**`U.S. Department of Housing and Urban Development**

**Office of Housing**

**PROJECT-BASED SECTION 8 HOUSING ASSISTANCE PAYMENTS**

***Addendum to Project Based Section 8 Housing Assistance Payments Contract for Green and Resilient Retrofit Program (GRRP)***

**RECITALS**

1. The Owner is party to a Section 8 Housing Assistance Payments Contract (the “HAP contract”), authorized under section 8 of the United States Housing Act of 1937 (“Act”), 42 U.S.C. § 1437f, with the contract administrator (HUD, or a public housing agency (‘PHA”) acting under an annual contributions contract (“ACC”) with HUD). The HAP contract may have been renewed under a contract (“the Renewal Contract”) or under successive Renewal Contracts authorized under the Multifamily Assisted Housing Reform and Affordability Act of 1997, 42 U.S.C. § 1437f note. The term “HAP Contract,” as used in this addendum, means either the Original HAP Contract or the Renewal Contract in effect on the effective date of this addendum, including any amendments and exhibits thereto.
2. The Owner has been selected for an Elements Award, Comprehensive Award or a Leading Edge Award under the Green and Resilient Retrofit Program (GRRP), authorized under Section 30002 of the Inflation Reduction Act of 2022, (Public Law 117-169), pursuant to the terms of a Notice of Funding Opportunity.
3. HUD has reviewed and accepted the Elements Closing Package, Leading Edge Transaction Plan or Comprehensive Transaction Plan.
4. The Owner has executed the Legal Documents required by HUD for participation in the GRRP in accordance with the GRRP Notice.

**AMENDMENT**

As a result of the foregoing recitals, the HAP Contract is amended to include the following provisions:

1. **Compliance with applicable Federal statutes and regulations, as amended from time to time**. The Owner shall comply with all applicable Federal statutes and regulations, as amended from time to time, including all applicable regulations in 24 C.F.R. part 5, as amended from time to time, including without limitation the following:

1. 2 C.F.R. part 200 (“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”);

2. 24 C.F.R. § 5.107 (“Audit Requirements for Non-Profit Organizations”);

3. 24 C.F.R. part 5 subpart G (“Physical Condition Standards and Inspection Requirements”);

4. 24 C.F.R. part 5 subpart H (“Uniform Financial Reporting Standards”); and 5. 24 C.F.R. part 200 subpart P (“Physical Condition of Multifamily Properties”).

**B**. **Annual financial reports.** Notwithstanding anything to the contrary in the HAP Contract, including any previous amendment to the HAP Contract, the Owner shall comply with the following provisions:

1. Within ninety (90) days, or such period established in writing by HUD, following the end of each fiscal year, Owner shall prepare a financial report for the Owner’s fiscal year, or the portion thereof that started with the Owner’s assumption of the HAP Contract, based on an examination of the books and records of the Owner in accordance with generally accepted accounting principles and in such other form and substance as specified by HUD in supplemental guidance, and provide such report to the Contract Administrator and HUD (if a PHA is the Contract Administrator) in such form, substance, and manner as may be specified by HUD under the Uniform Financial Reporting Standards at 24 C.F.R. § 5.801 (“UFRS”), or any successor regulations.

2. Unless specifically waived or modified by HUD or to the extent otherwise exempt, Owner shall: (a) engage an independent, licensed Certified Public Accountant (“CPA”) to audit the Owner’s annual financial report and to produce an audit report in accordance with both Generally Accepted Government Auditing Standards and Generally Accepted Auditing Standards; (b) engage an independent, licensed CPA to perform an agreed-upon procedure, in accordance with the American Institute of Certified Public Accountants Statement on Standards for Attestation Engagements, to compare the financial data template information submitted electronically by the Owner to HUD against the annual financial report examined by, and the audit report prepared by, the independent, licensed CPA, and report any variances to HUD; and (c) furnish to the Contract Administrator and HUD (if a PHA is the Contract Administrator) the audit report, and any other reports relating to the annual financial report or the audit report as required by HUD, by such means and in such form, substance, and manner as may be specified by HUD under UFRS, or any successor regulations.

