of the requirements governing Resident Participation and Funding, which the owner must comply with.

(f) A new section 32 is added to the HAP Contract to read as follows:

32. Flood Insurance

If the project is located in an area that has been identified by the Federal Emergency Management Agency as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Program, the owner agrees that: (1) the project will be covered, during the life of the property, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less; and (2) that it will advise any prospective purchaser or transferee of the property in writing of the continuing requirement to maintain such flood insurance during the life of the property.

(g) A new section 33 is added to the HAP Contract to read as follows:

33. Replacement Reserve Requirement

The owner shall establish and maintain a replacement reserve in accordance with HUD requirements.”

(h) **Owner Proposal Selection Procedures.** Projects will be selected for assistance in accordance with the provisions in the RAD Implementation Notice. Therefore, 24 C.F.R. § 983.51 does not apply.

(i) **Percentage Limitation.** Section 8(o)(13)(B) of the 193 Act and 24 C.F.R. § 983.6 do not apply to assistance provided under RAD.

(j) **Consistency With PHA Plan and Other Goals.** Section 8(o)(13)(C)(ii) of the 1937 Act and 24 C.F.R. §§ 983.57(b)(1) and (c) do not apply.

Signatures:
Contract Administrator

Owner

Print or Type Name of Contract Administrator

Print or Type Name of Owner

Signature

Signature

Print or Type Name and Title of Signatory

Print or Type Name and Title of Signatory

Date (mm/dd/yyyy)

Date (mm/dd/yyyy)

