



FORECLOSURE SALE 40 UNIT APARTMENT COMPLEX IN Granite Falls, Minnesota



RIVERVIEW APARTMENTS

Is offered for sale at foreclosure.

Bids will be accepted orally on:
May 5, 2011
at: 11:00 am (local time)

at: Sheriff's Office
Chippewa County Courthouse
Front Entrance
629 North 11th Street
Montevideo, MN 56265



U. S. Department of Housing and
Urban Development

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PROCEDURES AND FORMS REQUIRED TO COMPLETE BID AND PURCHASE

New Procedure Requirements – Previous Participation Certification

Participants are now allowed the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. Bidders must comply with registration and 2530 requirements as outlined in ATTACHMENT B, TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER, Rider 1. For more information see Section 1 – Introduction and General Information, Section 2 – Previous Participation Certification and Section 4 – Submission of Post Bid Documents.

THESE FORMS ARE AVAILABLE AT <http://www.hud.gov/offices/adm/hudclips/forms/> OR CLICK ON THE URL BELOW TO OBTAIN THE FORM

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://www.hud.gov/offices/adm/hudclips/forms/files/2530.pdf
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://www.hud.gov/offices/adm/hudclips/forms/files/92417.pdf
<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD-935.2A) http://www.hud.gov/offices/adm/hudclips/forms/files/935-2a.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://www.hud.gov/offices/adm/hudclips/forms/files/9832.pdf
<input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-a.pdf
OR <input checked="" type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://www.hud.gov/offices/adm/hudclips/forms/files/9839-b.pdf
<input checked="" type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only http://www.hud.gov/offices/adm/hudclips/forms/files/9839-c.pdf
	(Only one of these forms, 9839a, b or c, will be required for management certification.)
<input checked="" type="checkbox"/>	Direct Deposit Signup (Standard form 1199-A) http://www.fms.treas.gov/eft/1199a.pdf

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **DEFINITION OF INVITATION FOR BID** - This document, including attachments, exhibits, and any amendment thereto, constitute the Invitation for Bid (Invitation) for RIVERVIEW APARTMENTS, FHA Number; 092-35566. PROPERTY AT A GLANCE, Attachment A to this Invitation, contains a summary of facts, figures, and most terms of the sale. This Invitation also includes **information concerning Previous Participation Certification (Form HUD-2530) requirements** and a list of the forms necessary to complete a responsive bid.
2. **BID RESPONSIVENESS** - A bid must be responsive to the terms of the sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the foreclosure sale are those set out in the Invitation, especially the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder (Acknowledgment) and Foreclosure Sale Use Agreement (Use Agreement). Lack of earnest money deposit, as required by this Invitation, will be cause for bid rejection.
3. **SALE TO HIGHEST QUALIFIED BIDDER** - Sale of this project will be made to the highest responsive, qualified Bidder.
4. **NO REDEMPTION PERIOD** - This sale is not subject to redemption by the previous owner.
5. **BID ACCEPTANCE OR REJECTION** - HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any Bidder HUD determines lacks the experience, ability or financial responsibility needed to own the project and to provide management acceptable to HUD.
6. **CANCELLATION OF SALE** - HUD reserves the right to cancel this Invitation and/or reject any and all bids.
7. **BIDDER'S DUE DILIGENCE** - Bidders are encouraged to perform their own due diligence to gain a full understanding of the project and the conditions of sale before submitting a bid.
8. **POST-CLOSING REQUIRED REPAIRS** - Repair requirements that must be completed after closing, if applicable to this sale, are included in the Form HUD-9552, Post-Closing Repair Requirements, and Exhibits, Attachment E, to this Invitation. The repair requirements listed in Attachment E survive the sale and will be recorded with the Deed. **NOTE:** the Form HUD-9552 and exhibits reflect **cost estimates** of the required repairs. Additionally, repairs listed on the HAP work write-up, if included in Exhibit E, is work defined as "the repair and/or replacements necessary to bring the property into compliance with 24 CFR Part 5, Physical Condition Standards" and may not be inclusive of the total HUD repair requirement for the project (additional repairs may be required under the Post Closing Repair Requirements) and may not result in the release of any or all letter(s) of credit required under the Post Closing Repair Rider.
While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.
9. **RECORDATION OF CERTAIN DOCUMENTS** - Attachment E, Post Closing Repair Requirements (Form HUD-9552) and attachments, if provided herein, and Attachment C, Use Agreement, with riders, if provided herein, will be recorded with the Deed.
10. **SOURCE FOR ADDITIONAL INFORMATION** - Should you need further information, please contact Margaret Laakso, Realty Specialist, at (817) 978-5821.

SECTION 2 - PREVIOUS PARTICIPATION CERTIFICATION

PREVIOUS PARTICIPATION FOR PARTICIPANTS IN THE MULTIFAMILY PROGRAMS- New Procedure Requirements - Participants in Multifamily foreclosure sales, either as purchasers or management agents are required to either; register in HUD's Active Partners Performance System (APPS), which allows for the electronic submission of Previous Participation Certification (Form HUD-2530) on HUD's Secure Systems Internet site, or submit a paper Form HUD-2530. **Registration is not mandatory in order to bid at the foreclosure sale. However, it is suggested that all potential bidders registering for the first time in APPS do so at least two weeks prior to the sale.** Instructions for registering for both "Secure Systems" and APPS are located on the [Active Partners Performance System \(APPS\) web site](#).

Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

Be advised, if a Management Agent will be participating in the management of the property, or if you are changing principals, adding principals, changing the name of the purchasing entity, or changing tax identification from information already recorded in APPS, **it is the high Bidder's responsibility to ensure that all participants register and complete the 2530 process within the prescribed time frames.**

Failure of any participant to submit a Previous Participation Certification (Form HUD 2530) or other required documents within the indicated time frame shall be grounds for rejection of the bid.

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL** - In order to submit a responsive bid to this Invitation, a Bidder must submit the items indicated in this Section, and the additional documents/items, as indicated in Section 4, Paragraphs 2 and 3.
2. **BIDDING AT THE FORECLOSURE SALE** -
 - (a) The foreclosure sale is an oral, open bid sale that takes place at the date, time and place indicated in the attached Property at a Glance.
 - (b) The Bidder must either:

- (i) State a bid price orally at the sale, **or**
- (ii) Submit a written bid to the person that conducts the sale two (2) business days before the date of sale. Written bids, if received, will be read aloud at the sale before oral bids are accepted. Only the person that submitted the written bid, or an agent thereof, may raise a written bid price. Please call the contact person indicated in Section 1, Paragraph 10 above, for details regarding submitting a written bid.

3. ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE

(a) Earnest Money Deposit:

- (i) The earnest money deposit, for not less than the amount specified in the Property at a Glance, must be submitted prior to presenting an oral or written bid.
- (ii) The deposit must be in the form of a money order, certified, cashier's or other banker's check payable to:

THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

- (iii) No other method of payment for the earnest money deposit is acceptable.
- (iv) A financial organization submitting a bid on its own behalf must have the earnest money deposit drawn on a separate financial organization.
- (v) Lack of proper deposit will be cause for rejection of the bid by HUD.
- (vi) Immediately following the sale, earnest money will be returned to those whose bids have been rejected.

(b) Acknowledgment - Immediately after the foreclosure sale has been completed, the high Bidder must submit **ONE** signed copy of the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder to the person that conducts the foreclosure sale.

4. **CORRECTIONS** - Any changes or erasures made to a written bid may be made by the Bidder only and must be initialed.

5. **TELEGRAPHIC OR FACSIMILE BIDS** - Telegraphic or facsimile bids and/or bid modifications will not be considered for award.

6. **VERBAL NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER** - The high and second high Bidder will be notified verbally of their bidding positions by the person that conducts the foreclosure sale immediately after the foreclosure sale is completed.

7. **REJECTION OF LOWER BIDS** - All bids, other than the high and second high bid, will be rejected verbally at the foreclosure sale by the person that conducts the foreclosure sale.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

1. **CONTINUATION OF OFFERS** - The high bid shall be deemed to be a continuing offer from the time of the foreclosure sale until closing or bid rejection by HUD. The second high bid shall be deemed to be a continuing offer until execution of the Use Agreement or until thirty (30) days after the foreclosure sale, whichever occurs first, unless HUD and the second high Bidder mutually agree to extend the offer. After the above activities have occurred, or the extension agreement has ended, the bid will be deemed to have expired.

2. **SUBMISSION OF POST-BID DOCUMENTS**

➤ **TWO (2) DAYS AFTER FORECLOSURE SALE (FEDERAL WORKING DAYS) -**

(a) **Previous Participation Certification:**

(i) **Electronic filing - APPS and Secure Systems (e2530)**

- a. **Bidders not registered in APPS and Secure Systems:** The high Bidder must register in the **Active Partners Performance System (APPS)**, which allows for the electronic submission of Previous Participation Certification (e2530), **and** the HUD's Multifamily Secure Systems **not later than two (2)** Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions,
- b. **Bidders previously registered in APPS and Secure Systems:** The high Bidder must enter the APPS system and print a copy of the Participant Detail page. That copy must be faxed to the Realty Specialist at (817) 978-5855.

(ii) **Paper Filing - not later than two (2)** Federal Government working days after being verbally notified at the foreclosure sale of being the high Bidder, the following must be submitted:

- a. **Form HUD 2530** - The completed paper Form HUD-2530s, with original signatures, for the purchasing entity and all principals must be received in the Fort Worth HUD office. **Only existing entities with tax identification numbers will be accepted.** A "to be formed" entry will not be accepted.
- b. **Organizational Chart** - an organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership.

(b) **Certification of Substantial Compliance** - the **complete and original** (Attachment G) must be received in the Fort Worth HUD office within 2 days of the foreclosure sale date.

➤ **FIVE (5) DAYS AFTER FORECLOSURE SALE - (FEDERAL WORKING DAYS)**

Not later than five (5) Federal Government working days after being notified at the foreclosure sale of being the high Bidder, the Bidder must submit a Written Statement of Experience as required below in paragraph 3.

➤ **TEN (10) DAYS AFTER FORECLOSURE SALE (FEDERAL WORKING DAYS)** - Not later than ten (10) Federal Government working days after being verbally notified at the foreclosure sale of being the high

Bidder, the Bidder must, if checked below, submit additional information to the contact person listed above in Section 1, Paragraph 10.

<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD 935.2A)
<input checked="" type="checkbox"/>	Form HUD- 2530 for Purchasing Entity, if different from bidding entity, See Section 2 for procedure
<input checked="" type="checkbox"/>	Paper Form HUD- 2530 for the Managing Agent, or submission of the "Participation Detail" page evidencing prior registration in APPS, or the "Participant Successfully Registered" page establishing the Management Agent's initial registration in APPS.
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD 92417)-for each proposed principal/general partner
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD 9832)
<input checked="" type="checkbox"/>	Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A):
OR <input checked="" type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839 B):
OR <input checked="" type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only)
	(Only one of these forms will be required for management certification.)
<input checked="" type="checkbox"/>	Direct Deposit Signup – Standard form 1199A
<input checked="" type="checkbox"/>	Certification of Disclosure as attached to the Section 8 Rider included in Attachment B

➤ **FIFTEEN (15) DAYS AFTER FORECLOSURE SALE** – If the Management Agent or the High Bidder (owning entity) elected to file the required Form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within 15 days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-5855. Please refer to SECTION 2, PREVIOUS PARTICIPATION above for instructions.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID

(a) Required Bidder Qualifications to Purchase Property:

It is the objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable housing resources. To accomplish this objective, the Department will only permit a bidder to acquire a property from HUD's foreclosure sale who has the financial capacity and generally 5 years of demonstrated experience in successfully owning and managing distressed and troubled multifamily properties as viable, low-income housing resources. The Department will evaluate, starting with the highest bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Property based on the submission of the documentation described below, any other information independently verified by HUD and any other information required by the Bid Kit. The documentation must demonstrate that the bidder owns and is successfully managing and operating properties of similar size and characteristics (including problematic complexities) as the Property being sold. The documentation will be used to determine whether the bidder has the required demonstrated experience and financial capacity to acquire and successfully transform the Property into a long-term, viable affordable housing resource. HUD shall, in its sole discretion, accept or reject any bid submitted in the sale of the Property. The review and approval of the Previous Participation Certification (form HUD-2530) is required, for the purchase of the Property. However, Previous Participation Certification approval is only a threshold to HUD's review and potential approval of all other required documentation.

All of the following required documentation must be submitted to HUD within five (5) Federal government working days of the date of the foreclosure sale.

Required Documentation:

Written Statement of Experience: Bidder must submit a written statement demonstrating generally five (5) years of experience in successfully owning and managing properties similar to the property being sold. The statement shall provide the following information for all similar properties to the property being sold, not to exceed three (3) specific examples. The written statement should not exceed five (5) pages per property.

- The location of other owned multifamily properties.
- The number of units and construction type (garden, walk-up, hi-rise) for each property.
- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.
- Identify the social needs of each property and how they were addressed.
- Identify the economic needs of each property and how they were addressed.

For the Property being sold, provide the following documentation:

- Describe how bidder will satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.

- Describe how bidder will implement a sound financial and physical management program for the Property.
- Describe bidder's methods for responding to the needs of the tenants and working cooperatively with resident organizations.
- Describe how bidder will provide adequate organizational staff and financial resources to the property.
- Provide statement of services, maintenance and utilities which bidder will provide to property.
- Provide a statement disclosing whether other government assistance will be utilized in conjunction with the Section 8 assistance if HUD is providing project-based Section 8.

Based on the required documentation, set forth above as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Property. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Property, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation to Bid.

In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of the bid and supporting documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications or financial capacity to successfully own and operate the Property, or omitted a material fact(s), HUD will retain the bidder's earnest money deposit as liquidated damages and may seek any and all additional available remedies.

HUD may require the high Bidder to obtain the services of a qualified property management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to closing.

- (i) If HUD approves the high Bidder as being qualified, the high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the high bid is rejected due to HUD's determination that the high Bidder is not qualified to purchase the project, HUD will notify the high Bidder in writing.
 - (b) If HUD rejects the high Bidder, and HUD elects to contact the second high bidder, the second high Bidder will be given twenty-four (24) hours to submit the earnest money deposit and will be reviewed to determine if qualified to purchase the project.
 - (i) If HUD approves the second high Bidder as being qualified, second high Bidder will be confirmed as and identified as the Purchaser.
 - (ii) If the second high bid is rejected due to HUD's determination that the second high Bidder is not qualified to purchase the project, HUD will notify the second high Bidder in writing.
 - (c) HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual indicated in the Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder.
 - (d) The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the foreclosure sale.
- 4. HANDLING OF THE EARNEST MONEY DEPOSIT**
- (a) The earnest money deposit of the high Bidder will be held by HUD. If HUD determines the high bid/Bidder to be acceptable and the high Bidder complies with the provisions outlined in Attachment B, the earnest money deposit will be applied to the sales price at closing. If HUD does not accept the high bid, the high Bidder's earnest money deposit will be refunded, unless Bidder has failed to comply with the provisions outlined in Attachment B, Acknowledgment by Bidder, Rider 1, "Previous Participation Certification and Submission of Documents Prior to Closing".
 - (b) Interest will not be paid on earnest money deposits.
- 5. REVIEW OF PROJECT MANAGEMENT** - HUD will review the statements and forms submitted as required by Rider 1 to the Acknowledgment By Bidder (Attachment B), to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administrate the type and nature of property being offered for sale. HUD may elect to discuss project management plans after submission of the post-bid documents by the high Bidder. HUD reserves the right to reject the bid of any Bidder and retain the Earnest Money Deposit, if the Bidder does not provide management acceptable to HUD.
- 6. CLOSING DATE REQUIREMENT** - The closing date will take place within the time period specified, in accordance with the Acknowledgment, Attachment B.
- 7. EXTENSION OF CLOSING** - The right to extend the sales closing is expressly reserved by HUD as set forth in the Acknowledgment, Attachment B.