3. To the extent certain non-profit Owners’ requirement to submit annual financial reports may be waived or modified by HUD, or such Owners may otherwise be exempt from compliance, such waiver, modification, or exemption shall not be construed to relieve Owner of any requirements of this provision, except for those requirements specifically waived, modified, or exempt from. 4. If Owner fails to perform as required pursuant to this provision, the Contract Administrator or HUD (if a PHA is the Contract Administrator) may, at its sole election, and in a manner determined by HUD, and without affecting any other provisions herein, and after first providing notice of default of the HAP Contract to the Owner, initiate or cause to be initiated a forensic audit of the Owner’s books, records, and accounts in such a manner as to provide to the Contract Administrator and HUD (if a PHA is the Contract Administrator) with as much of the same information that would have been provided had the Owner not failed to perform as required. Any such audit initiated by the Contract Administrator or HUD does not relieve Owner of the requirement to submit to the Contract Administrator and HUD (if a PHA is the Contract Administrator) an annual audited financial report as required pursuant to this provision.

**C.** **Physical Condition and Occupancy Reports.** The Owner will provide the Secretary with an annual certification that: 1) the unit meets HUD's physical inspection standards contained in 24 CFR Part 5, Subpart G, Physical Condition Standards and Inspection Requirements; 2) tenant income meets the income restrictions as set out in this Agreement; and 3) eligible tenants are paying rent for the units that is no more than the applicable occupancy income requirements. A supplemental certification will be provided when a family moves or a new unit is substituted.

An event of default by the owner will include any of the following:

a. Failure to provide an annual certification as required by the above paragraph.

b. Failure to provide a supplemental certification as required by the above paragraph.

c. Failure to submit the annual report as required by the above paragraph, or submission of an annual report that contains inaccurate information.

d. Failure to charge income eligible residents occupying affordable housing units an amount that is within the monthly affordable rent limits.

Upon an event of default and the owner's failure to take corrective action to the Secretary’s satisfaction, the Owner agrees to provide the Secretary with liquidated damages. The liquidated damages shall be in an amount no less than $1,000 per violation per unit. Such liquidated damages shall be levied every three months commencing with the end of the corrective period until compliance is achieved. In the event of a default under part d, the liquidated damages will be calculated monthly and will be equal to the amount by which the rent actually charged in any month for any affordable housing unit exceeds the monthly affordable housing rent for that unit.

The Secretary may seek any other legal or equitable remedy, including but not limited to, specific performance, in addition to liquidated damages.”

**D. Management and Maintenance of the Project**.

a. The Owner shall provide for the management of the Project in a manner satisfactory to the Secretary. Any management contract entered into by the Owner involving the Project shall contain a provision that it shall be subject to termination, without penalty and with or without cause, upon written request by the Secretary addressed to the Owner. Upon receipt of such request the Owner shall immediately terminate the contract within a period of not more than thirty days and shall make arrangements satisfactory to the Secretary for continuing proper management of the Project.

b. The Owner agrees that the Project shall be covered at all times by commercially available property and liability insurance to protect the Project from financial loss.  To the extent insurance proceeds permit, and if determined feasible by the first mortgage lender, the Owner agrees to promptly restore, reconstruct, and/or repair any damaged or destroyed property of a Project.  If the first mortgage lender determines restoration is infeasible, the first mortgage lender shall consult with HUD prior to the first mortgage lender determining the application of insurance proceeds.

c. The books and records, documents and other papers relating to the financial condition of the Project, shall at all times be maintained in accordance with Generally Accepted Accounting Principles which can be subjected to an audit performed in accordance with Generally Accepted Auditing Standards and shall be subject to examination and inspection at any reasonable time by the Secretary or his duly authorized agents. The Owner shall keep copies of all written contracts or other instruments that affect the Project, all or any of which may be subject to inspection and examination by the Secretary or his agents.”

SIGNATURES

**Contract Administrator**

Name of Contract Administrator (Print)

By:

Signature of authorized representative

Name and official title (Print)

Date

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

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