Part II of the Project Rental Assistance Contract

Section 202 Supporting Housing for the Elderly
Section 811 Housing for Persons with Disabilities
See bottom of this form for Public Burden statement.

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

OMB Approval No. 2502-0470
(Expires 12/31/2027)

Type of Project	PRAC Contract No.	HUD Project No.
☐ New Construction ☐ Substantial Rehabilitation ☐ Acquisition		

2.1 Owner's Warranties, Amendments.

(a) Legal Capacity. The Owner warrants that it has the legal right to execute this Contract and to lease dwelling units covered by this Contract.

(b) Completion of Work. The Owner warrants that the project as described in section 1. 1 is in good and tenantable condition and that the project has been completed in accordance with the terms and conditions of the Capital Advance Agreement (Agreement) or will be completed in accordance with the Special Conditions for Acceptance (see attached exhibit, where applicable). The Owner further warrants that it will remedy an y defects or omissions covered by this warranty if called to its attention within 12 months of the effective date of this Contract. The Owner agrees that the continuation of this Contract shall be subject to the Owner meeting an y Special Conditions for Acceptance.

2.2 Families To Be Housed.

(a) Families To B e Housed. If a Section 811 project, the Contract Units are to be leased by the Owner to eligible Disabled Persons (Families) for occupancy b y such Families solely as private dwellings and as their principal place of residence. If a Section 202 project, the Contract Units are to be leased to eligible elderly Persons or Households (Families) solely.

(1) HUD hereby agrees to make project rental assistance payments on behalf of Families for the Contract Units, to enable the Families to lease Decent , Safe, and Sanitary housing pursuant to Section 202 or Section 811.

(2) If there is a Utility Allowance and if the Allowance exceeds the tenant payment, the Owner shall pay the Family the amount of the excess. HUD will pay funds to the Owner in trust solely for the purpose of making this payment.

2.3 Maximum Project Rental Assistance Commitment: Project Account.

(a) Maximum Annual Contract Commitment. Notwithstanding any other provisions of this Contract (other than paragraph (b)(2) of this section) or any provisions of any other contract between HUD and the Owner, HUD shall not be obligated to make and shall not make any project rental assistance payments under this Contract in excess of the amount identified in section 1. 1 (c). However, this amount may be reduced commensurately with any reduction in the number of Contract Units or in the Operating Expense Amount or pursuant to any other provisions of this Contract.

(b) Project Account.

(1) A project account will be established and maintained by HUD, as a specifically identified and segregated account for the project. The account will be established and maintained, in an amount determined by HUD, out of the amounts by which the Maximum Annual Contract Commitment under section 1.1(c) exceeds the amount actually paid out under the Contract each fiscal year. Payments will be made from the account for project rental assistance payments when needed to cover increases in Operating Expense Amounts or decreases in tenant payments and for other costs specifically approved by the Secretary.

(2) Whenever a HUD-approved estimate of the required annual payments for a fiscal year exceeds the maximum annual commitment for that fiscal year plus the current balance in the project account, HUD will, within a reasonable period of time, take such additional steps as may be necessary to assure that payments under the Contract will be adequate to cover increases in Operating Expenses and decreases in tenant payments.

(3) Any amount remaining in the account after payment of the last project rental assistance payment with respect to the project shall be applied by HUD in accordance with law.

2.4 Project Rental Assistance Payments To Owners.

(a) Project Rental Assistance Payments on Behalf of Families.

(1) Project assistance payments shall be paid to the Owner for units (or residential space in a group home under Section 811) under lease for occupancy by Families in accordance with the Contract. The project rental assistance payment will cover the difference between the Operating Expenses and tenant payments as determined in accordance with the HUD-established schedules and criteria.

(2) The amount of project rental assistance payment payable on behalf of a Family and the amount of tenant payment shall be subject to change by reason of changes in Family Income, Family composition, extent of exceptional medical or other unusual expenses or program rules in accordance with the HUD-established schedules and criteria; or by reason of a change in any applicable Utility Allowance approved or required by HUD. Any such change shall be effective as of the date stated in a notification of the change to the Family, which need not be at the end of the Lease term.