SECTION 5 – CLOSING

- 1. EXECUTION OF USE AGREEMENT** - The Bidder must execute Attachment C, "Foreclosure Sale Use Agreement," at closing. HUD will have the Foreclosure Commissioner's Deed, Use Agreement and all attachments recorded
- 2. CLOSING DATE AND PLACE** - The closing date and place shall be as determined by the person that conducts the foreclosure sale and/or HUD. The Bidder will be notified of said date and place by the person conducting the foreclosure sale.

3. **CASH DUE AT CLOSING** - Cash due at closing is the remainder of the purchase price less the earnest money deposit received, plus or minus prorations, if any. Cash due at closing includes all initial deposits to reserve accounts, if applicable.
4. **PRORATIONS** – There will be no prorations except for the proration of property taxes prepaid by HUD, if any. High bidder is responsible for paying all outstanding property taxes and utility bills including, but not limited to, water/sewer, gas, electric, etc, as well as any other liens/assessments encumbering the property not extinguished by the foreclosure sale action.
5. **CLOSING EXPENSES** - Irrespective of local custom, the Bidder shall pay all closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance as may be requested by the Bidder. HUD will pay recording fees for the transfer of title and recordation of the Use Agreement.
6. **METHOD OF PAYMENT** - Cash due at closing shall be paid in the form of a money order, certified, cashier's or other bank check made payable to: **THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**, in accordance with the Acknowledgment, Attachment B.
7. **LETTER OF CREDIT** - If Post-Closing Repair Requirements described in Attachment E are included in this sale, the Bidder, at closing, shall provide HUD with an unconditional, irrevocable, and nondocumentary Letter of Credit (LoC), or a group of no more than five (5) LoCs, in the amount stated in the Property at a Glance. Such LoCs shall expire no earlier than six (6) months after completion of the stated required repairs. HUD will release the undrawn balance in the LoCs six (6) months after completion of repairs. Such undrawn balance shall be of an amount equal to ten percent (10%) of HUD's total estimated repair costs.
8. **HOUSING ASSISTANCE PAYMENTS (SECTION 8)** – For projects being sold with Section 8, as stated in the Property at a Glance and the Use Agreement, the Bidder/Purchaser must execute a Housing Assistance Payment Contract (HAP).
9. **CLIENTELE TO BE SERVED UNDER THE HAP-** As defined in Section 1, Item 4 of the Rider – "Project-Based Section 8 Assistance".
10. **CONVEYANCE** - Conveyance of the project shall be by Special Warranty Deed from the person that conducts the foreclosure sale. The deed will not contain any warranty of title.
11. **RECORDATION OF DEED** - HUD shall record the Deed and all other recordable documents. All recordation costs for the transfer of title and the Use Agreement shall be at the expense of HUD.
12. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING**

<input checked="" type="checkbox"/> Foreclosure Sale Use Agreement	<input checked="" type="checkbox"/> Letter(s) of Credit	<input checked="" type="checkbox"/> Closing Statement
<input checked="" type="checkbox"/> HAP Contract	<input type="checkbox"/>	<input type="checkbox"/>

SECTION 6 – DISCLAIMERS

1. **DISCLAIMER**
 - (a) Bidders interested in purchasing this project are expected to acquaint themselves with the property, and to arrive at their own conclusions as to; physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the property. Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation for Bid and in any Addendum hereof.
 - (b) While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as might interest them in its purchase, and HUD makes no warranty as to the accuracy of such information. The failure of any Bidder to inspect, or be fully informed as to the condition of all or any portion of the property being offered, or condition of sale, will not constitute ground for any claim or demand or adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS** - Any oral statement or representation by any representative of HUD changing or supplementing this Invitation for Bid or Addendum hereof, or any condition hereof, is unauthorized and shall confer no right upon the Bidder (Purchaser).
3. **HUD LIABILITY** - In any case, with respect to any claim against HUD, the extreme measure of HUD's liability shall not, in any event, exceed refund of the purchase price, or such portion thereof as HUD may have received.



Property at a Glance



RIVERVIEW APARTMENTS FHA #: 092-35566

ADDRESS: **108 Baldwin Street** EARNEST MONEY: **\$25,000** SALES PRICE: **UNSTATED MINIMUM**
Granite Falls, MN 56178 TERMS: **All Cash – 30 days to close**
 COUNTY: **Chippewa** LETTER OF CREDIT: **\$32,000** SALE TYPE: **Verbal Bid**

PROPERTY INFORMATION

Total Units	Residential	Commercial	Foundation:	Concrete/crawl space
40	Revenue 39		Roof:	Flat w/single-ply membrane
	Non-Revenue 1		Exterior:	Concrete/CMU
			Floors/Finish:	Carpet/VCT

Elevator	Garden	Walk-up	Townhouse	Scattered Sites	Service Center	Mobile Home Park	Nursing Home	Vacant Land	Other:
X									

Number of Buildings	Stories	Year Built	Rehab Year	Approximate Site Acreage	Approximate Net Rentable Area
1	5	1971	1981		

Mechanical Systems

Heating:

Fuel System: **Gas** / **Central**

Hot Water:

Fuel System: **Gas** / **Central**

Air Conditioning

Windows: **Insulated**

Utilities

Public Water	X
Gas Main	X
Electric	X
Sanitary Sewer	X
Storm Sewer	
Septic Tank	

Parking

Street	Asphalt
Curb	
Sidewalk	Concrete
Parking Lot	Asphalt
Parking Spaces	48

Apartment Features

<input type="checkbox"/>	Air Conditioning
<input type="checkbox"/>	Dishwasher
<input type="checkbox"/>	Microwave
<input type="checkbox"/>	Garbage Disposal
X	Refrigerator
X	Range/Oven
<input type="checkbox"/>	Drapes/Blinds

Community Features

<input type="checkbox"/>	Garage
<input type="checkbox"/>	Covered Parking
X	Laundry Facility
<input type="checkbox"/>	Cable/Sat Hookup
<input type="checkbox"/>	Playground
<input type="checkbox"/>	Pool
<input type="checkbox"/>	Community Space

Owner Expense

<input type="checkbox"/>	Water
<input type="checkbox"/>	Electric
<input type="checkbox"/>	Gas
<input type="checkbox"/>	

Tenant Expense

<input type="checkbox"/>	A/C unit
<input type="checkbox"/>	

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010	47%	47%	48%	48%	50%	53%	53%	50%	50%			
2009										50%	50%	50%

ESTIMATED ANNUAL RENTAL INCOME:

# of Units	Type (# of Bdrs)	Approx Square Feet	Current Gross Rent (Contract Rent plus UA)	Estimated utility allowance (UA)	After Sale Contract Rent (excluding UA)	Total After Sale Contract Rent (excluding UA)	Total Estimated/Possible Annual Income	
38	1 Bd		\$513		\$513	\$19,494	Rent	\$241,752
1	2 Bd		652		\$652	652	Commercial	
							Parking	
							TOTAL	\$241,752
							Estimated Annual Expenses	
							Administrative	\$44,000
							Utilities	50,000
							Operating	25,000
							Taxes/Insurance	36,000
							Reserve/Replace	11,700
Estimated/Possible Monthly Total						\$20,146	Total	\$166,700

COMMENTS CONCERNING PROPERTY INFORMATION:

A Housing Payment Contract (HAP) will be provided to the High Bidder prior to closing. Project based assistance is predicated on the availability of funds.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the property is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

20 Years affordable housing.

N/A Years rent cap protection for _____ residents.

PROJECT BASED SECTION 8

A Housing Payment Contract (HAP) will be provided to the high bidder prior to closing. Predicated on the availability of funds, assistance will be available for eligible residents in 39 units at the property. Bidders are cautioned that payments under the HAP Contract may not start immediately after closing, either due to HUD required repairs that must be completed by the purchaser or processing time required to determine that units meet HUD's Uniform Physical Condition Standards and tenants are eligible for the assistance. Prior to receipt of the subsidy payments, purchaser may not charge eligible tenants, who are slated to receive Section 8, more than the amount of Total Tenant Payment the tenant would be required to pay under Section 8 program. In addition, some tenants may have to be temporarily relocated due to project repairs. HUD has already accounted for these and other costs in this project's disposition process. Therefore, HUD is not obligated to make any monetary adjustments to cover any costs that may be incurred by the Purchaser. Bidders should compute their bids accordingly.

TERMS OF SALE

- The purchaser must complete the repairs to HUD's satisfaction within 12 months after closing. The repairs are estimated to cost \$128,165.
- The purchaser must complete demolition to HUD's satisfaction within N/A months after closing. The demolition is estimated to cost _____.
- Closing is to be held 30 days after HUD accepts the bid. If HUD authorizes an extension of the closing, the purchaser must pay a fee which is the greater of 1.5% of the purchase price or HUD's holding costs of \$22.85 per unit per day for each 30 day period.
- Riders placed in the Deed will include the following: **Lead-Based Paint, Asbestos Hazards, Non-discrimination against Multifamily Sec.8 Voucher Holders, Project-Based Sec.8 Assistance, Reserve Fund for Replacement Account, Affordability of Units, Rehab & Relocation, Mold Hazards, and Radon Hazards.**

In 2007 Minnesota made significant changes to the Elevator Code including a number of retroactive codes. Please check the following sources for information: www.dli.MN.gov\CCLD\eleator.asp & www.dps.state.MN.US\fmarshal\.html. State Fire Marshal phone numbers 651-248-5005 & 1-800-342-5354. You may want to contact the Granite Falls Fire Marshall regarding these requirements. Potential investors should also check the Minnesota Depart. of Public Safety Carbon Monoxide Alarm Requirement and potential needs as relates to this property..

The Repair Requirements listed on the HUD9552 & the Work Write-up do not address repairs that may be required for compliance with the Elevator Code or the Carbon Monoxide Alarm Requirements.

NOTICE: Participants have the option to file the required Previous Participation Certification (aka Form HUD-2530) in digital (electronic) or paper format. For more information, contact a Realty Specialist.

For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588.

For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

This is an "All Cash – As Is" sale. HUD is providing no financing for this sale. The purchaser must provide for payment of the full purchase price in cash at closing.

Submission of Bids: Bids for this property can only be considered for acceptance if submitted on the specific forms listed in the Bid Kit for this property, along with required earnest money. A Bid Kit may be obtained as indicated below.

Suspended or Debarred Parties: No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. AS PROVIDED FOR IN 24 CFR, SEC. 27, THE DEFAULTING MORTGAGOR, OR ANY PRINCIPAL, SUCCESSOR, AFFILIATE, OR ASSIGNEE ON THE MORTGAGE AT THE TIME OF DEFAULT SHALL NOT BE ELIGIBLE TO BID ON OR OTHERWISE PURCHASE THIS PROPERTY. (Principal and Affiliate are defined at 24 CFR 24.905.)

INSPECTION OF PROPERTY AND BIDDING INSTRUCTIONS

Prospective bidders are urged and invited to inspect the property prior to submitting a bid. Note: If this is a foreclosure sale, HUD may not have access to the property. Bids for this property can only be considered if properly submitted by following the bidding instructions provided in the FREE INFORMATION and BID KIT.

The FREE INFORMATION and BID KIT may be viewed or printed at <http://www.hud.gov/offices/hsg/mfh/pd/multifam.cfm>. You may also sign up for our electronic mailing list at this web address.

**BIDS for RIVERVIEW APARTMENTS
MUST BE PRESENTED ON:**

Thursday, May 5, 2011
at: 11:00 am local time

at: Sheriff's Office
Chippewa County Courthouse
Front Entrance
629 North 11th Street
Montevideo, MN 56265

HUD OFFICE:

U. S. Dept of Housing and
Urban Development
Multifamily PD Center
801 Cherry Str., Unit #45, Ste. 2500
Fort Worth, TX 76102

REALTY SPECIALIST:

Margaret Laakso
Phone : (817) 978-5821
margaret.laakso@hud.gov

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "Bidder") submits a bid of _____ dollars (\$) at the foreclosure sale of RIVERVIEW APARTMENTS (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. \$ 25,000 in the form of a money order, cashier's or other bank check, as earnest money, which has been paid at the foreclosure sale to the person that conducts the foreclosure sale, and which shall not earn interest (the "Deposit"), **and**
2. \$ _____ the balance, to be paid by the Bidder at Closing, in the form of a cashier's or other bank check in accordance with this Acknowledgment. The Closing will be held at a place, date and time established in accordance with Section 5 below (the "Closing").
3. In addition to the above, the Bidder will be required to pay at Closing all closing costs, regardless of local custom, and, where applicable, other deposits to reserve and/or letters of credit as described in Riders incorporated herein, the Invitation for Bid (Invitation), the Foreclosure Sale Use Agreement (Use Agreement), and the Housing Assistance Payment Contract (HAP).

