U.S. Department of Housing and Urban Development

Office of Affordable Housing Preservation

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

WATCH LIST RENEWAL CONTRACT

PREPARATION OF CONTRACT

Reference numbers in this form refer to notes at the end of the contract text. These endnotes are instructions for preparation of the Watch List Renewal Contract. The instructions are not part of the Renewal Contract

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

Project-based Section 8

HOUSING ASSISTANCE PAYMENTS

WATCH LIST RENEWAL CONTRACT[1]

1 CONTRACT INFORMATION[2]

PROJECT

Section 8 Project Number _____

Section 8 Project Number of Expiring Contract

_____

FHA Project Number (if applicable) _____

Project Name _____

Project Description[3]

_____

TYPE OF RENEWAL

☐ Check this box for a Watch List project renewed under Section 524(a) of MAHRA (while retaining eligibility under the Mark-To-Market Program).

PARTIES TO RENEWAL CONTRACT

Name of Contract Administrator[4]

Address of Contract Administrator

Name of Owner[5]

Address of Owner

2 TERM OF RENEWAL CONTRACT

a The term of the Renewal Contract begins on

_____.[6]

b Subject to the availability of sufficient appropriations to make housing assistance payments for any year in accordance with the Renewal Contract, as determined by HUD, the Renewal Contract shall run for a period of **twelve (12) months** beginning on the first day of the term.[7] Section 8 housing assistance payments to the Owner during the Renewal Contract term shall only be made from budget authority appropriated by the Congress, and available for this purpose.

3 DEFINITIONS.

ACC. Annual contributions contract

Anniversary. The annual recurrence of the date of the first day of the term of the Renewal Contract.

Contract units. The units in the Project which are identified in Exhibit A by size and applicable contract rents.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

HAP contract. A housing assistance payments contract between the Contract Administrator and the Owner.

HUD. The United States Department of Housing and Urban Development.

HUD requirements. HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract.

MAHRA. The Multifamily Assisted Housing Reform and Affordability Act of 1997 (Title V of Public Law No.105-65, October 27, 1997, 111 Stat. 1384ff), as amended by section 531 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2000 (Pub. L. No. 106-74, October 20, 1999,113 Stat. 1109ff).

OCAF. An operating cost adjustment factor established by HUD.

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

Project. The housing designated in section 1 of the Renewal Contract.

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

Renewal Contract. This contract, including applicable provisions of the Expiring Contract (as determined in accordance with section 5 of the Renewal Contract).

4 RENEWAL CONTRACT

a Parties

(1) The Renewal Contract is a housing assistance payments contract ("HAP Contract") between the Contract Administrator and the Owner of the Project (see section 1).

(2) If HUD is the Contract Administrator, HUD may assign the Renewal Contract to a public housing agency ("PHA") for the purpose of PHA administration of the Renewal Contract, as Contract Administrator, in accordance with the Renewal Contract (during the term of the annual contributions contract ("ACC") between HUD and the PHA). Notwithstanding such assignment, HUD shall remain a party to the provisions of the Renewal Contract that specify HUD's role pursuant to the Renewal Contract, including such provisions of section 9 (applicable requirements), section 10 (statutory changes during term) and section 12 (PHA default), of the Renewal Contract.

b Statutory authority

The Renewal Contract is entered pursuant to section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f), and section 524 of the MAHRA.

c Expiring Contract

Previously, the Contract Administrator and the Owner had entered into a HAP Contract ("expiring contract") to make Section 8 housing assistance payments to the Owner for eligible families living in the Project. The term of the expiring contract will expire or terminate prior to the beginning of the term of the Renewal Contract.

d Purpose of Renewal Contract

(1) The purpose of the Renewal Contract is to renew the expiring contract for an additional term. During the term of the Renewal Contract, the Contract Administrator shall make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract.

(2) The Renewal Contract also constitutes a binding commitment for purposes of section 579 of MAHRA. In accordance with section 514 of MAHRA , the project will remain eligible for full debt restructuring if and only if prior to the expiration of this renewal contract, or any renewal thereof, but no later than thirty (30) days prior to the date set forth in MAHRA section 579(b), as may be amended from time to time, or in any other related legislation which extends the repeal of OAHP's authority to restructure the project's debt ("sunset date"), the owner and HUD cancel this contract and enter into a new HAP contract, at current