(b) Vacancies During Rent-up. If a Contract Unit (or residential space in a group home under Section 811), is not leased as of the effective date of the Contract, the Owner is entitled to assistance payments in the amount of 50 percent of the Operating Expense for the unit (or pro rata share of the Operating Expense for a group home) for a vacancy period not exceeding 60 days from the effective date of the Contract, provided that the Owner: (1) commenced marketing and otherwise compiled with section 2.2(d) of the Agreement;

(2) has taken and continues to take all feasible actions to fill the vacancy, including, but not limited to, contacting applicants on its waiting list, if any, requesting appropriate sources to refer eligible applicants, and advertising the availability of the unit in a manner specifically designed to reach eligible families; and (3) has not rejected any eligible applicant except for good cause acceptable to HUD.

(c) Vacancies After Rent-up . If an eligible family vacates an assisted unit (or residential space in a group home) the Owner is entitled to vacancy payments in the amount of 50 percent of the Operating Expense (or pro rata share of the Operating Expense in a group home) for the first 60 days of vacancy if the Owner:

(1) Certifies that it did not cause the vacancy by violating the lease, the Contract, or any applicable law;

(2) Notified HUD of the vacancy or prospective vacancy and the reasons for the vacancy immediately upon learning of the vacancy or prospective vacancy;

(3) Has fulfilled and continues to:

(i) market the vacant units or spaces in accordance with the HUD-approved Affirmative Fair Housing Marketing Plan (AFHMP) and all fair housing and equal opportunity requirements. The purpose of the plan and requirements is to achieve a condition in which eligible families of similar income levels in the same housing market have a like range of housing choices available to them regardless of their race, color, creed, religion, handicap, age, familial status, sex or national origin.

(ii) Submits to HUD a list of leased and unleased assisted units (or in the case of a group home, leased and unleased residential spaces) with a justification for the unleased units or residential spaces, in order to qualify for vacancy payments for the unleased units or residential spaces.

(iii) Has taken and continues to take all feasible actions to fill the vacancy; and
(iv) Has not rejected any eligible applicant except for good cause acceptable to HUD.

(4) For any vacancy resulting from an Owner's eviction of an eligible family, certifies that it has complied with the provisions at 24 CFR Part 247 which apply to all decisions by an Owner to terminate the tenancy or modify the lease of a family residing in a unit (or residential space in a group home).

(d) Prohibition of Double Compensation for Vacancies. The owner is not entitled to payments for vacant units to the extent it collects for the vacancy from other sources (tenant payment, security deposits, reimbursements from HUD for unpaid operating expense amount, other amounts collected from the Family, and government payments under other programs). If the Owner collects any of the Family's share of the tenant payment for a vacancy period in an amount which, when added to the vacancy payment, results in more than the Operating Expense Amount, the excess must be reimbursed as HUD directs.

(e) HUD Not Obligated for Ten ant Payments. HUD has not assumed any obligation for the amount of tenant payment or the satisfaction of any claim by the Owner against any Family other than in accordance with section 2.3(b) of this Contract. The financial obligation of HUD is limited to making project rental assistance payments on behalf of Families in accordance with this Contract.

(f) Owner's Monthly Requests for Payments.

(1) The Owner shall submit monthly requests to HUD for project rental assistance payments. Each request shall set forth; (i) the name of each Family and the address and/ or number of the unit (or residential space in a group home) leased by the Family; (ii) the address and/or the number of each unit, if any, not leased to Families for which the Owner is claiming payments; (iii) the Operating Expense Amount as set forth in Exhibit I for each unit for which the Owner is claiming payments; (iv) the amount of tenant payment by the Family leasing the unit (or, where applicable, the amount to be paid the Family in accordance with section 2.2(a)(2); an d (v) the total amount of project rental assistance payments requested by the Owner. (The total amount of project rental assistance payments requested equal total HUD-approved operating expenses for the project minus the tenant payments received from all units (see (iv) above).)