PART II

If selected as the high Bidder at or after the foreclosure sale, the Bidder, by executing this document (the "Acknowledgment"), acknowledges that the Bidder must comply with the following requirements as a condition to purchasing the Project:

1. **ACKNOWLEDGMENT OF TERMS** - Bidder affirms to have full knowledge of the all terms, conditions and requirements contained in this Acknowledgment and documents referred to herein, the invitation and Attachments, and the Notice of Default and Foreclosure Sale. Bidder must execute this document.
2. **EXECUTION OF USE AGREEMENT** - At Closing, Bidder will, in addition to any other documents, execute the Foreclosure Sale Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation to Bid. Such documents will control the use of the Project for a specified period and will be recorded with the Deed and run with the land.
3. **CERTIFICATION OF SUBSTANTIAL COMPLIANCE** - The high bidder must also provide Certification to HUD (within two days of the foreclosure sale date) that any other projects that are owned by the high bidder or its affiliates and are located in the same jurisdiction as the project are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the high bidder. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the project to the high bidder and retain the Earnest Money Deposit (see Attachment G).
4. **PREVIOUS PARTICIPATION CERTIFICATION** -
 - (a) **Two Days following Foreclosure Sale:** The high Bidder must submit **within two** (2) Federal Government working days of the foreclosure sale either;
 - (i) a completed paper form HUD-2530s with original signatures for the purchasing entity and all principals (see Section 4, paragraph 2 for complete instructions.), **or**
 - (ii) certification to HUD that the Bidder has registered in APPS and Secure Systems. This certification can be in the form of a copy of the Participant Successfully Registered page from the APPS system **and** a copy of the Multifamily Coordinator and User Registration page from Secure Systems **or** a copy of the Participant Detail page (see APPS User Guide-Industry, Chapter 16 for printing instructions). The high Bidder is also responsible for submitting any changes necessary for principals, tax ID, and ownership in the APPS system. (see Section 4, paragraph 2 for complete instructions.)
 - (b) **Fifteen Days following Foreclosure Sale:** If the Management Agent or the High Bidder (owning entity) elected to file the required Form HUD-2530 electronically (e2530) and did not submit the paper Form HUD-2530s within the time frames specified above, the high Bidder and/or Management Agent must electronically file the e2530 within 15 days of the foreclosure sale and fax a printed copy of the 2530 Submission Package to the HUD Office at (817) 978-5855 (see APPS User Guide-Industry, Chapter 16, for printing instructions). Please refer to Section 4, paragraph 2 for complete instructions.
5. **ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE**
 - (a) Time is of the essence.
 - (b) HUD will notify the Bidder and the person conducting the foreclosure sale (the "Foreclosure Official") after HUD determines that the Bidder is eligible to purchase the property. The eligibility may be conditioned upon the Bidder obtaining HUD approval of a professional management firm to operate the property, prior to closing. Approval to purchase is subject to review and approval of Bidders written statements and HUD forms as required for purchase in Paragraphs 2, 3 and 5 of Section 4 (Post Foreclosure Sale Procedures), and in Attachment B, Terms and Requirements of Foreclosure Sale, Acknowledgement by Bidder, specifically the Rider "Submission of Documents Prior to Closing" and applied as checked. The Foreclosure Official will establish a time and date for the Closing. The Closing **shall be within thirty (30) days of such notification**, unless extended pursuant to Section 9.
 - (c) The Closing will take place at the HUD office stated in the Invitation or at such other place as may be agreed upon between HUD and the Foreclosure Official

6. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION
 - (a) The sale shall be effective upon Closing.
 - (b) Bidder (Purchaser) shall pay all closing costs and expenses, excluding fees for the transfer of title and recordation of the Use Agreement, irrespective of local custom.
 - (c) Transfer of title to and possession of the Property shall become effective as of the Closing.
7. PAYMENT OF PURCHASE PRICE AT CLOSING - The Bidder (Purchaser) shall pay the balance at Closing in the form of a cashier's or other bank check made out to:

THE SECRETARY, U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Closing will be held at a place, date and time established in accordance with Section 5 above.
8. LIQUIDATED DAMAGES - Should Bidder fail or refuse to perform all obligations under this Acknowledgement for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in Section 5, the earnest money deposit and any extension fees, paid under Section 9, shall be remitted to and retained by HUD as liquidated damages.
9. EXTENSION FEES - Extensions of time to close the sale are within HUD's sole and absolute discretion. Any extensions, if granted, will be on the following conditions:
 - (a) A written request for an extension must be received at the HUD office located at: Department of Housing and Urban Development, Fort Worth Multifamily PD Center, 801 Cherry Street, Unit #45, Ste. 2500, Fort Worth, TX 76102, within five (5) days prior to the prescribed closing date, or within any extension period and **must be accompanied by the payment** of the required extension fee. The request must state the reason for Bidder's inability to close the sale within the initial period or any extended period.
 - (b) Extensions shall be for thirty (30) days.
 - (c) For each thirty (30) day period requested by Bidder and approved by HUD, extension fees shall be equal to \$ 22.85, per unit, per day, which is \$ 914 daily, a cost of \$ **47.420**, which covers the 30-day period (the holding cost for such period) or one and one-half percent (1.5%) of the purchase price, whichever is greater.
 - (d) These fees shall be retained by HUD and shall not be credited to the amount due from Bidder at Closing. However, if Bidder closes prior to the expiration of an extension period, the prorated amount of the extension fee, for the unused portion of the extension period, shall be credited toward the amount due from Bidder at Closing.
 - (e) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - (f) If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an extension fee must be paid for this period.
 - (g) Extension Fees must be submitted by money order, certified, cashier's or other bank check acceptable to HUD.
10. BIDDER RESTRICTIONS
 - (a) No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this sale, or to any benefit arising from it. However, this provision does not apply to this sale to the extent that this sale is made with a corporation for the corporation's general benefit.
 - (b) If Bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to closing, this sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after Bidder's execution of this Acknowledgment, any extension fees paid under Section 9 shall be retained by HUD as liquidated damages.
 - (c) Pursuant to 24 CFR Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the property being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 CFR 24.105.
11. AS-IS SALE; NO REPRESENTATIONS
 - (a) Bidder shall accept the Property "as is." HUD makes no representations or warranties concerning the physical condition of the Property. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Property.
 - (b) Bidder acknowledges that the purchase price set forth in this Acknowledgment is based on Bidder's evaluation of the project and not upon any representations by HUD. Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Property, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this sale or for the return of any extension fees paid pursuant to Section 9.
12. RISK OF LOSS AND RIGHTS OF RESCISSION - In the event of any substantial damage to the Project prior to closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the Bidder for a reduction in the sales price corresponding to the estimated amount of damages. Such damages shall be added to the Post-Closing repair requirements, Form HUD - 9552 included in the Invitation. If HUD and the Bidder are unable to agree on the amount by which the purchase price should be reduced or on the amendment to the repair requirements, Bidder may withdraw the bid, in which case HUD will direct the return of the earnest money deposit and any extension fee(s) will be returned.

13. PRORATIONS

- (a) Except as set forth in paragraph (b) below, there will be no prorations at Closing. The Bidder will be responsible **not only** for those expenses incurred at the Project after Closing, but also expenses which may be due and payable at the time of Closing. *Please note that expenses after closing may be inclusive of prior or unpaid services for utilities, assessments and/or liens, which are not extinguished by the foreclosure actions. Prospective purchasers are required to determine outstanding expense/assessment/liens as part of their due diligence and take those outstanding expenses into consideration when submitting bids.*
- (b) At Closing, the Bidder will pay the Foreclosure Official a prorata share of any property taxes on the Project which have been previously paid for by HUD for a period of time ending after the date of Closing. The Bidder will be responsible for paying in full, all taxes.
- (c) No later than fifteen (15) days before Closing, HUD will notify the Bidder of the amount of prorata share of taxes to be paid to the Foreclosure Official.

14. SECURITY DEPOSITS - APPLICATION AS CHECKED:

- Notwithstanding State or local law, the Bidder will receive only those security deposits which are on hand at the Project on the date of Closing. The Bidder will assume all liability under State and local law with respect to security deposits.
- Any security deposits collected from tenants and paid over to HUD prior to the Closing shall be transferred and assigned to Bidder within fifteen (15) days after the closing, with the exception of security deposits which have been forfeited by the tenant in accordance with the terms of the tenant's lease. Notwithstanding State and local law, no other security deposits collected from tenants will be transferred by HUD to Bidder and HUD has no other liability under State and local law with respect to security deposits. Bidder agrees to assume all responsibility and liability under State and local law with respect to the collection, application and return of security deposits.

15. LIMITATION OF LIABILITY - Notwithstanding any other provisions of this sale, HUD's liability shall not exceed the amount of funds paid by Bidder to HUD and/or the Foreclosure Official hereunder.

16. ANTI-COLLUSION CERTIFICATION

- (a) The Bidder certifies:
 - (i) The bid price in this offer has been arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other Bidder relating to:
 - a. the bid price;
 - b. the intention to submit a bid price; or
 - c. the methods or factors used in calculating the bid price offered.
 - (ii) The bid price in this offer has not been and will not be knowingly disclosed by the Bidder, directly or indirectly, to any other Bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
 - (iii) No attempt has been made or will be made by the Bidder to induce any other Bidder to submit or not to submit a bid price for the purpose of restricting competition.
- (b) If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
 - (i) Is the person in the Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph (a) above; **or**
 - (ii) Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph (a), above;

Name: _____

Title: _____

Organization responsible for determining price _____

- a. As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph (a) above; **and**
- b. As agent, has not personally participated, and will not participate, in any action contrary to paragraph (a) above.

17. FAILURE TO COMPLY - Upon the failure or refusal of the Bidder to comply with any of the requirements listed above, HUD may declare the Bidder ineligible to purchase the Project, in which case Bidder shall forfeit the earnest money deposit and any extension fees paid.

18. SEVERABILITY - If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.

19. FORMS - All forms and instruments referred to in this Acknowledgment are instruments prepared by HUD and used by HUD in the jurisdiction in which the Property is located and shall contain such additional covenants and conditions required by the Invitation for Bid or Request for Proposals.

20. EXECUTION

- (a) By signature below, Bidder indicates acknowledgment of and agreement to the terms and requirements of this foreclosure sale.
- (b) In the case of a bid submitted by an agent or representative of the Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the _____ day of _____, 20____.

Witness: _____

By: _____

Typed Name: _____

Typed Name: _____

Address: _____

City, ST Zip: _____

Phone No. with Area Code:(____)____ - _____

**PREVIOUS PARTICIPATION CERTIFICATION AND
SUBMISSION OF DOCUMENTS PRIOR TO CLOSING**

1. Certification of Substantial Compliance

Required within two (2) Federal business days of the foreclosure sale date: The high bidder must provide Certification to HUD that any other projects that are owned by the high bidder or its affiliates and are located in the same jurisdiction as the project are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes. HUD may, in its discretion, verify the accuracy of such certification and request supporting documentation from the high bidder. If HUD determines in its sole discretion that such other projects are not in substantial compliance, HUD will have the right to refuse to sell the project to the high bidder and retain the Earnest Money Deposit (see Attachment G).

2. Previous Participation Certification Requirements

Required within two (2) Federal business days of the foreclosure sale date:

(a) The high bidder must file with the Fort Worth HUD office a detailed organizational chart reflecting all principals and their ownership interest in the purchasing entity. The high bidder must also submit completed paper form HUD-2530s, with original signatures, for the purchasing entity and all principals,

Or

(b) The high bidder must file the electronic 2530 submissions and comply with the requirements and time frames specified below.

For First Time Participants: If you or your company are not registered in HUD's Active Partners Performance System (APPS) and/or HUD's Secure Systems, not later than **two (2)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the Bidder must register in APPS, which allows for the electronic submission of the Previous Participation Certification Form HUD 2530 and Secure Systems as outlined in Section 2 of the Invitation to Bid. Bidder must fax a copy of the Participant Successfully Registered page from the APPS system and a copy of the Multifamily Coordinator and User Registration page from the Secure Systems registration to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

After receiving a Coordinator/User ID, participant must reenter the APPS system and complete the 2530 application process. Not later than **fifteen (15)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the high Bidder must fax a copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

For Participants Registered in APPS and Secure Systems:

Not later than **two (2)** Federal business days after verbally notified at the foreclosure sale of being high Bidder, the Bidder must fax a copy of the copy of the Participant Detail page to the Realty Specialist identified in the Property at a Glance to (817) 978-5855.

Required within five (5) Federal business days of the foreclosure sale date:

Not later than five (5) Federal business days after being verbally notified at the foreclosure sale of being the high Bidder, the Bidder must submit a Written Statement of Experience as required in the Invitation for Bid, Section 4, paragraph 3.

Required within ten (10) Federal business days of the foreclosure sale date:

Not later than **ten (10)** Federal business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must** submit either completed paper form HUD-2530s (with original signatures) for management of the property **Or** evidence that the Management Agent is registered in the APPS system. **If** the election is made to file electronic 2530 submissions, the high Bidder must assure compliance with the requirements and time frames specified below in submission of a complete e2530 package by the management entity selected.

Required within fifteen (15) Federal business days of the foreclosure sale date:

Not later than **fifteen (15)** Federal business days after verbally notified at the foreclosure sale of being the high Bidder, the high bidder must fax a printed copy of the 2530 Submission Package from the APPS system to the Realty Specialist identified in Section 1, Paragraph 10 of the Invitation to (817) 978-5855.

NOTE: Any change in ownership entity will require changes (updating) in the APPS system. Participants (Bidder) must adhere to all APPS registration and submission timeframes. Delays in updating the 2530 application will **not** be grounds for delaying any closing, nor will it be grounds for approving an extension of the closing date.

3. Submission of Documents Prior to Closing

Not later than **ten (10)** Federal business days after verbally notified at the foreclosure sale of being the high bidder, the **Bidder must demonstrate the ability to meet HUD requirements** for purchase of the Project by submitting the documents checked below to the Realty Specialist identified on the Property At A Glance.

- Affirmative Fair Housing Marketing Plan (Form HUD 935.2A)
- Personal Financial and Credit Statement (Form HUD 92417) for each principal and general partner
- Management Entity Profile (Form HUD 9832)

- Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A):
- OR**
- Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839 B):
- OR**
- Project Owner's/Borrowers Certification (Form HUD 9839 C) for Elderly housing projects managed by Administrators only

(Only one of these forms will be required for management certification.)

- * **HUD reserves the right to review and approve/reject project management.** Within a reasonable time prior to Closing, the Bidder/Owner entity may be required to meet with officials designated by HUD at the HUD office listed in this Invitation and/or the local HUD Office to discuss the Bidder's/Owner entity's plans for managing the Project. If HUD determines that the Bidder/Owner entity is unqualified to self-manage the Project, HUD will require the Bidder/Owner entity to obtain the services of a qualified property management firm. The Bidder/Owner entity is responsible for ensuring that the proposed management entity (firm) obtains approval from HUD, prior to closing. The proposed management entity must comply with 2530 requirements and submit the required documents as outlined in paragraph 3 above. If Bidder/Owner entity does not meet this obligation, HUD reserves the right to reject the bid and retain the Bidder's earnest money deposit.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

RIDER 2 OF 3
POST-CLOSING REPAIR REQUIREMENTS

REPAIR ESCROW

At Closing, Bidder shall provide to HUD an unconditional, irrevocable and non-documentary Letter of Credit (LoC), satisfactory to HUD, in the amount of **\$32,000.00**, with an expiration date at least six (6) months beyond HUD's estimated date for completion of repairs, to assure completion of the repairs required by the Invitation for Bid. In the event an extension for completion of repairs is granted, the LoC will be extended accordingly.

Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. If the Purchaser defaults under this Rider and HUD cashes the Purchaser's LoC, HUD may apply the funds so obtained for purposes as the Secretary deems appropriate including retaining the funds as liquidated damages.