rents, pursuant to section 514(c) of MAHRA. In addition, if prior to the expiration of this renewal contract, the owner **requests re-entry into the Mark-to-Market Program**, it must submit a Contract Renewal Request Form for Reelection (see Attachment 3a(2) of HUD's section 8 Renewal Guide) thirty (30) days prior to such sunset date**. HUD reserves the right to reassess the Project's eligibility for debt restructuring at the time such Request Form for Reelection is submitted.** If a reelection to full debt restructuring has occurred, HUD will offer the Owner an interim restructuring contract (the "Interim Full Renewal/Re-Entry Contract") at current rents (i.e., the market rents determined in this Renewal Contract), subject to the availability of appropriations in any year. Any such Interim Full Renewal/Re-Entry Contract will be entered into pursuant to section 514(c) of MAHRA and will contain language that the Interim Renewal Contract shall be considered a "binding commitment", as that phrase is used in section 579, during the entire term of that Interim Renewal Contract.

(3) If HUD determines that the project is eligible for full debt restructuring, the Owner and HUD will amend this contract in its entirety by entering into a new HAP contract, at current rents (i.e., the market rents determined in this Watch List Renewal Contract). HUD will offer the Owner an interim **full** contract (the **"Interim Full Renewal/Re-Entry Contract"**) **for up to twelve months** at current rents subject to the availability of appropriations in any year. Any such Interim Renewal/Re-Entry Contract will be entered into pursuant to section 514(c) of MAHRA and will contain language that the Interim Renewal/Re-Entry Contract shall be considered a "binding commitment", as that used in section 579, during the entire term of that Interim Renewal/Re-Entry Contract.

(4) **If HUD determines that the property is no longer eligible for a full debt restructuring, HUD may decide, among other things, to: (a) offer the owner a Basic Renewal Contract; (b) continue the property on the Watch List; (c) refer the project to HUD's enforcement division; or (d) take other action as appropriate.**

(5) Housing assistance payments shall only be paid to the Owner for contract units occupied by eligible families leasing decent, safe and sanitary units from the Owner in accordance with statutory requirements, and with all HUD regulations and other requirements. If the Contract Administrator determines that the Owner has failed to maintain one or more contract

units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the Contract Administrator may use amounts otherwise payable to the Owner pursuant to the Renewal Contract for the purpose of relocating or rehousing assisted residents in other housing.

e Contract units

The Renewal Contract applies to the Contract units.

5 EXPIRING CONTRACT – PROVISIONS RENEWED

a Except as specifically modified by the Renewal Contract, all provisions of the Expiring Contract are renewed (to the extent such provisions are consistent with statutory requirements in effect at the beginning of the Renewal Contract term).

b Any and all provisions of the Expiring Contract concerning any of the following subjects are not renewed, and shall not be applicable during the renewal term:

(1) Identification of contract units by size and applicable contract rents;

(2) The amount of the monthly contract rents;

(3) Contract rent adjustments; and

(4) Project account (sometimes called “HAP reserve” or “project reserve”) as previously established and maintained by HUD pursuant to former Section 8(c)(6) of the United States Housing Act of 1937 (currently Section 8(c)(5) of the Act, 42 U.S.C. 1437f(c)(5)). Section 8(c)(5) does not apply to the Renewal Contract, or to payment of housing assistance payments during the Renewal Contract term.

c The Renewal Contract includes those provisions of the Expiring Contract that are renewed in accordance with this section 5.

6 CONTRACT RENT

a Initial contract rents

At the beginning of the Renewal Contract term, and until contract rents for units in the Project are adjusted in accordance with section 6b, the contract rent for each bedroom size (number of

bedrooms) shall be the initial contract rent amount listed in Exhibit A, which is attached to and, by this reference, is hereby made a part of the Renewal Contract.

b Contract rent adjustments

There shall be no contract rent adjustments during the term of the Renewal Contract.

7 OWNER WARRANTIES

a The Owner warrants that it has the legal right to execute the Renewal Contract and to lease dwelling units covered by the contract.

b The Owner warrants that the rental units to be leased by the Owner under the Renewal Contract are in decent, safe and sanitary condition (as defined and determined in accordance with HUD regulations and procedures), and shall be maintained in such condition during the term of the Renewal Contract.

8 OWNER TERMINATION NOTICE

a Before termination of the Renewal Contract, the Owner shall provide written notice to the Contract Administrator and each assisted family in accordance with HUD requirements.

b If the Owner fails to provide such notice in accordance with the law and HUD requirements, the Owner may not increase the tenant rent payment for any assisted family until such time as the Owner has provided such notice for the required period.