(2) Each of the Owner's monthly requests shall contain a certification by it that to the best of its knowledge and belief (i) the dwelling units are in Decent, Safe, and Sanitary condition, (ii) all the other facts and data on which the request for funds is based are true and correct, (iii) the amount requested has been calculated in accordance with the provisions of the Contract and is payable under the Contract, (i v) none of the amount claimed has been previously claimed or paid under this Contract, and (v) the Owner has not received and will not receive payments or other consideration from the Family , HUD or any other public or private source for the unit beyond that authorized in this Contract and the lease.

(3) If the Owner has received an excessive payment, HUD, in addition to any other rights to recovery, will deduct the amount from any subsequent payment or payments.

(4) The Owner's monthly requests for project rental assistance payments are subject to penalty under 18 U.S .C. 1001, which provides, among other things, that whoever knowingly and willfully makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United Stated shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

2.5 Maintenance, Operation And Inspection.

(a) Maintenance and Operation. The Owner agrees to maintain and operate the Contract Units and related facilities to provide decent, safe, and sanitary housing including the provision of all the services, maintenance and utilities set forth in section 1.1(e). If a Section 811 project, the Owner also agrees to comply with the lead-based paint regulations at 24 CFR Part 3 5 and 24 CFR Part 891. If HUD determines that the Owner is not meeting one or more of these obligations, HUD shall have the right to take action under section 2.24(a).

(b) Inspection. Prior to occupancy of any Contract Unit by a Family, the Owner and the Family shall inspect the unit and

both shall certify, on forms prescribed or approved by HUD, that they have inspected the unit and have determined it to be decent, safe, and sanitary in accordance with the criteria provided in the forms. The Owner shall keep copies of these reports on file for at least three years.

(c) Units Not Decent, Safe and Sanitary. If HUD notifies the Owner that it has failed to maintain a dwelling unit in decent, safe, and sanitary condition and the Owner fails to take corrective action within the time prescribed in the notice, HUD may exercise any of it rights or remedies under the Contract, including reduction or suspension of project rental assistance payments, even if the Family continued to occupy the unit. If, however, the Family wishes to be rehoused in another dwelling unit with assistance and HUD does not have other funds for such purposes, HUD may use the abated project rental assistance payments for the purpose of rehousing the Family in another dwelling unit. If the Family continues to occupy the unit, it will do so in accordance with the terms of its lease, including the termination date and amount of tenant payments.

(d) Notification of Abatement. Any reduction or suspension of project rental assistance payments shall be effective as provided in written notification to the Owner. The Owner shall promptly notify the Family of any such abatement.

(e) Overcrowded and Under-occupied Units. Where the Owner determines a unit is larger or smaller than appropriate for an eligible family, the Owner agrees, if possible, to offer the family an appropriate alternate unit as promptly as possible in accordance with HUD regulations and requirements in effect at the time of the determination.

2.6 Financial Requirements.

(a) Submission of Financial and Operating Statements. The Owner must submit to HUD:

(1) Within 60 days after the end of each fiscal year of project operations, financial statements for the project audited by an Independent Public Accountant in the form required by HUD, and

(2) Other statements as to project operation, financial condition and occupancy as HUD may require to administer this Contract and to monitor project operations.

(b) Use of Project Funds.

(1) The Owner shall maintain a project fund account in a HUD-approved depository and shall deposit all tenant payments, charges, income and revenues arising from project operation or ownership in this account. Project funds must be used for the operation of the project (including required insurance coverage), to pay operating expenses, and to make required deposits to the replacement reserve in accordance with paragraph (c) of this section. To the extent HUD determines that project funds are more than needed for these purposes, the surplus project funds must be deposited with a HU D-approved depositor y in an interest-bearing residual receipts account. Withdrawals from this account will be made only with the approval of HUD and for project purposes, including the reduction of project rental assistance payments. Upon termination of the Contract, any excess funds must be remitted to HUD.

(c) Replacement Reserve.

(1) The Owner s hall establish and maintain a replacement reserve in an inter est-bearing account to aid in funding extraordinary maintenance and repair and replacement of capital items in accordance with applicable regulations.