The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs or retain the funds as liquidated damages.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

SECTION 8

(and Attachment – Certification of Disclosure of Other Governmental Assistance)

1. PROJECT-BASED SECTION 8 RESTRICTION
 - a. HUD and the Bidder/Purchaser shall execute a Housing Assistance Payments (HAP) Contract, as said form is in effect on the day of Closing, covering the number of units specified by HUD. Execution of the HAP Contract by HUD is subject to the availability of funds and no closing will occur if these funds are not available, in which case the Foreclosure Official may rescind this sale and return the Earnest Money Deposit, Part I, paragraph 1, and any extension fees paid under Part II, paragraph 9. Sending the notice of rescission and returning any fees to the Bidder/Purchaser, or the tender thereof, shall release HUD from any and all obligations and liabilities to Bidder/Purchaser.
 - b. Applicable subsidy payments shall accrue pursuant to the HAP Contract. Payments will be made in accordance with the provisions of the HAP Contract.
2. ADJUSTMENT IN SECTION 8 ASSISTANCE PURSUANT TO OTHER GOVERNMENT ASSISTANCE
 - a. Bidder must disclose before the Closing:
 - (1) Federal, State or local governmental assistance, other than the Section 8 assistance provided by the Secretary, that it will receive or reasonably expects to receive prior to, or during the term of the Section 8 Housing Assistance Payments (HAP) Contract; **and**
 - (2) In cases where the Bidder will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available to the Project. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or other form of direct or indirect governmental assistance.
 - b. Within thirty (30) days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affects the accuracy of the Certification of Disclosure, the Bidder/Purchaser shall submit to the Seller a revised Certification. The Seller shall reduce the amount of Section 8 assistance provided for the Property to compensate in whole or in part, as the Seller deems appropriate, for any increases in other assistance.

By initialing hereunder, the Bidder acknowledges that this Rider is incorporated into and is a part of the Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder

Bidder _____

**CERTIFICATION OF DISCLOSURE OF OTHER GOVERNMENT ASSISTANCE
(Attachment to Section 8 Rider)**

TO: FHA COMMISSIONER

Project Name: RIVERVIEW APARTMENTS
Project Number: 092-35566
Project Location: Granite Falls, Minnesota

<input type="checkbox"/>	<p>I will not use any other government assistance in the acquisition, repair or operation of this project, other than the Section 8 assistance provided by HUD under the Housing Assistance Payments Contract. Other government 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.</p> <p>If prior to or during the term of the Housing Assistance Payment Contract I apply for and/or receive other government assistance, I will revise this Certification and meet the requirements set forth below.</p>
<input type="checkbox"/>	<p>I expect to receive, or have received, other government assistance prior to or during the term of the Housing Assistance Payments Contract. The Sources and Uses Statement of such assistance is attached hereto. The above Sources and Uses Statement describes the sources, use and total amount of each form of other governmental assistance that I expect to receive, or have received, and that will be used for the benefit of this project.</p> <p>Within 30 days after any change to the information certified to and disclosed above, I will submit to HUD a revision of this Certification and the attached disclosure.</p>

I certify that the information supplied herein is true and correct to the best of my knowledge.

WARNING: It is a crime to knowingly make false statements to a Federal agency. I understand that the penalties upon conviction can include a fine and imprisonment not to exceed \$10,000 or five years imprisonment, or both. See Title 18 U.S. Code, Sections 1001, 1010, and 1012.

Signature

Date

Name

Title

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Purchaser") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to RIVERVIEW APARTMENTS, HUD Project No. 092-35566, (the "Project" or the "Property") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a(a), Management and Preservation of HUD-Owned Multifamily Housing Projects, and the Department of Housing and Urban Development regulations thereunder at 24 CFR Part 290, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the property subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this ___ day of _____, 20___, by _____, the Project has been conveyed to the Purchaser; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Purchaser, the parties agree as follows:

1. **TERM OF AGREEMENT** - This Agreement shall be in effect,
 twenty years from the date of this Agreement **or** until

2. **CONVEYANCE OF PROJECT**

During the term of this Agreement, any conveyance of the project, or change in management of the project, must have prior written approval of HUD. Any request for HUD's approval of conveyance and/or the proposed purchaser's/owner's management of the property must include the entity and all principals obtaining 2530 Previous Participation Clearance. Signed Certification of Substantial Compliance (if a conveyance), Agreement to Abide by Use Agreement (if a conveyance), Management Entity Profile (Form HUD-9832), Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD 9839A) or Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD 9839B), or Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only), and information provided in written statements of how the purchaser, or any subsequent purchaser and/or management will:

- (a) Implement and/or continue to comply with all existing use restrictions;
- (b) Implement sound financial and physical management program;
- (c) Respond to the needs of the tenants and work cooperatively with resident organizations;
- (d) Provide adequate organizational staff and resources to manage the project.

Conveyance is defined as any sale, assignment, transfer, leasehold estate, or conveyance of the property or any ownership interest. In addition, a merger, conversion, share exchange, long term leasehold estate, interest exchange of corporate or partnership interest is also considered a transfer/conveyance of the property and require prior written approval from HUD.

The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provide that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction does not constitute or involve the occurrence of a "transfer" or "assignment" of real estate interest or other assets of a constituent party to any such transaction.

3. **SUBJECT TO EXAMINATION** - The Project shall at all times,
- (a) Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
 - (b) Maintain full occupancy to the greatest extent possible,
 - (c) Be maintained as rental housing for the term of this Agreement

At the request of the Secretary, Purchaser must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.

4. **UNIT NUMBER OR USE CHANGE** - Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.

5. **NON-DISCRIMINATION REQUIREMENTS** - The Purchaser will comply with the provisions of all Federal, State, or local laws prohibiting discrimination in housing.

6. **HAZARD INSURANCE** - Hazard insurance shall be maintained in an amount to ensure that the Purchaser is able to meet the rental housing requirements described in this Agreement.

7. **DESTRUCTION OF PROJECT** - In the event that any or all of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the property destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.

8. **DEMOLITION OF PROJECT PROPERTY** - The Purchaser will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.
9. **REMEDIES FOR NONCOMPLIANCE** - Upon any violation of any provision of this Agreement by the Purchaser, HUD may give written notice thereof to the Purchaser by registered or certified mail, addressed to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary may be designated by the Purchaser as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, State or Federal, for specific performance of this Agreement, for an injunction against any violation of this agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain.
The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not construe a waiver of the right to exercise that or any other right or remedy at any time.
10. **SUCCESSORS AND ASSIGNS** -This Agreement is binding upon the Purchaser's heirs, successors and assigns. The Purchaser agrees that if title to the Project is conveyed during the term of this Agreement, the Purchaser will require its purchaser to assume in writing its obligations under this Agreement.
11. **RESTRICTIONS** - No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Use Agreement if the Use Agreement is made with a corporation for its general benefit.
12. **CONTRADICTORY AGREEMENTS** - The Purchaser certifies that it has not, and agrees that it will not, execute any other agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other requirements in conflict with this Agreement.
13. **SEPARABILITY** - The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
14. **AMENDMENT** - This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
15. **RIDERS TO THE USE AGREEMENT** - The Riders checked and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land.

<input checked="" type="checkbox"/> Affordability of Units	<input checked="" type="checkbox"/> Nondiscrimination Against Multifamily Section 8 Cert/Voucher Holders
<input checked="" type="checkbox"/> Reserve Fund for Replacement Account	<input type="checkbox"/> Two-Year Rent Protection for Pre-Existing Very-Low Income Tenants
<input checked="" type="checkbox"/> Required Rehabilitation and Relocation	
<input checked="" type="checkbox"/> Lead-Based Paint Hazards	<input checked="" type="checkbox"/> Mold Hazards
<input checked="" type="checkbox"/> Asbestos Hazards	<input checked="" type="checkbox"/> Radon Hazards
<input checked="" type="checkbox"/> Project-Based Section 8 Assistance	
16. **PRIORITY** - This foreclosure Use Agreement shall be recorded against the property in a superior position to any post foreclosure liens or mortgage debts.

IN WITNESS WHEREOF:

The Purchaser has executed this Use Agreement in triplicate this _____ day of _____, 20____.

WITNESS:

PURCHASER:

By: Signature

Typed Name of Purchaser

Street Address

City, State, Zip Code

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement in triplicate this _____ day of _____, 20____.

WITNESS:

FOR: THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BY: _____

Official's Typed Name

Title

Exhibit A
Legal Description

RIVERVIEW APARTMENTS

That part of Block Eleven (11) of the Original Plat of the Town (now city) of Granite Falls, described as follows: Beginning at the Northeast Corner of Subdivision of South ½ Block 11 and Block 4, Pillsbury's 1st Add. to City of Granite Falls, Minn.; thence North Eighty (80) degrees west along the North line of said subdivision a distance of One Hundred Seventy (170) feet; thence North Ten (10) degrees East One Hundred Forty (140) feet; thence North Eighty (80) degrees West One Hundred Thirty (130) feet to the bank of the Minnesota River; thence South Fifty Six (56) degrees Twenty-Two (22) minutes West One Hundred Fifteen (115) feet along said river bank; Thence South Thirty-Seven (37) degrees Thirty Eight (38) minutes East Two Hundred Thirty Eight (238) feet; thence South Eighty (80) degrees East Two Hundred Eight (208) feet; thence North Ten (10) degrees East One Hundred (100) feet to the point of beginning, according to the duly recorded plat thereof on file and of record in the office of the Register of Deeds in and for Chippewa County, Minnesota.

RIDER 1 OF 9
AFFORDABILITY OF UNITS

The Use Agreement includes the following provisions:

Use Restriction

1. The Purchaser (Owner) must maintain the property as affordable housing for a period of twenty (20) years after the date of this Deed or such earlier time as the Secretary may specify in writing (the "Restricted Period").
2. Any change to the number or configuration of residential units required to be maintained, as affordable housing must receive prior written approval from HUD.
3. The Purchaser (Owner) will not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

Housing Assistance Payments (HAP)

As long as the HAP contract is in effect, the HAP will control the rent and eligibility requirements for the residents under the HAP.

If, during the Restricted Period, HUD elects not to renew the HAP due to budget appropriations, this Affordability of Units Rider will control future rent and eligibility requirements for the HAP designated dwelling units. No resident in place at the time of enactment will be forced to vacate a unit.

Eligibility Requirement at Initial Occupancy

- The Purchaser (Owner) will affirmatively market 27 HAP designated dwelling units to families with adjusted gross annual income that does not exceed eighty percent (80 %) of the area median income, adjusted for family size.
- The Purchaser (Owner) will affirmatively market 12 HAP designated dwelling units to very low-income families with adjusted gross annual income that does not exceed fifty percent (50%) of the area median income, adjusted for family size.
- The Purchaser (Owner) will affirmatively market _____ dwelling units to families with adjusted gross annual income that does not exceed _____ percent (____ %) of the area median income, adjusted for family size.
- The Purchaser (Owner) will affirmatively market _____ dwelling units to very low-income families with adjusted gross annual income that does not exceed _____ percent (____ %) of the area median income, adjusted for family size.

If the Purchaser (Owner) is temporarily unable to lease all of the specified number of dwelling units to very low-income families, one or more units may be leased to families who are low-income but not very low-income, only with HUD's prior written approval. In requesting such approval, the Purchaser (Owner) must demonstrate that:

- (a) reasonable steps have been taken to attract very-low income families, including using marketing activities most likely to attract such eligible applicants, **and**
- (b) has leased or is making good-faith efforts to lease the units to eligible and otherwise acceptable families, including taking all feasible actions to fill vacancies by renting to such families, **and**
- (c) has not rejected any such applicants except for reasons acceptable to HUD.

Affordability

(a) Maintenance of Rents at Affordable Levels For HAP designated units

If during the Restricted Period, Purchaser elects not to accept or renew the HAP Contract or any replacement rental assistance program or **causes the HAP Contract to be abated or terminated because the Purchaser is not in compliance with the requirements of the HAP Contract**, current or future residents who are or would have been eligible for the project based assistance shall not be required to pay rent and utilities in excess of the amount that would have been required if the assistance was in place. All units that were assisted under the HAP Contract(s) are restricted for the term of the Use Restriction to occupancy by eligible families in accordance with HUD requirements under the HAP Contract and this provision and rent payments by these families shall not exceed 30% of adjusted monthly income **or the contract rent, which ever is less**. Under this provision, within 30 days of notice of default to the Purchaser, any lender holding a lien or security interest on the Project will be provided an opportunity to cure if the lender:

- (i) Gives written notice to HUD that it intends to cure the default/noncompliance of HAP, **and**
- (ii) Submits a plan to cure the default within thirty (30) days or within such longer periods as HUD may approve in writing.

If, during the Restricted Period, HUD elects not to renew the HAP due to budget appropriations, the rents will be controlled by Section B below.

(b) Maintenance of Rents at Affordable Levels

(i) For **current** tenants, affordable means **the least of:**

- a. for a unit occupied by a very-low income family, the unit rent does not exceed thirty percent (30%) of fifty percent (50%) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; **or**
- b. for a unit occupied by a low-income family that is not a very low-income family, the unit rent does not exceed thirty percent (30%) of eighty percent (80%) of the area median income, (not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; **or**

- c. the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; **or**
- d. Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.

(ii) For **new, or turnover** tenants, affordable means **the least of:** (affordability levels applicable as checked)

<input type="checkbox"/> a. the unit rent does not exceed _____ percent (____%) of _____ percent (____%) of the area median income (not necessarily the income of the family), as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or b. the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or c. Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.	<input checked="" type="checkbox"/> a. for <u>27</u> dwelling units, the unit rent can not exceed <u>thirty</u> percent (<u>30%</u>) of <u>eighty</u> percent (<u>80%</u>) of the area median income, not necessarily the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant. And , unless prior written approval has been obtained from HUD, the unit rent for the additional <u>12</u> dwelling units can not exceed <u>thirty</u> percent (<u>30%</u>) of <u>fifty</u> percent (<u>50%</u>) of the area median income, not the income of the family, as determined by HUD, with adjustments for family size, less a reasonable utility allowance for utilities paid by the tenant; or b. the Section 8 Voucher Payment Standard, less the utility allowance established by the voucher provider; or c. Market Rent in the immediate area established by a rent comparability study prepared, at the Purchaser's (Owner's) expense, in accordance with HUD requirements.
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Annual certification

The Purchaser (Owner) shall certify to HUD annually, in a manner acceptable to HUD, that the requirements in the above paragraphs have been fulfilled.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 2 OF 9
RESERVE FUND FOR REPLACEMENT ACCOUNT

The Use Agreement includes the following provisions:

The Purchaser will deposit at Closing \$ 11,700 into a Reserve Fund for Replacement account. After completion of all repairs, the Purchaser will be required to deposit \$ 11,700 annually into the Reserve Fund for Replacement account (reserve account), payable monthly in an amount of \$ 975 per month, commencing the first day of the first month following completion of all repairs required by HUD on Form HUD 9552. If the terms of the sale do not require completion of specific repairs on HUD form 9552, payments must commence the second month the Purchaser vouchers for Section 8 assistance.

Each account will be an interest-bearing bank account and fully guaranteed as to the principal by the United States of America. The reserve account shall aid in funding extraordinary maintenance and repair and replacement of capital items. Such items include, but are not limited to: appliances, heating and cooling equipment, new floor covering, structural repairs, and roofs.

The reserve account shall be subject to the control of HUD and disbursements from such funds may be made only with the written consent of HUD, which will not be unreasonably withheld. Purchaser/Owner may request the release of funds from the reserve account for reimbursement of major capital expenditures.

Within sixty (60) days following the end of each fiscal year, HUD will be furnished with a complete annual financial report including deposits and withdrawals from the reserve account based upon an examination of the books and records of the Purchaser/Owner prepared in accordance with the requirements of HUD, prepared and certified to by a Certified Public Accountant.

The Purchaser/Owner agrees to comply with HUD's rules and regulations concerning replacement reserves.