9 HUD REQUIREMENTS

The Renewal Contract shall be construed and administered in accordance with all statutory requirements, and with all HUD regulations and other requirements, including changes in HUD regulations and other requirements during the term of the Renewal Contract. However, any changes in HUD requirements that are inconsistent with the provisions of the Renewal Contract, including the provisions of section 6 (contract rent), shall not be applicable. The Owner will submit, for the term of this contract, monthly accounting reports, as prescribed in HUD Handbook 4470.1, Chapter 3, to the Multifamily HUB/Program Center Project Manager evidencing the financial condition of the project covered under this contract.

10 STATUTORY CHANGES DURING TERM

If any statutory change during the term of the Renewal Contract is inconsistent with section 6 of the Renewal Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of section 6 because of such statutory change, then the Contract Administrator or the Owner may terminate the Renewal Contract upon notice to the other party.

11 PHA DEFAULT

a This section 11 of the Renewal Contract applies if the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD. This includes a case where HUD has assigned the Renewal Contract to a PHA Contract Administrator, for the purpose of PHA administration of the Renewal Contract.

b If HUD determines that the PHA has committed a material and substantial breach of the PHA's obligation, as Contract Administrator, to make housing assistance payments to the Owner in accordance with the provisions of the Renewal Contract, and that the Owner is not in default of its obligations under the Renewal Contract, HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract.

12 EXCLUSION OF THIRD-PARTY RIGHTS

a The Contract Administrator does not assume any responsibility for injury to, or any liability to, any person injured as a result of the Owner's action or failure to act in connection with the Contract Administrator's implementation of the Renewal Contract, or as a result of any other action or failure to act by the Owner.

b The Owner is not the agent of the Contract Administrator or HUD, and the Renewal Contract does not create or affect any relationship between the Contract Administrator or HUD and any lender to the Owner or any suppliers, employees, contractors or subcontractors used by the Owner in connection with implementation of the Renewal Contract.

c If the Contract Administrator is a PHA acting as Contract Administrator pursuant to an annual contributions contract ("ACC") between the PHA and HUD, the Contract Administrator is not the agent of HUD, and the Renewal Contract does not create any

relationship between HUD and any suppliers, employees, contractors or subcontractors used by the Contract Administrator to carry out functions or responsibilities in connection with contract administration under the ACC.

13 WRITTEN NOTICES

a Any notice by the Contract Administrator or the Owner to the other party pursuant to the Renewal Contract shall be given in writing.

b A party shall give notice at the other party's address specified in section 1 of the Renewal Contract, or at such other address as the other party has designated by a contract notice. A party gives a notice to the other party by taking steps reasonably required to deliver the notice in ordinary course of business. A party receives notice when the notice is duly delivered at the party's designated address.

SIGNATURES

Contract administrator (HUD or PHA)

Name of Contract Administrator (Print)

_____

_____

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 _____

EXHIBIT A

IDENTIFICATION OF UNITS ("CONTRACT UNITS") BY SIZE AND APPLICABLE CONTRACT RENTS

Number of Contract Units	Number of Bedrooms	Contract Rent

NOTE: This Exhibit will be amended by Contract Administrator notice to the Owner to specify adjusted contract rent amounts as determined by the Contract Administrator in accordance with section 6b of the Renewal Contract.

INSTRUCTIONS FOR PREPARATION OF RENEWAL CONTRACT

The following instructions are not part of the Renewal Contract.

Endnote numbers are keyed to references in the text of the Renewal Contract.

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[1] This form of Renewal Contract must only be used renewing a Watch List Contract where HUD and the Owner wish to retain the Project's eligibility under the Mark-To-Market Program.

Section 2 of the Renewal Contract specifies the contract term.

[2] To prepare the Renewal Contract for execution by the parties, fill out all contract information in section 1 and section 2.

[3] Enter a description of the housing that will be covered by the Renewal Contract. The description must clearly identify the Project by providing the Project'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 Project.

If necessary, attach an exhibit with a site plan, legal description or other descriptive information. Enter a reference to the attached exhibit.

[4] Enter the name of the Contract Administrator that executes the Renewal Contract. If HUD is the Contract Administrator, enter "United States of America – Department of Housing and Urban Development (HUD)". If the Contract Administrator is a public housing agency ("PHA"), enter the full legal name of the PHA.

[5] Enter the full legal name of the Owner. For example: "ABC Corporation, Inc., a Maryland corporation."

[6] The Renewal Contract must be entered before expiration of the Expiring Contract. Enter the date of the first day after expiration of the term of the Expiring Contract.

[7] Enter the term of the Renewal Contract. The term shall be determined in accordance with HUD requirements but shall not exceed one year. Insert the number of whole months.