(i) The Owner shall make monthly deposits to the replacement reserve commencing on the effective date of the Contract. For staged projects, the deposits shall commence on a pro rata basis for units in each stage on the effective date of the Contract for that stage.

(ii) The reserve must be built up to and maintained at a level determined by HUD to be sufficient to meet projected requirements. Should the reserve reach that level, the amount of monthly deposit to the reserve may be reduced with HUD approval.

(iii) Replacement reserve funds must be deposited with HUD or a HUD-approved depository in an interest-bearing account. All interest earnings must be added to the reserve.

(iv) Funds may be withdrawn from the reserve and used only in accordance with HUD guidelines and with the approval of, or as directed by, HUD.

(d) The Owner is not entitled to distributions of project funds.

2.7 Operating Expense Adjustments.

(a) Funding of Adjustments. Project rental assistance payments will be increased commensurate with adjustments in operating expenses under this section up to the maximum amount authorized under section 2.3(a) of this Contract. HUD will calculate operating expense adjustments based on the sum of the costs for operating the project (as approved by HUD) with adjustments for vacancies, the project's non-rental income, and other factors that HUD deems ap propriate. The calculation will be made on the basis of the information provided by the Owner on a form prescribed by HUD.

(b) Operating Expense Adjustments. Operating Expenses shall be adjusted whenever HUD approves an increase in operating costs as provided under the Regulatory Agreement.

(c) Incorporation of Operating Expense Adjustment. Any adjustment in Operating Expenses shall be incorporated into Exhibit I by a dated addendum to the exhibit establishing the effective date of the adjustment.

(d) Adjustment of Operating Expense Based on Cost Certification. The Owner s hall complete the cost certification requirements under 24 CFR part 891.

(e) Adjustment of Operating Expense Amounts Due to Tax Exemption. The Operating Expense Amounts may be reduced to reflect real property tax exemption or similar savings where the initial operating expenses were approved on the assumption that the project would not receive the benefit of the tax abatement or similar savings. The Owner agrees to notify HUD in the event the project beg ins to receive such an exemption or similar savings so the Initial Operating Expense Amounts then in effect may be reduced.

2.8 Marketing And Leasing Of Units.

(a) Compliance with Equal Opportunity Requirements. Marketing of units and selection of Families by the Owner shall be in accordance with the Owner's HUD-approved Affirmative Fair Housing Marketing Plan (if required), shown as an exhibit, and with all regulations relating to fair housing advertising. Projects shall be managed and operated without regard to race, color, religion, creed, age, sex, handicap, familial status or national origin, except housing provided under Section 202 must be limited to households where at least one person is 62 years of age or older.

(b) Security Deposits. The Owner agrees to comply with applicable HUD regulations (24 CFR Part 891) and other requirements, as revised from time to time, regarding security deposits and to comply with all State and local law.

(c) Eligibility, Selection and Admission of Families.

(1) The Owner shall be responsible for determination of eligibility of applicants, selection of families from among those determined to be eligible, computation of the amount of project assistance payments on behalf of each selected Family and of total Family contributions and record-keeping in accordance with applicable HUD regulations and requirements.

(2) The Owner shall not charge any applicant or assisted Family any amount in excess of the total Family contribution except as authorized by HUD.

(3) The Owner must accept applications for admission to the project in the form prescribed by HUD. Applicant families applying for assisted units (or residential spaces in a group home) must complete a certification of eligibility as part of the application for admission. Both the Owner and the applicant family must sign the application for admission. On request, the Owner must forward to HUD copies of these applications for admission.

(4) The Lease entered into between the Owner and each selected Family shall be on the form of Lease approved by HUD and must contain all of the required provisions and none of the prohibited provisions specified in HUD issuances. The term of the lease may not be less than one year.

(5)

(i) The Owner shall make a reexamination of Family income, composition, and the extent of medical or other unusual expenses incurred by the Family at least every 12 months and appropriate redeterminations shall be made by the Owner of the amount of Family contribution and the amount of project rental assistance payments, all in accordance with applicable HUD regulations and requirements.