The requirements of this rider will terminate twenty (20) years from the date of this deed.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 3 OF 9
REQUIRED REHABILITATION AND RELOCATION

The Use Agreement includes the following provisions:

Rehabilitation and Relocation Restriction

The Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §17012-11(f), and the regulations thereunder, 24 CFR § 290.17, as explained in paragraphs 2 through 5, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations.

1. The Purchaser covenants that the Property will be rehabilitated within twelve (12) months from the date of this Use Agreement in accordance with all applicable State and local laws, codes, ordinances and regulations, and Physical Condition Standards pursuant to 24 CFR Part 5, and other requirements set forth in any repair summaries and narratives, attached hereto.
 - (a) If the Purchaser cannot complete the repairs within the required time, thirty (30) days prior to the expiration of the time allowed a written request for an extension must be delivered to HUD stating the reason for the Purchaser's inability to complete the repairs.
 - (b) The granting of one or more extensions shall not obligate HUD to grant additional extensions.
 - (c) Extensions of time to complete repairs are within HUD's sole and absolute discretion.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.If relocated off-site, the Purchaser must provide any resident who is temporarily relocated because of the rehabilitation, the right of first refusal to return to the Property as long as the resident is in good standing under any lease agreements prior to re-occupancy.
4. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which, to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
HUD will not provide the Purchaser with any funds or subsidy with which to make the payments required by this paragraph.
5. The Purchaser covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
6. To ensure completion of required repairs that are to be completed by the Purchaser, the Purchaser has delivered to the Secretary an unconditional, irrevocable and non-documentary Letter of Credit (LoC), in the amount of \$ 32,041, which shall remain in effect and may be drawn on by the Secretary for at least eighteen (18) months, 6 months past the deadline for repairs stated above, from the date of this Agreement. In the event an extension for completion of repairs is granted, the LoC's will be extended accordingly. If the repairs are not completed to the satisfaction of HUD within the time period specified in this Section, HUD may, in its sole discretion, cash any LoC and seek remedies provided in the attached Use Agreement, as the Secretary deems appropriate. If HUD cashes the Purchaser's LoC as a remedy for the Purchaser's default under the repair program, HUD may apply the funds so obtained to complete the repairs or for such other purposes as the Secretary deems appropriate.
7. Significant repair/rehabilitation programs may be staged upon HUD approval. If repair/rehabilitation is staged, as agreed upon between the Bidder and HUD prior to Closing, up to five (5) LoCs, which represent the full LoC requirement, may be permitted. The LoCs must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months. LoCs may be returned as the Bidder completes repairs and HUD has inspected and accepted the repairs. The final LoC must represent at least ten percent (10%) of HUD's total estimated repair costs and must have an expiration date that extends six (6) months beyond the completion of repair date. HUD may cash this LoC and apply the funds to correct latent defects in the completed repairs or retain the funds as liquidated damages.
8. If the Purchaser fails to comply with paragraph 1 above, and no extension by written agreement has been granted by HUD, the Secretary and/or any and all successors in the office shall be entitled to exercise any available remedies including the right to enter and terminate the estate hereby conveyed.

9. If the Purchaser fails to repair the Project in accordance with this Agreement, the Secretary will not exercise the remedies as described in Section 8 above, if any lender holding a lien or security interest on the Project:
- (a) Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs,
 - and**
 - (b) Completes such repairs within thirty (30) days of the notice or within such longer periods as HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 4 OF 9
LEAD-BASED PAINT HAZARDS

The Use Agreement includes the following provisions:

1. In order to comply with 42 USC §§4821-4886 and the regulations thereunder, 24 CFR Part 35 (the "Regulations"):
 - Purchaser covenants that the Property will be inspected and tested for lead-based paint, and any hazards will be abated in accordance with the Regulations.
 - Purchaser covenants that any lead-based paint hazards will be abated in accordance with the Regulations.

Purchaser shall certify to Seller (in a form acceptable to Seller) and Seller shall determine, through inspection (or discretion, the inspection and certification of a local government official) that all lead-based paint hazards have been removed from the Property in accordance with the Regulations

2. Purchaser understands and agrees that Seller's inspection and finding of satisfactory performance is not intended to and does not constitute a guarantee that all lead-based paint and all potential lead-based paint hazards have been eliminated from the Property and does not relieve Purchaser of its ongoing responsibility for complying with all applicable State and local lead-based paint laws and regulations.
3. Purchaser agrees to indemnify, defend, and hold Seller harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of lead-based paint health hazards, the prohibition against the use of lead-based paint, and Purchaser's responsibility for complying with applicable State and local lead-based paint laws and regulations.
4. If temporary or permanent relocation is necessary because of such abatement, Purchaser covenants that it will comply with paragraphs 5 through 8, below. Additionally, the Purchaser covenants that it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 ("Act"), as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by the Seller. The Purchaser is responsible for ensuring compliance with the Act and regulations thereunder, notwithstanding any contractual obligations with third parties to comply with the Act and regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
5. If temporary relocation is necessary because of such abatement, Purchaser covenants to provide assistance to tenants in locating decent, safe and sanitary housing:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
6. If permanent relocation is necessary because of such abatement, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement Housing which, to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by Seller to be reasonable considering the size of the household and the circumstances surrounding the move.
7. The Purchaser covenants not to increase the rent for any units, from the rent Seller is requiring a tenant to pay on the Closing date, until such unit meets all the abatement requirements set forth in paragraph 1, above. (In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.)
8. Purchaser agrees to comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgement of Disclosure" of 24 CFR – *Lead-Based Paint Poisoning Prevention in Certain Residential Structures*.
9. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by Seller, Seller and/all successors in office shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 5 OF 9
ASBESTOS HAZARDS

The Use Agreement includes the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of asbestos health hazards, the prohibition against the use of asbestos and Purchaser's responsibility for complying with applicable State and local asbestos laws and regulations.
2. Purchaser shall develop and maintain on the site at all times an Operations and Maintenance Plan which will identify areas which involve asbestos hazards and establish work/repair guidelines.
3. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
4. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
5. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
6. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above.
7. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

PROJECT-BASED SECTION 8 ASSISTANCE

The Use Agreement includes the following provisions:

The Purchaser, successor and assigns (Owner) agree(s) to rehabilitate/repair the property to make the project units decent, safe and sanitary as defined by HUD and to complete the work in accordance with the HUD approved work write up and cost estimates. Upon the acceptable completion of the project, the Owner may bill the Department for housing assistance payments for those low or very low income persons (household income below **eighty (80 %) percent** of Area Median Income, adjusted for family size) occupying the units assisted under the Housing Assistance Payments (HAP) Contract.

SECTION ONE

1. Significant Dates, Contents, and Scope of the HAP Contract.
 - a. Effective Date of the HAP: Upon Closing
 - b. Date for Commencement of Work: – Not later than 30 calendar days after the effective date of this Rider.
 - c. Time for Completion of Project: - Not later than 180 calendar days (not to exceed 6 months unless previously approved) after the date for commencement of work.
 - d. Final Inspection. HUD (or its designee) shall perform the final inspection of the completed units upon receipt of evidence of completion submitted by the owner.
2. HUD Assurance. The acceptance of this Rider by HUD is an assurance by HUD to the Owner that:
 - a. The faith of the United States is solemnly pledged to the payment of housing assistance payments pursuant to the Contract, and
 - b. HUD has obligated funds for these payments.
3. Owner’s Failure to Comply with Rider. In addition to other remedies available to HUD for a default by the owner, the Owner and HUD agree that if the Owner fails to comply with the requirements of this Rider, HUD may rescind the sale of the project or take other appropriate remedial action in accordance with its authority.

4. Definitions:

<input type="checkbox"/>	Family and Elderly Family	<input type="checkbox"/>	Person With Disabilities
<input type="checkbox"/>	Elderly Family	<input type="checkbox"/>	Disabled Household
<input type="checkbox"/>	Disabled Family	<input type="checkbox"/>	Disabled (Handicapped) Family
<input checked="" type="checkbox"/>	Family	<input type="checkbox"/>	

SECTION TWO

1. Schedule of Completion.
 - a. Timely Performance of Work. The Owner agrees to begin work within the time indicated in Section 1 of this Rider. The Purchaser/Owner shall report, within three business days, to the Multifamily Property Disposition (PD) Center the date work has commenced and shall thereafter furnish the PD Center with periodic progress reports (monthly unless more frequent reporting is required by the Center). In the event the work is not commenced, diligently continued, or completed as required under this Rider, the CA, HUD AND/OR PBCA at the direction of the PD Center where the CA AND/OR PBCA is the Public Housing Agency, reserves the right to take such action as it determines appropriate and within its authority.
 - b. If completion is in multiple releases, a minimum of ten (10) % of the units not approved at time of contract execution must be included in each partial release except for the final release. If units are determined acceptable but the number is insufficient to meet the 10% requirement, the Owner may not bill for the units until they have been approved on a partial release. The effective date for the units will be the date of the last inspection of the units added to the partial release.
 - c. The work is defined as “the repair and/or replacements necessary to bring the property into compliance with 24 CFR Part 5 Physical Condition Standards.” The work may not be inclusive of the total HUD repair requirement for the project (additional repairs may be required under the Post closing Repair Requirements) and may not result in the release of any or all letter(s) of credit required under the Post Closing Repair Rider.
2. Construction or Rehabilitation Period.
 - a. Inspections. Inspections will be limited to no more than 1 per month. Upon written notification from the Owner that the property or individual units are in compliance with Physical Condition Standards, HUD will order an inspection of the units. If partial releases have been approved, the signature block for the first partial release shall be executed in accordance with 1b above. (The first integral release will be provided to the Purchaser at closing, if any units are determined to meet HUD standards at the time of sale.) The form will reflect the unit numbers and unit types. The chargeable rents will be the rents reflected in an Exhibit to the Housing Assistance Payments (HAP) Contract signed at closing. The owner may begin billing for HAP payments upon receipt of the partial release from HUD for occupied units. Payments may be retroactive to the effective date on the release for occupied units. The effective date for each release will be the inspection date for the last unit added to the partial release. No retroactive payments will be made on vacant units. The Owner will be able to bill on a vacant unit after it has been added to an integral release and becomes occupied. The Owner may not bill for units that have not been inspected by HUD and approved for billing under the HAP. At no time may payments be made for units that do not meet HUD’s Physical Condition Standard.
 - b. Increases in Contract Rents or Utility Allowance. Increases in contract rents or utility allowances during the construction or rehabilitation period are permitted only with HUD approval consistent with HUD

- regulations.
3. Project Completion.
 - a. The project shall be rehabilitated in accordance with the Physical Condition Standards 24 CFR Part 5. The owner shall be solely responsible for rehabilitation of the project.
 - b. The project shall be in good and tenantable condition.
 - c. The project shall be rehabilitated in accordance with applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials.
 4. Review and Inspection.
 - a. Upon receipt of the "Certification of Completion" from the Owner, HUD shall order an inspection or notify the Owner if additional evidence of completion is required.
 - b. A HUD representative (or its designee) shall inspect the project in a manner sufficient to enable the inspector to report that he or she has inspected the observable elements and features of the project in accordance with professional standards of care and judgment and that, on the basis of the inspection
 - i. The project or portion thereof been completed in accordance with this Rider, and that
 - ii. There are no observable conditions inconsistent with the certification of the Owner. If the inspection disclosed defects or deficiencies, the inspector shall report these in detail and HUD will notify the Owner of the items that must be corrected.
 - c. Unconditional Acceptance. If HUD determines from the review and inspection that the project (or on those units if partial releases are previously approved) has been completed in accordance with this Rider, the Owner and the HUD Field Office (having jurisdiction over the property) shall be promptly notified of the units deemed acceptable and the effective date of the integral release.
 - d. Notification of Non-acceptance. If HUD determines that, based on the review of the Owner's certification of completion and/or HUD's inspection report, the project or portion thereof cannot be accepted, the Owner shall be promptly notified of this decision with a statement of the reasons.
 - e. Contract Rents. The Contract Rents by unit size, amounts of housing assistance payments, and other applicable terms and conditions are specified in the Housing Assistance Payments Contract. The initial Contract Rents shall be the amounts established by HUD and published for the sale.
 5. Defaults. Any default under this Rider constitutes a default under the Housing Assistance Payments (HAP) Contract even in the event no funds have been requested and/or paid from said Contract. Any or all remedies outlined in the HAP Contract and the Use Agreement are the remedies that are applicable to a default under this Rider.
 6. Assignments, Sale or Foreclosure.
 - a. The Owner agrees that the ownership entity has not made and shall not make any sale, assignment, conveyance or transfer, of the HAP Contract or the subject property or any of its interest in them, without the prior written consent of HUD (and the PHA where it is the CA and/or PBCA); however, in the case of an assignment as security for the purposes of obtaining financing of the project, HUD (and the PHA where it is the CA and/or PBCA) shall consent in writing if HUD has approved the terms of such financing.
 - b. The Owner agrees to notify HUD (and the PHA where it is the CA and/or PBCA) promptly of any proposed action covered by 6(a) above. The Owner further agrees to request the prior written consent of HUD (and the PHA where it is the CA and/or PBCA).
 - c. Definitions:
 - i. For the purposes of this part, a sale, assignment, conveyance, or transfer includes but is not limited to one or more of the following:
 - (a) Transfer by the owner, in whole or in part.
 - (b) A transfer by a party having a substantial interest in the Ownership.
 - (c) Transfers by more than one party of interest aggregating a substantial interest in the Ownership,
 - (d) Any significant change in the ownership of interest or in the relative distribution of interest by any other method or means, and
 - (e) Any refinancing of the project.
 - ii. An assignment by the Owner to a limited partnership, in which no limited partner has 25 percent or more interest and of which the Owner is the sole general partner, shall not be considered an assignment, conveyance, or transfer that affects the HAP. An assignment by one or more general or limited partners of a limited partnership interest to a limited partner, who will have no more than a 25 percent interest, shall not be considered an assignment, conveyance, or transfer that affects the HAP.
 - iii. The term "substantial interest" means any interest of a general partner, corporate officer or Director, any limited partner having a 25 percent or more interest in the organization or any stockholder having a 10 percent or more interest in the organization.
 - iv. Notwithstanding the foregoing, a merger, conversion, share exchange, extended lease interest, or interest exchange of corporate or partnership interest will be considered a transfer of the property and require the approval of HUD if property is sold with an Equity Participation Rider.
 - d. The Owner and the party executing this Rider on behalf of the Purchaser/Owner certify that he/she has the requisite authority to bind the ownership and to execute this rider on behalf of the Purchasing Entity.
 - e. Except where otherwise approved by HUD, this Rider and the HAP Contract shall continue in effect in the event:

- i. Of assignment, sale, or other disposition of the project,
- ii. Of foreclosure of any mortgage note secured by the subject property,
- iii. Deed in lieu of foreclosure of the subject property, or
- iv. The PHA or HUD takes over possession, operation or ownership of the subject property.

