

## APPENDIX 4

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SPECIAL INSTRUCTIONS FOR PROCESSING RENT INCREASES FOR PROJECTS  
THAT USE A COST-BASED RENT FORMULA

These instructions tell how to integrate the four types of management fees into the rent computation worksheet. They also tell how to process cost-based rent increases when the fee is held harmless under Section VI of Chapter 2.

A. Unsubsidized Projects Using Form HUD-92547A Rent Computation Worksheet for Unsubsidized Programs (dated 3/84)

1. Part I, Line 5 - Management Fee. Include:

a. Annual yield from any special fees that are not quoted as a percentage of collections.

b. Any residential fee YIELD that was capped under the hold harmless provisions of Paragraph 2-34. Use the following formula to determine the annual capped yield.

Annual Capped Management Fee Yield	=	Annual Capped Fee Yield	X	12	X	Capped PUPM Units	No. of Units
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2. Part II, Section I - Annual Income from Other Sources. Subtract the MISCELLANEOUS income management fee YIELD from each type of income listed on which a miscellaneous income fee is collected. (See Line 3b of Attachment 1 of the Management Certification for a list of miscellaneous income on which HUD allows a fee to be taken but on which the agent is NOT collecting a fee.) Show your calculations on the Rent Computation Worksheet.

EXAMPLE:

	I.	Annual Income From Other Sources (Except Income from Commercial Space)	
\$18,800	1.	Parking    \$20,000 - (6% x \$20,000) = \$20,000 - \$1,200 =	
4,700	2.	Laundry     5,000 - (6% x \$5,000) = \$5,000 - \$300 =	
10,000	3.	Other        10,000*	
\$33,500	4.	Total        \$35,000	

\*No fee allowed on \$10,000 interest income.

3. Part II, Line K2 - Percentage Management Fee

a.If the residential fee YIELD was capped under Paragraph 2-34, enter 0.

NOTE: The instructions in Paragraph A1b above require the whole residential fee to be included in Part I, Line 5. You cannot use a percentage because you do not yet know the rent potential.

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Page 1 of 2

4381.5 REV-2  
APPENDIX 4

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C.Non-Profit 221(d)(3) Rent Supplement and BMIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1.General

a.Following Paragraphs B1 and 2 above.

b.Use the rent fomula in Appendix 1 of Chapter 4, Section 3 of HUD Handbook 4350.1, SUPP-1, instead of the rent fomula on the back of the Form HUD-92457.

2.Rent Formula

a.Lines 5b and c. Do NOT use these lines.

b.Line 6. Enter the sum of Lines 4 and 5a.

c.Line 7a. Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

D.Limited-Distribution 221(d)(3) Rent Supplement and BMIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1.General

a.Follow Paragraphs B1 and 2 above.

b.Use the rent fomula in Appendix 2 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.

2.Rent Formula

a.Lines 6b and c. Do NOT use these lines.

b.Line 7. Enter the sum of Lines 4, 5 and 6a.

c.Line 8a. Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

E.236 Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1.General

a.Follow Paragraphs B1 and 2 above.

b.Use the rent formula in Appendix 3 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.