(ii) If a Family reports a change in income or other circumstances that would result in a decrease of total Family contribution between regularly scheduled reexaminations, the Owner, upon receipt of verification of the change, must promptly make appropriate adjustments in the total Family contribution. The Owner may require in its lease that Families report increases in income or other changes between scheduled reexaminations.

(ii) A Family's eligibility for project rental assistance payments continues until its total Family contribution equals the total housing expense for the unit it occupies (or a pro rata share of the operating expense in a group home). The termination of subsidy eligibility at this point will not affect the Family's other rights under the lease nor preclude resumption of subsidy payments as a result of later changes in income or other circumstances during the term of this Contract.

(6) The Owner will maintain as confidential all information relating to applicants and assisted Families, the disclosure of which would constitute an unwarranted invasion of personal privacy.

(d) Redetermination of Operating Expense after Adjustment in Utility Allowances. In the event that the Owner is notified of a HUD determination approving or requiring an adjustment in the Utility Allowance applicable to any of the Contract Units, the Owner shall promptly make a corresponding adjustment in the amount of tenant payment to be paid by the affected Families and the amount of project rental assistance payments.

(e) Processing of Applications and Complaints. The Owner s hall process applications for admission, notifications to applicants, and complaints by applicants in accordance with applicable HUD regulations and requirements and shall maintain records and furnish such copies or other information as may be required by HUD.

(f) Reviews; Incorrect Payments. In making project rental assistance payments to Owners, HUD will review the Owner's determinations under this section. If, as a result of this review or other reviews, audits or information received by HUD at any time, it is determined that the Owner has received improper or excessive assistance payments, HUD shall have the right to deduct the amount of such overpayments from any amounts otherwise due the Owner, or otherwise effect recovery.

2.9 Termination of Tenancy or Project Rental Assistance by the Owner.

The Owner agrees not to terminate any tenancy of or assistance on behalf of an assisted Family except in accordance with all HUD regulations and other requirements in effect at the time of the termination, and any State and loc al l aw. Terminations of tenancy are subject to 24 CFR Part 247.

2.10 Nondiscrimination.

The Owner shall comply with:

(a) The requirements of the Fair Housing Act (42 U .S.C. 3601-19) and its implementing regulations at 24 CFR Part 100; Executive Order No 11063 (Equal Opportunity in Housing) and implementing regulations at 24 CFR Part 107; and Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d)(Nondiscrimination in Federally Assisted Programs.) and implementing regulations at 24 CFR Part 1;

(b) The prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101-07) and implementing regulations at 24 CFR Part 146, and the prohibitions against discrimination against otherwise

qualified individuals with handicaps under section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR Part 8.

(c) The requirements of Executive Order No. 11246 (Equal Employment Opportunity) and the regulations issued under the Order at 41 CFR Chapter 60;

(d) The requirements of section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) (Employment Opportunities for Lower Income Persons in Connection with Assisted Projects) and the implementing regulations at 24 CFR Part 135;

(e) The requirements of Executive Order Nos. 11625, 12432, and 12138 (Minority and Women's Business Enterprises);

(f) The affirmative fair housing marketing requirements of 24 CFR Part 200, Subpart M and the implementing regulations at 24 CFR Part 108;

(g) The fair housing advertising and poster guidelines, 24 CFR Parts 109 and I 10; and

(h) The civil rights and Equal Opportunity reporting requirements at 24 CFR Part 885.940(f).

2.11 Cooperation in Equal Opportunity Reviews.

The Owner agrees to cooperate with HUD in conducting monitoring and compliance reviews and complaint investigations pursuant to or permitted by all applicable civil rights statutes and regulations, Executive Orders, and civil rights related program requirements.

2.12 National Environmental Policy Act.

The Owner agrees to comply with all applicable requirements under the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321 et seq .) and HUD regulation 24 CFR Part 50 including the related environmental laws, Executive Orders and HUD standards in 24 CFR 50.4

2.13 Flood Disaster Protection Act.

If the Project is located in an area that has been identified by the Director of the Federal Emergency Management Agency as an area having special flood hazards and if the sale of flood insurance has been made available under the National Flood Insurance Act of 1968, the Owner agrees that it will obtain coverage of the Project, during its anticipated economic or useful life, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the maximum limit of cover age made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less.