SECTION THREE

1. Project-based Section 8 Assistance.
 - a. A Housing Assistance Payments (HAP) Contract will be executed at closing. The HAP Contract will cover 39 units in the Property, as specified by HUD. **The Purchaser agrees to accept the Project Based Section 8 Housing Assistance Payments Contract.**
 - b. The HAP Contract shall provide that, when a vacancy occurs in any unit in the property requiring project-based Section 8 assistance, Owner shall rent the unit to a family that is eligible for said Section 8 assistance under the HAP Contract.
 - c. The Owner agrees that, for any property formerly insured under Section 221(d)(3) or 236 of the National Housing Act, or for which a direct loan under Section 202 of the Housing Act of 1959 was made, any unit in the Property that does not receive project-based Section 8 assistance shall remain available and affordable for a period of 20 years under the terms of the Affordability of Units Rider.
 - d. The Owner agrees that at anytime the HAP Contract expires, is terminated or not renewed, the Affordability of Units Rider will become applicable to the units previously covered under the HAP Contract. The Owner may reduce the term of the Affordability of Units Rider for such units by the collective term(s) of the HAP Contract and any subsequent renewals effective after this sale.
2. The Owner cannot voucher for Section 8 HAP payments until HUD has inspected the units and determined that they meet the Physical Condition Standards (PCS) of the HAP Contract. Section 8 assistance payments will not be made retroactive to the date of closing. Retroactive payments will not be made on vacant units. Assistance/subsidy will only be paid on occupied units from the effective date on the partial release (or final release if partial releases were not approved) reflecting that the unit(s) was determined to meet the Physical Condition Standards (as per Section 2 Provisions 2 and 4).
3. Prior to receipt of subsidy payments, Owner shall not charge Section 8 eligible tenants more than the amount of the Total Tenant Payment (per the Form HUD-50059) the tenant would be required to pay under the Section 8 program.
4. Other Government Assistance and Adjustments in Project-Based Section 8 Assistance.
 - a. In order to comply with Section 102 of the Department of Housing and Urban Development Reform Act of 1989, and the regulations thereunder, 24 CFR Part 12, Owner covenants that it will disclose to Seller:
 - i. Any Federal, State or local governmental assistance, other than the Section 8 assistance provided under the terms of this Deed, that it will receive or reasonably expects to receive prior to or during the term of the Section 8 HAP Contract.
 - ii. In cases where the Owner will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available for the Property. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect governmental assistance.
 - b. In order to comply with this requirement, the Owner, within 10 working days after receiving notice that he/she has been selected to purchase the Property, must complete and execute a Certification of Disclosure.
 - c. Within 30 calendar days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affect the accuracy of the Certification of Disclosure, the Purchaser/ Owner shall submit to HUD a revised Certification. HUD may reduce the amount of Section 8 assistance provided for the Property to compensate in whole or in part, as the Department deems appropriate, for any increases in other assistance.
5. Affordability and Availability of Project-based Section 8 Units. In order to assure compliance with 12 USC §1715z-11a(a), the Secretary of HUD, pursuant to a HAP Contract, will provide housing assistance under Section 8 of the United States Housing Act of 1937 (42 USC §1437f) for the Property predicated on the availability of funds. During the term of the HAP Contract, the Owner shall maintain all dwelling units covered thereby after the date of this Deed in accordance with the requirements of the HAP Contract and the Section 8 Housing Assistance Payments Program.
 The Owner shall not remove any existing tenant solely due to the tenant's ineligibility for Section 8 assistance, so long as the tenant remains in good standing. However, if an existing Section 8 ineligible tenant moves/relocates from the property, the Owner shall rent the unit to an eligible low-income family, if the unit is assisted under the HAP Contract. This provision shall be enforceable by the HUD, Eligible Families or any other tenants on the Property.
6. The Owner agrees to request and accept project-based Section 8 assistance or any other subsequent rental assistance offered by HUD and shall execute a Housing Assistance Payments Contract at closing. Should HUD elect not to extend future Section 8 assistance or not renew the HAP Contract or any subsequent rental assistance offered by HUD, the Affordability of Units Rider would control rent and income eligibility. Should the Owner elect not to accept or renew the HAP contract, current or future residents who are or would be eligible for the project based assistance shall not be required to pay rent in excess of the amount that would have been required if the assistance was in place. All units that were assisted under the HAP Contract(s) are restricted for the term of the Use Agreement to occupancy by eligible families in accordance with HUD requirement under the HAP Contract and this Rider and rent payments by these families shall not exceed 30%

NONDISCRIMINATION AGAINST MULTIFAMILY SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

(Applies to Rental Housing not covered by a HAP Contract)

The Use Agreement includes the following provisions:

Voucher

If the Housing Assistance Payments Contract (HAP) is terminated, expires and/or not renewed, or rental units are not covered by the HAP Contract, this rider will control operations of the property.

Nondiscrimination

In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Purchaser, any/all successors and assigns, agrees not to unreasonably refuse to lease a dwelling unit offered for rent, offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation (hereinafter referred to as Section 8). This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units that rent for an amount not greater than the Section 8 fair market rent for a comparable unit in the area as determined by HUD.

If the Purchaser breaches this provision, HUD and/or one or more third - party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such provision and to enjoin any acts which are in violation of such provision. For the purposes of this provision, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER_____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT_____

RIDER 8 OF 9
MOLD HAZARDS

The Deed shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of mold health hazards, and Purchaser's responsibility for complying with applicable Environmental Protection Agency's regulations and State and local laws and regulations.
 - (a) Purchaser covenants that the Property will be inspected and tested for mold and mold conditions, and any hazards will be remediated. The purchaser will remediate the mold or mold conditions in accordance with the relevant provisions of the Environmental Protection Agency regulatory standards and guidelines.
 - (b) Purchaser covenants that any mold hazards will be remediated in accordance with applicable federal state, and local laws, regulatory standards and guidelines, including without limitation the Environmental Protection Agency (EPA) Guidelines.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
3. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
4. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
5. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above. In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.
6. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

RIDER 9 OF 9
RADON HAZARDS

The Deed shall include the following provisions:

1. Purchaser agrees to indemnify defend, and hold HUD harmless from any liability arising by reason of Purchaser's failure to perform Purchaser's obligations under this Deed with respect to the elimination of radon health hazards, and Purchaser's responsibility for complying with applicable Environmental Protection Agency's regulations and State and local laws and regulations.
 - (a) Purchaser covenants that the Property will be inspected and tested for radon, and any hazards will be remediated. The purchaser will remediate the radon in accordance with the relevant provisions of the Environmental Protection Agency regulatory standards and guidelines.
 - (b) Purchaser covenants that any radon hazards will be remediated in accordance with applicable federal state, and local laws, regulatory standards and guidelines, including without limitation the Environmental Protection Agency (EPA) Guidelines.
2. If temporary or permanent relocation is necessary because of such rehabilitation, Purchaser covenants to comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(f), and the regulations thereunder, 24 CFR §290.17, as explained in paragraphs 4 through 6, below. Additionally, the Purchaser covenants to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 CFR Part 24, when Project-based Section 8 assistance is provided by HUD. The Purchaser is responsible for ensuring compliance with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Purchaser covenants to provide advance written notice of the expected displacement to the residents. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
7. If temporary relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance to tenants in locating a decent, safe and sanitary dwelling/housing unit, which to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - (a) Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period.
 - (b) Expenses of returning to a repaired unit on the Property.
8. If permanent relocation is necessary because of such rehabilitation, Purchaser covenants to provide assistance, as described below, to tenants, as may be appropriate:
 - (a) Advisory services, necessary to locate decent, safe and sanitary and affordable replacement housing, which to the extent feasible, shall be in a location not generally less desirable than the Property.
 - (b) Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
9. The Purchaser covenants not to increase the rent for any units, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the rehabilitation requirements set forth in paragraph 1, above. (In addition, rent for units to be covered by a Housing Assistance Payments Contract may be increased only pursuant to and following execution of such Contract.)
10. If Purchaser fails to comply with paragraph 1, above, and no extension by written agreement has been granted by HUD, HUD shall be entitled to enter and terminate the estate hereby conveyed. This right and remedy may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is a part of the Use Agreement.

PURCHASER _____

SECRETARY OF HOUSING AND URBAN DEVELOPMENT _____

ATTACHMENT D
LETTER OF CREDIT (LoC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. _____
_____, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street, Unit #45, Ste. 2500
Ft. Worth, TX 76102

Attention: Mr. Jack Stark
6AC – 28th Floor

Dear Sir:

For the account of _____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. \$ _____,
effective immediately and expiring on _____, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

(bank's address)

This Credit is governed by the laws of _____.

Sincerely,

(Issuing Bank)

By: _____

Post Closing Repair Requirements

Project Name _____ Project Number _____ Location _____

The Purchaser must repair the property to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder:

Applicable State and local Codes Physical Condition Standards (set forth in 24 CFR Part 5) Additional repairs required by HUD

HUD will monitor to ensure compliance. Repairs shall be considered complete only after: (1) Purchaser provides written certification that repairs are completed; (2) Purchaser requests final inspection by HUD, and (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD’s estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in exhibits to this form. Unless checked as **Mandatory** on this form, repairs may begin upon conveyance. For repair items checked on this form as **Mandatory**, the Purchaser, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this project.

The repairs listed herein represent HUD’s estimate of the property’s repair needs. These repairs may not represent all repairs needed to satisfy HUD’s requirements and/or requirement other than HUD’s. HUD does not warrant that the list is either comprehensive or sufficient. The Purchaser accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

Item	Mandatory	Estimated Cost	Item	Mandatory	Estimated Cost
Repairs to Residential Structures (including commercial areas)					
1 Concrete	<input type="checkbox"/>		17 Wood Flooring	<input type="checkbox"/>	
2 Masonry	<input type="checkbox"/>		18 Resilient Flooring	<input type="checkbox"/>	6,950.00
3 Metals	<input type="checkbox"/>		19 Painting and Decorating	<input type="checkbox"/>	27,897.00
4 Rough Carpentry	<input type="checkbox"/>	40.00	20 Specialties	<input type="checkbox"/>	6,415.00
5 Finish Carpentry	<input type="checkbox"/>		21 Special Equipment	<input type="checkbox"/>	
6 Waterproofing	<input type="checkbox"/>	2,692.00	22 Cabinets	<input type="checkbox"/>	1,994.00
7 Insulation	<input type="checkbox"/>	110.00	23 Appliances	<input type="checkbox"/>	3,073.00
8 Roofing	<input type="checkbox"/>		24 Blinds and Shades	<input type="checkbox"/>	
9 Sheet Metal	<input type="checkbox"/>		25 Carpets	<input type="checkbox"/>	12,588.00
10 Doors	<input type="checkbox"/>		26 Special Construction	<input type="checkbox"/>	5,000.00
11 Windows	<input type="checkbox"/>	175.00	27 Elevators	<input type="checkbox"/>	
12 Glass	<input type="checkbox"/>	113.00	28 Plumbing and Hot Water	<input type="checkbox"/>	35,609.00
13 Lath and Plaster	<input type="checkbox"/>		29 Heat and Ventilation	<input type="checkbox"/>	250.00
14 Drywall	<input type="checkbox"/>	240.00	30 Air Conditioning	<input type="checkbox"/>	
15 Tile Work	<input type="checkbox"/>		31 Electrical	<input type="checkbox"/>	7,510.00
16 Acoustical	<input type="checkbox"/>		Residential Structures Subtotal		110,656.00
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)					
32 Accessory Structure	<input type="checkbox"/>		34	<input type="checkbox"/>	
33	<input type="checkbox"/>		Accessory Structures Subtotal		
Site Work					
35 Earth Work	<input type="checkbox"/>		39 Lawns and Plantings	<input type="checkbox"/>	
36 Site Work	<input type="checkbox"/>		40 Unusual Site Conditions	<input type="checkbox"/>	3,500.00
37 Roads and Walks	<input type="checkbox"/>		41	<input type="checkbox"/>	
38 Site Improvements	<input type="checkbox"/>		Site Work Subtotal		3,500.00
Environmental Mitigation					
42 Lead Based Paint	<input type="checkbox"/>		44 Mold	<input type="checkbox"/>	358.00
43 O&M Plan for ACM & POP	<input type="checkbox"/>	2,000.00	Environmental Mitigation Subtotal		2,358.00
Totals					
Units not inspected:					
Estimated Total Hard Cost					116,514.00
Contingency = Hard Cost X 10% =					11,651.00
Overhead/General Requirements = Hard Cost X =					
Estimated Total Repair Cost					\$128,165.00

Previous edition is obsolete
(5/93)

form HUD-9552

COMPREHENSIVE REPAIR SURVEY WORK WRITE UP

For units and common areas that were inspected and work tasks listed, the work items are the minimum required repairs and are not inclusive. The work required in units may be more extensive than the work tasks listed. Regardless of the work tasks listed, the purchaser must rehabilitate every unit (and common areas) to (1) meet applicable state and local codes, and (2) Physical Conditions Standards as

GENERAL REQUIREMENTS

ADMINISTRATIVE

1. Provide an Operations and Maintenance (O&M) Manual for the complex.

EXTERIOR

SITE WORK AND IMPROVEMENT

1. Unable to review condition of grounds, parking areas and drives, due to heavy snow conditions.

BUILDING

Investigate foundation and soil conditions at the north side of the building and make necessary repairs to prevent further building movement and damage.

INTERIOR

1. Perform the following at all apartment units:

Bathroom:

Replace all standard exterior electrical outlets with GFCI protected electrical outlets.

Kitchen:

Replace all standard exterior electrical outlets with GFCI protected electrical outlets.

SPECIFIC REQUIREMENTS

EXTERIOR

BUILDING:

1. Replace all standard exterior electrical outlets with GFCI protected electrical outlets.
2. Repair parking lot light fixture.
3. Replace one building mounted light fixture lens.
4. Repair roof mounted exhaust fan.
5. Investigate possible moisture intrusion at east exterior wall between 2nd and 4th floors. Make required repairs to prevent future moisture intrusion and interior damage.

INTERIOR

FIRST FLOOR

Dining/Common Room

Replace kitchen sink disposal.

Corridor

Repair north stair light fixture.

Mechanical Room

Replace original 4184 MBh (125 H.P.) steam boiler and all original accessories including but not limited to piping, gauges, valves, pumps, bypass feeder, shell and tube heat exchanger and controls.

Replace original 950 MBh (28.4 H.P.) backup steam boiler and all original accessories including but not limited to piping, gauges, valves, pumps, bypass feeder, shell and tube heat exchanger and controls.

Pressure test piping system before installing new boilers.

Provide and install filter cover panel for make-up air handler.

Repair make-up air handler to maintain proper supply air temperature and building pressurization.

SECOND FLOOR**Corridor**

Provide south stair light fixture lens.

FIFTH FLOOR**Corridor**

Repair smoke detector.

Repair south stair light fixture.

Trash / Janitor's Closet

Repair mop sink faucet.

FIRST FLOOR APARTMENTS - 1 BEDROOM/1 BATHROOM**Apartment 101, 2 Bedroom/1 Bathroom****Entire Unit:**

Replace carpet.

Replace VCT.

Paint entire unit.

Bathroom:

Replace toilet seat.

Kitchen:

Provide light fixture lens.

Provide electrical outlet cover plate.