2.14 Clean Air Act and Federal Water Pollution Control Act.

In compliance with 'regulations issued by th e Environmental Protection Agency (EPA), 40 CFR, Part 15 , pursuant to the Clean Air Act, as amended ("Air Act"), 42 U.S.C. 7401, et seq., the Federal Water Pollution Control Act, as amended ("Water Act"), 33 U.S.C. 1251, et seq. , and Executive Order 1173, the Owner agrees:

(a) Not to utilize any facility in the performance of this Contract or any nonexempt subcontractor which is listed on the EPA List of Violating Facilities pursuant to Part 15 of the regulations for the duration of time that the facility remains on the list.

(b) Promptly to notify HUD of the receipt of any communication from the EPA indicating that a facility to be utilized for this Contract is under consideration to be listed on the EPA List of Violating Facilities;

(c) To comply with all the requirements of section 1 14 of the Air Act and section 308 of the Water Act relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in section 114 of the Air Act and section 308 of the Water Act, and all regulations and guidelines issued thereunder; and

(d) To include or cause to be included the provisions of this Contract in every nonexempt subcontract and take such action as HUD may direct as a means of enforcing such provisions.

2.15 Displacement and Relocation Assistance.

The Owner agrees to comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 460 1) as amended by the Uniform Relocation Assistance Amendments of 1987, Title IV of the Surface Transportation and Uniform Relocation Assistance Act of 1987 (Pub. L. 100- 17, approved April 2,1987) (URA) and government-wide implementing regulations at 49 CFR Part 24 which set forth relocation assistance requirements that apply to the displacement of any person (family , individual, business, nonprofit organization or farm) as a direct result of acquisition, rehabilitation or demolition for a project assisted under this part.

2.16 Lead-Based Paint.

The Owner agrees to comply with requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 48214846) and implementing regulation at 24 CFR Part 3 5 to the extent they are applicable to housing under the Contract.

2.17 Lobbying.

The Owner agrees to comply with the prohibitions against lobbying the Executive or Legislative Branches of the Federal Government contained in Pub. L. 101-121 (31 USC 1352) and implementing regulations at 24 CFR Part 87.

2.18 Reports and Access to Premises and Records.

(a) The Owner shall furnish any information and reports pertinent to this Contract as reasonably may be required from time to time by HUD.

(b) The Owner shall permit H UD or its duly authorized representatives to have access to the premises and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the Owner that are pertinent to compliance with this Contract, including the verification of information pertinent to project rental assistance payments.

2.19 Disputes.

Any dispute concerning a question of fact arising under this Contract which cannot be resolved by agreement between the HUD Field Office and the Owner may be submitted by the Owner to the HUD Secretary or a designee. Both parties shall proceed diligently with the performance of this Contract and in accordance with the Field Office's decision, pending resolution of the appeal.

2.20 Conflicts of Interest.

Officers, directors, stockholders and authorized representatives of the Owner may not have any financial interest in any contract in connection with the rendition of services, the provision of goods or supplies, project management, procurement of furnishings or equipment, construction of the project, procurement of the site, or other matters related to development and operation of the project.

2.21 Interest of Member of or Delegate to Congress.

No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of this Contract or to any benefits which may arise from it.

2.22 Assignment, Sale or Foreclosure.

(a) The Owner agrees that it has not made and will not make any sale, assignment, or conveyance or transfer in any fashion, of this Contract, the Agreement, or the project or any part of them or any of its Interest in them, without the prior written consent of HUD.

(b) The Owner agrees to notify H UD promptly of an y proposed action covered by paragraph (a) of this section and further agrees to request HUD's prior written consent.

(c) Except where otherwise approved by HUD, this Contract and the Agreement shall continue in effect and project rental assistance payments will continue in accordance with the terms of this Contract in the event:

(1) of assignment, sale or other disposition of the project, this Contract or the Agreement,

(2) of foreclosure, including foreclosure by HUD.