Apartment 102**Entire Unit:**

Replace carpet.

Kitchen:

Repair base cabinet back wall.

Provide refrigerator.

Replace kitchen sink faucet.

Apartment 104

Entire Unit:

Provide additional Radon testing for apartment. Based on test, provide "Remediation Plan" for reducing radon levels.

Replace carpet.

Paint entire unit.

Kitchen:

Repair base cabinet back wall.

Apartment 106

Living/Dining Room:

Repair walls.

Paint walls.

SECOND FLOOR APARTMENTS- 1 BEDROOM/1 BATHROOM

Apartment 201

Entire Unit:

Paint entire unit.

Apartment 202,

Entire Unit:

Replace carpet.

Apartment 204

Living Room:

Repair window latches.

Apartment 205

Entire Unit:

Replace carpet.

Bedroom:

Install sealant at window jamb to wall joint.

Apartment 207

Kitchen:

Repair base cabinet back wall.

Apartment 208

Living/Dining Room:

Repair walls.

Paint all walls.

Apartment 210

Entire Unit:

- Replace Carpet
- Replace VCT.
- Paint entire unit.

Living/Dining Room:

- Replace window glass.
- Replace lost window sealant/insulation.

Bathroom:

- Repair walls.
- Repair toilet.
- Install lavatory and faucet to make operational.
- Repair tub/shower faucet.

Kitchen:

- Repair cabinet base back wall.
- Install appliances.

Bedroom:

- Repair walls.
- Provide light fixture globe.

Apartment 211

No deficiencies found.

Apartment 213, – Note: Tenant complained of mold. Exterior wall to be investigated for possible moisture intrusion as described in “SPECIFIC REQUIREMENTS, EXTERIOR, BUILDING”, at page 1.

Entire Unit:

- Replace Carpet.
- Replace VCT.
- Paint entire unit.
- Remove part of tenant items for clear access to windows and entry door.

Living/Dining Room:

- Replace walls and ceilings to eradicate mold.

Kitchen:

- Replace walls and ceilings to eradicate mold.
- Replace base cabinets where mold has developed.
- Replace countertop.

Bedroom:

- Replace walls and ceilings to eradicate mold.

THIRD FLOOR APARTMENTS- 1 BEDROOM/1 BATHROOM

Apartment 301

Entire Unit:

- Paint entire unit.

Kitchen:

- Repair base cabinet back wall.

Apartment 302

Living/Dining Room:
Repair walls.
Paint walls.
Provide window screen.

Bathroom:
Provide shower head.

Kitchen:
Repair cabinet base back wall.
Replace stove/range.
Provide refrigerator.

Bedroom:
Provide window screen.

Apartment 304

Entire Unit:
Replace carpet.
Paint entire unit.
Replace smoke detector.

Living/Dining Room:
Repair walls.

Kitchen:
Repair cabinet base back wall.

Apartment 305,

No deficiencies found.

Apartment 307

Entire Unit:
Paint entire unit.

Bedroom:
Repair walls.

Apartment 308,

No deficiencies found.

Apartment 310

Entire Unit:
Replace carpet.

Apartment 311

Bathroom:
Provide shower head.

Kitchen:
Provide caulking at cabinets and countertops.
Provide refrigerator.

Apartment 313, Apartment is under renovation.

Entire Unit:

- Replace carpet
- Replace VCT.
- Paint entire unit.

Bathroom:

- Repair tub/shower drain.

Kitchen:

- Replace stove/range.
- Replace kitchen sink faucet.

FOURTH FLOOR APARTMENTS - 1 BEDROOM/1 BATHROOM

Apartment 401

Entire Unit:

- Paint entire unit.

Kitchen:

- Repair base cabinet back wall.

Apartment 402

Entire Unit:

- Paint entire unit.

-

Apartment 404

Entire Unit:

- Paint entire unit.

Bathroom:

- Caulk at cabinets.
- Replace lavatory faucet drain.

Kitchen:

- Repair base cabinet back wall.

Bedroom:

- Repair walls.

Apartment 405

Entire Unit:

- Paint entire unit.

Kitchen:

- Repair cabinet base back wall.
- Repair cabinet drawers.

Bedroom:

- Repair light fixture.

Apartment 407

Entire Unit:
Paint entire unit.

Apartment 408

Entire Unit:
Paint entire unit.

Apartment 410

Entire Unit:
Paint entire unit.
Replace carpet.
Bedroom:
Replace window screen.

Apartment 411

Entire Unit:
Replace carpet.
Living/Dining Room:
Repair walls.
Paint walls.

Apartment 413

Entire Unit:
Paint entire unit.
Living/Dining Room:
Repair leak above window at exterior wall.

FIFTH FLOOR APARTMENTS- 1 Bedroom/1 Bathroom

Apartment 501

Entire Unit:
Replace carpet.
Living/Dining Room:
Provide curtain rods.

Apartment 502

Entire Unit:
Replace carpet.
Bathroom:
Repair lavatory faucet drain.

Apartment 504

Entire Unit:
Paint entire unit.

Apartment 505

Entire Unit:

Paint entire unit.

Apartment 507

Kitchen:

Replace countertops.

Apartment 508

Living/Dining Room:

Provide curtain rods.

Bathroom:

Repair walls.

Paint walls.

Provide shower head.

Apartment 510

Entire Unit:

Paint entire unit.

Apartment 511

No deficiencies found.

Apartment 513

Entire Unit:

Paint entire unit.

Bathroom:

Provide shower head.

Kitchen:

Provide stove/range.

General Notes (for all work):

1. All work shall be performed in a workmanlike manner and in accordance with good usage and accepted practices. All materials shall be made and installed so they perform in accordance with their intended purposes.
2. Materials installed shall be of such kind and of quality to ensure that the dwelling will provide acceptable durability, economy of maintenance and adequate resistance to weather, moisture, corrosion, and fire.
3. All work shall comply with local and state building, mechanical, electrical, and plumbing codes.

ENVIRONMENTAL INFORMATION

1.1.4 Other Services

ACM Sampling Program

ATC performed a limited asbestos survey of the site. A total of 21 samples were collected from various apartment units and common areas. Of the 21 samples collected, 12 were considered to be positive for asbestos. The positive samples were identified as ceiling surfacing, joint compound, vinyl flooring backing, plaster, thermal system insulation, sink undercoat, vinyl floor tile and transite.

Fungal Growth Sampling Program

ATC did not directly observe evidence of fungal growth during the site reconnaissance; therefore, no samples were collected for laboratory analysis. However, following completion of the site visit, the building manager and maintenance supervisor notified ATC of the presence of potential mold growth in Room #213 within the building. ATC was provided with photographs, which indicate potential mold growth in this room. No other areas of the building were identified with potential mold growth by the building representatives.

Limited Lead Based Paint

ATC took a number of readings from the interiors of various apartment units and various exterior surfaces. A total of 288 readings were collected in these various locations. No readings that were collected indicated positive results for lead based paint.

Radon Sampling Program

A limited radon screening was performed at the site by ATC to check radon gas levels in the building. A total of three samples were collected from various first floor rooms. The samples were collected on activated charcoal and were submitted to an independent laboratory for analysis. Radon analytical results were below the EPA action level of 4.0pCi/L, with the exception of 4.7 pCi/L detected in the canister that was placed in Room # 104.

1.2 Recommendations

The following Recommendations apply to the Findings listed above:

ACM Identified

ATC recommends that ACM's identified in this report be managed under an Operations & Maintenance (O&M) Plan until renovation or demolition requires the removal and/or abatement of these materials. Note that a limited survey was conducted, and a comprehensive ACM inspection would be necessary to more fully evaluate the presence of ACM throughout the site structure prior to any future renovation and/or demolition activities for this site. Such activities should be undertaken by licensed personnel in accordance with applicable federal, state and local rules and regulations.

Fungal Growth Assessment

Areas that were identified as containing fungal growth will be required to be removed and replaced during renovation activities. Although ATC attempted to observe reasonably accessible areas for fungal growth, please be advised that all areas of the building were not accessed during the site reconnaissance.

Radon Detected

Radon was detected at 4.7 pCi/L in the canister that was placed in Room # 104. This radon level is above the EPA action level of 4.0 pCi/L. ATC recommends re-testing Room #104 to confirm the levels of radon in this room.

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

Property Disposition

Federal Fiscal Year 2011

SECTION 8
PROJECT-BASED RENTAL ASSISTANCE

HOUSING ASSISTANCE PAYMENTS CONTRACT

PREPARATION OF HAP CONTRACT

Instructions on preparation of the HAP Contract are attached at the end of the HAP contract text. Superscripts 1 through 10 in the text of section 1 of the contract correspond to notes at the end of the HAP Contract text.

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

Property Disposition

Federal Fiscal Year 2011

SECTION 8
PROJECT-BASED RENTAL ASSISTANCE
HOUSING ASSISTANCE PAYMENTS CONTRACT

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SECTION 8
PROJECT-BASED RENTAL ASSISTANCE
**HOUSING ASSISTANCE PAYMENTS CONTRACT
PART 1 OF HAP CONTRACT**

1. CONTRACT INFORMATION¹

a. Property

Section 8 Project Number 092-35566

Section 8 Project Number of prior HAP contract for property MN46M000056

FHA Project Number (if applicable) 092-35566

Property Name RIVERVIEW APARTMENTS

Property Description² _____

b. Contents of contract

c. Contract exhibits

EXHIBIT A: SITE PLAN, LEGAL DESCRIPTION, OR OTHER DESCRIPTIVE INFORMATION³

EXHIBIT B: ANY ADDITIONAL INFORMATION DESCRIBING PHYSICAL CONDITION, LOCATION, AND/OR PLANS OF THE CONTRACT UNITS.⁴

EXHIBIT C - _____⁵

d. Effective date and term of HAP Contract

i. Effective date: Date of Closing

ii. Length of contract term: 1 year

iii. Anniversary date: 1 year from date of closing

e. Funding of HAP Contract

- i. The HAP Contract shall be funded first from any budget authority remaining under the prior HAP contract for the Property identified in paragraph 1.a. If any such budget authority remains as of the date of execution of the HAP Contract, HUD will use that amount to provide housing assistance payments under the HAP Contract. HUD will not obligate any additional funding until such time as the amount of remaining budget authority is depleted and additional funding is needed to provide housing assistance payments under the HAP Contract. If there is no such remaining budget authority as of the date of execution of the HAP Contract, funding shall be provided subject to the availability of sufficient appropriations for the renewal of

expiring or terminating section 8 project-based rental assistance contracts in accordance with subparagraph iii.

- ii. Execution of the HAP Contract by the Contract Administrator is an obligation by HUD of \$ _____,⁶ an amount sufficient to provide housing assistance payments for approximately _____⁷ months of the first annual increment of the Renewal Contract term.
- iii. HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for any remainder of such subsequent annual increments, subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate period of time within the Renewal Contract term to which it will be applied.

EXECUTION OF HAP CONTRACT

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

By: _____
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 _____

U.S. Department of Housing and Urban Development
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SECTION 8
PROJECT-BASED RENTAL ASSISTANCE

**HOUSING ASSISTANCE PAYMENTS CONTRACT
PART 2 OF HAP CONTRACT**

2. DEFINITIONS

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

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

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A by unit size (number of bedrooms) and applicable initial contract rents.

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

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

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

HUD requirements. HUD requirements are issued by HUD headquarters as regulations, Federal Register notices, or other binding program directives.

PHA. A public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.).

Physical condition standards (PCS). The HUD minimum physical condition standards for dwelling units occupied by families receiving Section 8 project-based assistance.

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 property 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.

Property. The housing designated in paragraph 1a of the HAP contract.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

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

3. PURPOSE

- 1) This is a HAP contract between HUD and the owner. The HAP contract is entered pursuant to Section 8.
- 2) The contract units are located in a multifamily property. HUD has conveyed the property to the owner. Prior to HUD acquisition of the property, occupancy of the contract units had been assisted by project-based rental assistance payments under Section 8.
- 3) The purpose of the HAP contract is to provide housing assistance payments on behalf of eligible families who lease and occupy contract units that comply with the HUD PCS. Housing assistance payments will only be paid to the owner for contract units occupied by eligible families who lease contract units from the owner in accordance with statutory requirements, and with all HUD regulations and other HUD requirements.

- 4) Both at the beginning of the contract term and at all times thereafter during the contract term, housing assistance payments will only be paid for contract units that comply with the PCS. Housing assistance payments will not be paid for any period when the contract units do not comply with the PCS.
- 5) If HUD is the CA, HUD may, at HUD's discretion, transfer administration of the HAP contract to a public housing agency acting as the CA under an annual contributions contract (ACC) with HUD.
- 6) The CA 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.

4. OCCUPANCY AND PAYMENT

a. Payment for occupied unit

During the term of the HAP contract, the CA 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, as determined in accordance with HUD requirements. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the month when the family moves out.

b. Occupancy by eligible families

During the contract term, the owner shall lease all of the contract units to eligible families. Eligibility shall be determined in accordance with HUD requirements.

c. Vacancy payment

- 1) The owner may receive housing assistance payments for so much of the month in which the family moves out of a contract unit as the contract unit remains vacant.
- 2) If the unit remains vacant after the move-out month, the owner may receive a housing assistance payment in the amount of 80 percent of the contract rent for a vacancy period not to exceed an additional month after the month when the family moves out. However, if the owner collects any of the tenant rent for this month, the payment for the vacancy period must be reduced to an amount which, when added to the family's payments, does not exceed 80 percent of the contract rent.
- 3) The owner shall not receive any vacancy payment under this paragraph c, unless the owner:
 - a) Immediately upon learning of the vacancy, has notified the CA of the vacancy, or prospective vacancy, and the reason for the vacancy,
 - b) Takes all feasible actions to fill the vacancy, including contacting applicants on the owner's waiting list, conducting appropriate outreach for eligible families, and advertising the availability of the unit; and
 - c) Has not rejected any eligible applicant, except for good cause acceptable to the CA.

5. CONTRACT RENT; HOUSING ASSISTANCE PAYMENTS

a. Amount of initial contract rent

The initial contract rent for each contract unit is stated in Exhibit A of the HAP contract. At the beginning of the HAP contract term, and until the contract rent is adjusted in accordance with section 6 of the HAP contract, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A.

b. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the contract rent may in no event exceed the amount authorized in accordance with HUD requirements.

c. CA payment to owner

- 1) Each month the CA 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 contract rent exceeds the tenant rent.
- 3) Payment of the tenant rent is the responsibility of the family. The CA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The CA 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.
- 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 CA determines that the owner is not entitled to the payment or any part of it, the CA, 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 must notify the CA promptly of any overpayment or any change of circumstances that would affect the amount of the monthly housing assistance payment, and must return the amount of any overpayment.

6. ADJUSTMENT OF CONTRACT RENT

a. Determination of adjusted rent

- 1) During the term of the HAP contract, the CA shall annually, on the anniversary date, adjust the amount of the monthly contract rents in accordance with HUD requirements by using an OCAF (operating cost adjustment factor).
- 2) The owner shall not receive any other adjustment of the contract rent.

b. Maximum rent

Contract rent for each contract unit, as adjusted annually by the CA in accordance with section 6 of the HAP contract, may at no time exceed reasonable rent, as determined by the CA, charged for comparable units in the private unassisted market.

c. Owner compliance with HAP contract

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

d. Notice of rent adjustment

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

7. OWNER RESPONSIBILITY

- a. The owner is responsible for:
 - 1) Performing all management and rental functions for the contract units.
 - 2) Selecting tenants.
 - 3) Determining tenant eligibility.
 - 4) Performing an initial examination and reexamination of family income.
 - 5) Calculating the amount of the tenant rent and the housing assistance payment in accordance with the HAP contract and HUD requirements.
 - 6) Entering a lease with each assisted tenant.

- 7) Enforcing tenant obligations under the lease.
 - 8) Paying for utilities and housing services (unless paid by the tenant in accordance with the HAP contract).
 - 9) Collecting from the tenant:
 - a) Any security deposit.
 - b) The tenant rent.
 - c) Any charge for unit damage by the family.
 - 10) Paying the family any applicable utility reimbursement for tenant-paid utilities (where the amount of the utility allowance exceeds the amount of the tenant rent).
 - 11) Submitting monthly requests for payment in the form and manner required by HUD and the CA.
 - 12) Maintaining and accounting for the replacement reserve.
- b. The owner shall perform all owner responsibilities in accordance with HUD requirements.

8. OWNER CERTIFICATION

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

- 1) All contract units for which the owner is receiving housing assistance payments are in good and tenantable condition, and in accordance with the PCS. The owner is maintaining the premises and all contract units in accordance with the PCS.
- 2) The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- 3) Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family, and the lease is in accordance with the HAP contract and HUD requirements.
- 4) To the best of the owner's knowledge, the members of an eligible family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- 5) 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.
- 6) The amount of any housing assistance payment requested or received by the owner is the correct amount due under the HAP contract.
- 7) The contract rent for each contract unit does not exceed rents charged by the owner for other comparable unassisted units.
- 8) 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 CA, HUD, or any other public or private source) for rental of the contract unit.
- 9) 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.

9. CONDITION OF UNITS

a. Owner maintenance and operation

- 1) The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the PCS, including performance of ordinary and extraordinary maintenance.

- 2) Both at the beginning of the contract term, and at all times thereafter during the contract term, the owner shall not request payment for or receive any housing assistance payment for any unit during any period when the unit or premises are not in accordance with the PCS.
- 3) If the premises or any contract unit is not in compliance with the PCS at the beginning of the contract term, the owner must promptly perform any ordinary or extraordinary maintenance necessary to bring the unit into compliance with the PCS. However, the owner shall not request or receive any housing assistance payment with respect to a contract unit for any period when the premises or the unit are not in accordance with the PCS.
- 4) The owner must provide all the services, maintenance and utilities set forth in Exhibit B, and in the lease with each assisted family.

b. CA inspection

The CA may inspect the contract units and the premises annually, and any time the CA deems necessary to assure that the contract units and premises are in accordance with the PCS, and that the owner is providing the maintenance, utilities, and other services in accordance with the leases and the HAP contract. The CA shall give the owner reasonable notice of the annual inspection.

c. Violation of PCS

- 1) If the CA determines that a contract unit is not in accordance with the PCS, the CA 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. The CA may exercise any contractual remedy respecting a contract unit even if the family continues to occupy the unit.
- 2) The CA shall not make any housing assistance payment for a dwelling unit that fails to meet the PCS. 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 CA-approved extension). The owner shall not request or receive any housing assistance payment for a dwelling unit for any period prior to the correction of any defect.

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.

10. LEASING CONTRACT UNITS

- a. During the term of the HAP contract, the owner must lease all contract units to eligible families.
- b. The owner must determine family eligibility in accordance with HUD requirements.
- c. The contract unit leased to each family must be appropriate for the size of the family as determined in accordance with HUD requirements.
- d. If a contract unit was occupied by an eligible family 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.
- e. The owner is responsible for screening and selecting tenants.

11. TENANCY

a. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. The lease 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 CA 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 contract rent payable by the family ("tenant rent") will be determined by the owner in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract.
- 2) The amount of the tenant rent as determined by the owner in accordance with HUD requirements 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 owner in accordance with HUD requirements. The owner must immediately return any excess tenant 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 CA housing assistance payment.
- 5) The owner is responsible for computing, in accordance with HUD requirements, the amount of the housing assistance payment and the tenant rent for each assisted family.

d. Other owner charges

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 an 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 CA requirements regarding security deposits from a tenant.
- 3) 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.
- 4) 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 tenant.

12. RESERVE FOR REPLACEMENTS

The owner must establish and maintain a replacement reserve for the property, in the amount required by HUD, to pay for extraordinary maintenance and repair, and for replacement of capital items. The owner must establish, maintain and account for the replacement reserve in accordance with HUD requirements.

13. OVERCROWDED AND UNDEROCCUPIED UNITS

If a contract unit is not decent, safe and sanitary because of an increase in the family size which causes the unit to be overcrowded, or if a contract unit is larger than appropriate for the size of the family, the owner must offer the family a suitable unit as soon as one becomes vacant and ready for occupancy, and the owner must require the family to move.

14. 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, creed, religion, sex, national origin, disability or familial status (i.e., because the family includes children).

- b. The owner must comply with the following requirements:
- 1) The Fair Housing Act (42 U.S.C. 3610 - 3619) and implementing regulations at 24 CFR parts 100, et seq.;
 - 2) Executive Orders 11063, 12259, and 12892 (Equal Opportunity in Housing) and implementing regulations at 24 CFR part 107;
 - 3) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d - 2000d-4) (prohibition of discrimination in Federally-assisted programs) and implementing regulations at 24 CFR part 1;
 - 4) The Age Discrimination Act of 1975 (42 U.S.C. 6101 - 6107) and implementing regulations at 24 CFR part 146;
 - 5) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibition of discrimination because of disability) and implementing regulations at 24 CFR part 8;
 - 6) Executive Orders 11625, 12138, and 12432 (promoting minority and women's business enterprise);
 - 7) Title II of the Americans with Disabilities Act (42 U.S.C. 12101, et seq.) (prohibition of employment discrimination because of disability); and
 - 8) The fair housing advertising poster guidelines at 24 CFR part 110.
- c. The CA 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 implementing regulations.

15. REDUCTION OF CONTRACT UNITS

If the owner fails for a continuous period of six months to have all of the contract units leased or available for leasing by eligible families, the contract administrator may, on thirty calendar days notice, reduce the number of contract units to not less than the number of units under lease to eligible families.

16. OWNER DEFAULT AND CA 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 PCS.
- 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 CA 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 is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD:
 - 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) If the owner has engaged in any drug-related criminal activity or any violent criminal activity.

b. CA remedies

- 1) If the CA determines that a breach has occurred, the CA may exercise any of its rights or remedies under the HAP contract.
- 2) The CA must notify the owner in writing of such determination. The notice by the CA to the owner may require the owner to take corrective action (as verified by the CA) by a time prescribed in the notice.

- 3) The CA'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. CA remedy is not waived

The CA'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.

17. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR CA

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 CA or HUD. The owner shall furnish such information in the form and manner required by the CA or HUD.

b. CA and HUD access to premises

The owner must permit the CA 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.

c. Annual Financial Statements

The owner must provide an annual owner certified financial statement electronically in accordance with HUD's requirements in 24 CFR Part 5, Uniform Financial Reporting through HUD's Financial Assessment Subsystem or any subsequent systems.

18. CA AND OWNER RELATION TO THIRD PARTIES

a. Injury because of owner action or failure to act

The CA 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 CA. The HAP contract does not create or affect any relationship between the CA 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 CA 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.

19. CONFLICT OF INTEREST

a. Prohibited interest

- 1) No covered individual or entity may have any direct or indirect interest in the HAP contract.
- 2) Direct or indirect interest includes the interest of an immediate family member.

b. Definitions

- 1) "Immediate family member" means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.
- 2) "Covered individual or entity" means an individual or entity that is a member of any of the following classes:
 - a) A member, officer or director of the CA, or any other CA official with administrative functions or responsibility concerning contract administration under the ACC.
 - b) If the CA is an instrumentality of a governmental body:
 - i) A member, officer or director of such governmental body.
 - ii) A member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.
 - c) An employee of the CA.
 - d) A CA contractor, subcontractor or agent with administrative functions or responsibility concerning contract administration under the ACC, or a principal or other interested party of such contractor, subcontractor or agent.
 - e) An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a CA contractor, subcontractor or agent.
 - f) A public official, member of a governing body, or State or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.

c. Disclosure

- 1) A covered individual or entity must disclose his, her or its interest or prospective interest in the HAP contract, or any other contract, subcontract or other arrangement in connection with contract administration under the ACC to the CA and HUD.
- 2) The owner certifies that it has fully disclosed to the CA and HUD any interest that would be a violation of the conflict of interest requirements, and that it will fully and promptly update such disclosures.

d. HUD waiver

- 1) HUD may waive the conflict of interest requirements for good cause.
- 2) Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP contract under which such individual is or may be assisted, or with respect to a HAP contract in which such individual or entity is a party or has any interest.

e. Interest of member of 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 the HAP contract or to any benefits, which may arise from it.

20. EXCLUSION FROM FEDERAL PROGRAMS**a. Federal requirements**

The owner must comply with and is subject to requirements of 24 CFR Part 24, concerning debarment, suspension, and limited denial of participation.

b. Disclosure

The owner certifies that:

- 1) The owner has disclosed to the CA 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 or subject to a limited denial of participation under 24 CFR part 24.

21. TRANSFER OF THE CONTRACT OR PROPERTY

a. When consent is required

- 1) The owner agrees that the HAP contract may not be transferred without the advance written consent of the CA in accordance with HUD requirements.
- 2) The owner agrees that the property may not be transferred without the advance written consent of the CA in accordance with HUD requirements.
- 3) "Transfer" includes:
 - a) An assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - b) An assignment or other transfer of the 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 a transfer in bankruptcy.
- 4) If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the CA pursuant to this paragraph a of the HAP contract 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 of the HAP contract to transfer 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 CA has consented in advance, in writing, to such transfer, and the transferee has agreed in writing, in a form acceptable to the CA 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 CA's consent to transfer of the HAP contract does not change the terms of the HAP contract in any way, and does not change the rights or obligations of the CA or the owner under the HAP contract.
- 3) The CA's consent to transfer of the HAP contract to any transferee does not constitute consent to any further transfers of the HAP contract, including further transfers to any successors or assigns of an approved transferee.

d. When transfer is prohibited

The CA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended or subject to a limited denial of participation under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. OWNER DISCLOSURE OF OTHER GOVERNMENT ASSISTANCE

a. Owner disclosure

The owner must disclose to the CA, in accordance with HUD requirements, information regarding any assistance from the Federal Government, a State, or a unit of general local government, or from any agency or instrumentality thereof, that is available or expected to be available with respect to the contract units ("covered assistance"). Covered assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, or 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 any covered assistance. The CA 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 any covered 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 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 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. NOTICES AND OWNER CERTIFICATIONS

- a. Where the owner is required to give any notice to the CA pursuant to the HAP contract, such notice must be in writing, and must be given in the form and manner required by the CA.
- 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.

25. HUD REQUIREMENTS

The HAP contract shall 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.

26. ENTIRE AGREEMENT

The HAP contract, including the exhibits, is the entire agreement between the CA and the owner. No changes in the HAP contract may be made except in writing signed by both the owner and the CA

Certification of Substantial Compliance

Attachment G

TO: The United States Department of Housing and Urban Development

FROM: _____

I Certify to HUD that any and all project(s) that are owned by _____, or its affiliates, and located in _____ (City or Town where project being purchased is located) is/are in substantial compliance with applicable State and/or local housing statutes, regulations, ordinances and codes and are listed on Schedule A attached hereto.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

By: _____

Purchaser Name

Title

Address

Telephone Number

Date

STATE OF: _____)

COUNTY OF: _____)

Came before me this _____ day of _____, 20____. ~~Notary Seal~~

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address

ATTACHMENT H
PROTECTING TENANTS AT FORECLOSURE ACT OF 2009

Applicable to all foreclosure sales taking place from May 21, 2009, through December 31, 2012

In the case of foreclosure involving any multifamily residential dwelling, the purchaser at foreclosure shall be subject to the following:

1. Any bona fide tenant occupying a unit as of the date of the notice of foreclosure must be given 90 days prior notice to vacate the unit; and

2. Any tenant retains all of its rights as of the date of the notice of foreclosure. These rights include:
 - (A) Any tenant who, on or after the date of the notice of foreclosure, is under a lease agreement entitling the tenant to occupy the premises until the end of the remaining term of the lease, will continue to maintain his/her rights under the lease agreement, except that a purchaser at foreclosure *who will occupy a unit as a primary residence* may, terminate a tenant's lease for that unit, effective on the date of sale, by issuing notice of the termination of tenancy to the tenant at least 90 days prior to the effective date of the notice.
 - (B) Any tenant who is a tenant at will under State law or occupies the unit without a lease retains all of its rights regarding occupancy of the unit, except such tenant may be required by a purchaser at foreclosure to vacate the unit provided that the tenant is given 90 days prior notice by the purchaser at foreclosure.
 - (C) Nothing contained in paragraphs 1 and 2 herein shall affect the requirements for termination of any Federal or State subsidized tenancy or of any State or local law that provides longer time periods or additional protections for tenants, those rights will be retained by the tenant.

3. If the tenant holds a Section 8 voucher and has a lease agreement, the purchaser at foreclosure may terminate the tenancy effective as of the date of the transfer of ownership to the purchaser if (1) the purchaser will occupy the unit as a primary residence and (2) provides the tenant with a notice to vacate at least 90 days before the effective date of the notice.

4. The purchaser at foreclosure will assume its interest in the property subject to: (1) the existing leases between the prior owner and the current tenants; and (2) the existing Housing Assistance Payments contract between the prior owner and the public housing agency for any occupied unit, except that requirements contained in this paragraph 4 and in paragraph 3 shall not affect any State or local law that provides longer time periods or other additional protections for tenants.

INSTRUCTIONS

PREPARATION OF HAP CONTRACT

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

This form of HAP contract must be used word-for-word, and may not be modified. Part 1 contains section 1 of the HAP contract. Part 2 contains sections 2 to 26 of the HAP Contract.

Part 1 includes fill-in items, and a list of the contract exhibits. Fill out part 1 to prepare the HAP contract for execution.

The form of HAP contract must be used word-for-word, and may not be modified.

CONTRACT EXECUTION

Part 1 must be signed by the CA and by the owner of the housing.

ENDNOTES

¹ Enter all contract information.

² Enter a description of the housing that will be covered by the HAP contract. The description must clearly identify the property by providing the property's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered property.

³ If necessary, attach as Exhibit A a site plan, legal description or other descriptive information.

⁴ If required by the CA, attach as Exhibit B any additional information describing the physical condition, location, and/or plans of the contract units.

⁵ List in the space provided and attach at the back of the contract any additional exhibits, beginning with Exhibit C.

⁶ Enter the amount of funding obligated.

⁷ Enter a whole number of months.