(3) of assignments of the mortgage or deed in lieu of foreclosure,

(4) HUD takes over possession, operation or ownership,

(5) of transfer to another nonprofit owner.

2.23 Defaults by Owner.

(a) Rights of HUD If Owner Defaults under Contract.

(1) Events of Default. A default by the Owner under this Contract shall result if-

(i) The Owner has violated or failed to comply with any provision of, or obligation under, this Contract or of any Lease, including failure to correct any deficiencies identified by HUD in connection with any annual or other inspection; or

(ii) The Owner has asserted or demonstrated an intention not to perform some or all of its obligations under this Contract or under any Lease; or

(iii)The Owner has violated or failed to comply with the regulations for the Section 202 or Section 811 program, with the HUD mortgage, or with the regulatory agreement; or the Owner has filed any false statement or misrepresentation with HUD in connection with the capital advance.

(2) HUD Determination of Default. Upon a determination by HUD that a default has occurred, HUD shall notify the Owner of-

(i) The nature of the default,

(ii) The actions required to be taken and the remedies to be applied on account of the default (including actions by the Owner to cure the default), and

(iii) Th e time within which the Owner shall respond with a showing that all the required actions have been taken. If the Owner fails to respond or take action to the satisfaction of HUD, HUD shall have the right to take corrective action to achieve compliance in accordance with paragraph (3) of this section or to terminate this Contract, in whole or in part, or to take other corrective action to achieve compliance in its discretion.

(3) Corrective Actions. Pursuant to paragraph (a)(2) of this section HUD, in its discretion may take the following corrective actions:

(i) Take possession of the project, bring any action necessary to enforce any rights of the Owner growing out of the project operation, and operate the project in accordance with the terms of this Contract until such time as HUD determines that the Owner is again in a position to operate the project in accordance with this Contract. If HUD takes possession, project rental assistance payments shall continue in accordance with this Contract.

(ii) Collect all tenant payments and charges in connection with the operation of the project and use these funds to pay the necessary expenses of preserving the property and operating the project and to pay the Owner's obligations under the note and mortgage or other capital advance documents.

(iii) Apply to any court, State or Federal, for specific performance of this Contract, for an injunction against any violation of the Contract, for the appointment o f a receiver to take over and operate the project in accordance with the Contract, or for such other relief as may be appropriate. These remedies are appropriate since the injury to HUD arising from a default under any of the terms of this Contract could be irreparable and the amount of damage would be difficult to ascertain.

(iv) Reduce or suspend project rental assistance payments.

(v) Transfer to another nonprofit owner.

(vi) Recover any overpayments.

(b) Remedies Not Exclusive and Non-Waiver of Remedies. The availability of any remedy under this Contract, shall not preclude the exercise of any other remedy under this Contract or under any provisions of 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 constitute a waiver of the right to exercise that or any other right or remedy at any time.

Amendment to the Project Rental Assistance Contract:

Amendment No.	PRAC Contract No.	HUD Project No.

This Contract, entered into by and between the United States Of America acting through the Department of Housing and Urban Development ("Government") and ("Owner")

Witness:
In consideration of the mutual benefit to each of the aforesaid parties, the Project Rental Assistance Payments Contract executed by the Owner on , and by the Government on shall be and the same is hereby amended as follows:

Except as herein amended, the said Contract remains in full force and effect.

In Witness Whereof, the parties hereto have executed this Contract in five original counterparts.

United States of America **Secretary of Housing and Urban Development**	**Owner**
By	**By**
Name	**Name**
Official Title	**Official Title**
Date	**Date**

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information collection is necessary to ensure that viable projects are developed. It is important to obtain information from applicants to assist HUD in determining if nonprofit organizations initially funded continue to have the financial and administrative capacity needed to develop a project and that the project design meets the needs of the residents. The Department will use this information to determine if the project meets statutory requirements with respect to the development and operation of the project, as well as ensuring the continued marketability of the projects. This information is required in order to obtain benefits. This information is considered non-sensitive and no assurance of confidentiality is provided.