

Subsidized

U. S. Department of Housing and Urban Development
Multifamily Property Disposition
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102

FORECLOSURE SALE

The following property is offered for sale at foreclosure in the manner specified below:

Name: Robin Ridge Apartments

Address: 244 Ford Street, #21, Robbinsville, North Carolina 28771-9556

No. of Units/Type: 20 one-bedroom units, (1)single story and (1) two story buiding, elderly housing

Subsidized/#Unsubsidized Units: 20 one-bedroom units

Use Restrictions/Conditions of Foreclosure Sale:

Foreclosure Sale Use Agreement with the following Riders attached: 1)Enforcement; 2) Two Year Rent Protection For Pre-Existing Very Low Income Tenants; 3)Non-Discrimination Against Section 8 Holders; 4)Repair and Rehab Rider requires \$483,840.00 in capital improvements; 5)Relocation Rider; 6)Rider of 24 CFR Part 5 Physical Conditions 7) Rider of Projects Primarily Occupied by the Elderly,8) Rider for the Project Based Section 8 Assistance

Special Conditions/Announcements:

Section 8 HAP Contract covering the 20 one -bedroom units and the property is occupied with elderly tenants.

Robin Ridge Open House Date

Wednesday, June 25, 2025, 10:00 A.M. - 1:00 P.M.

Written bids will be accepted no later than **two (2) business days** prior to the date of the Foreclosure Sale. Mail bids to: 504 Autumn Springs Court Suite 26 Franklin, TN 37067

by July 31st 2025, at 11:00 A.M. (local time).

Oral Bids will be accepted **on the day** of the foreclosure. The Foreclosure Sale will commence promptly at: 11:00 A.M. (local time) on August 4th 2025,

located at: Graham County Courthouse 12 Court Street Robbinsville, NC 28771

Realty Specialist Contact Information:

Dedra A. Harris
Multifamily Property Disposition, 6AHMLAT
307 W. 7th Street, Suite 1000
Fort Worth, Texas 76102
dedra.a.harris@hud.gov
817-978-5480

INVITATION TO BID

Consistent with and subject to the terms and conditions herein, there is an opportunity to make an offer to purchase the Project, more particularly described below. This document, titled Invitation to Bid, sometimes referred to herein as the “Invitation,” and commonly known as the “Bid Kit,” sets forth the terms and conditions for the submission of a bid to acquire the Project at the foreclosure sale of the Project. This Invitation also includes information concerning Previous Participation Certification requirements, terms, conditions, and a list of the forms necessary to submit a complete, responsive bid.

DEFINITIONS

1. *Act*: The Multifamily Mortgage Foreclosure Act, 12 U.S.C. §3701-17, as amended.
2. *Acknowledgment*: The contract executed at the Foreclosure Sale by the High Bidder, obligating the High Bidder to the terms and conditions of the Foreclosure Sale. The form is attached to this Invitation as Attachment A.
3. *Affiliate*: An individual or entity as defined in 2 C.F.R. §180.905 - Affiliate. An individual or entity is an affiliate of each other if, directly or indirectly, when either one controls or has the power to control the other or a third person controls or has the power to control both. The ways HUD may determine control include, but are not limited to, (a) interlocking management or ownership; (b) identity of interests among family members; (c) shared facilities and equipment; (d) common use of employees; or (e) a business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person. Affiliates of the defaulting borrower are prohibited from being the High Bidder.
4. *Approved High Bidder*: The High Bidder who, after the Foreclosure Sale, submits the Post-Bid Documents, demonstrates its eligibility to purchase the Property, and is approved by HUD to proceed to Closing.
5. *Balance*: The amount of money the High Bidder must pay at Closing. Balance is calculated by taking the High Bid amount less the Earnest Money Deposit plus all initial deposits to escrows and/or reserve accounts HUD may require as a condition of sale, less the proration of any Extension Fees and any outstanding encumbrance that survived the Foreclosure. Funds shall be paid only in the form of certified funds or cashier’s check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
6. *Bidder*: An individual or entity that meets the eligibility requirement of this Invitation and registers with the Foreclosure Commissioner.
7. *Bid*: A legal offer from a Bidder of a certain amount to purchase the Property, submitted to the Foreclosure Commissioner either; (1) in writing two business days prior to the sale, or (2) orally during the Foreclosure Sale. No offers submitted via email, facsimile, orally to HUD staff prior to, during, or after the Foreclosure Sale will be considered valid bids.

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8. *Closing*: The date where the obligations of HUD and the High Bidder outlined in the Acknowledgment are completed, including the transfer of title to the Property and the personal property to the High Bidder, which shall take place at a time specified by HUD.
9. *Controlling Participants*: Any individual and entity HUD determines to exercise financial or operational control over the owner, operator, borrower, management agent, landlord, construction manager, and general contractor. See 24 CFR §200.212 and §200.216.
10. *Earnest Money Deposit*: The amount identified in Section III, Subsection 4, that a Bidder must provide during the Foreclosure Sale to be eligible to submit a Bid.
11. *Electronic Registration*: Electronic Registration refers to the Business Partner Registration system HUD uses to register all new partners we do business with. Through this system, a partner can register to do business with HUD, submit their Form HUD 2530, and obtain a WASS User ID to enable the processing and receipt of subsidies, including Section 8 vouchers for relocations. Please refer to Section II for additional information for Electronic Registration.
12. *Extension Fees*: A fee HUD assesses when the High Bidder requests an Extension Period for Closing. If authorized, the Approved High Bidder must pay for the entire Extension Period, the amount of which HUD determines, consistent with current policies and procedures
13. *Extension Period*: An additional thirty (30) calendar day period that HUD may give for the Closing to occur.
14. *Foreclosure Commissioner*: An individual or entity HUD designates to conduct the Foreclosure Sale, pursuant to 12 U.S.C. §3704 and 24 C.F.R. §27.10. A Foreclosure Commissioner is designated for each sale due to varying circumstances.
15. *Foreclosure Deed*: A deed without warranty that gives the High Bidder title to the Property. Form of the deed must comply with the Act.
16. *Foreclosure Sale*: Sale of the Property pursuant to 12 U.S.C. §3710.
17. *Grantee*: Also known as the successful High Bidder, the buyer, or the new Owner.
18. *High Bid*: The highest responsive bid amount received by the Foreclosure Commissioner at the
19. *High Bidder*: The bidder at Foreclosure Sale that submits the highest responsive bid amount to the Foreclosure Commissioner.
20. *Invitation*: This Invitation to Bid including all the accompanying exhibits, sets forth the terms and conditions of the sale of the Property at the Foreclosure Sale and includes information about the documents and actions necessary to submit a complete and responsive bid and for HUD to approve a bidder as qualified.
21. *Letter of Credit (LOC)*: A document issued by a bank authorizing the bearer to draw a certain amount of money to cover repairs the bearer is contractually obligated to make.
22. *Owner*: The individual or entity that owns the Property after Closing. The terms Owner, High Bidder, and Approved High Bidder often refer to the same individual or entity but are used separately to designate the role at various times during the Foreclosure Sale process.
23. *Project Rental Assistance Contract (PRAC)*: A PRAC is a type of subsidy contract assigned by HUD to the High Bidder setting forth the rights and duties of the parties with respect to the project and the subsidy payments under the PRAC.

24. *Previous Participation Certification*: This Certification is also referred to its form number, Form HUD-2530 or e-2530, is required pursuant to HUD Notice H 2016-15 Processing Guide for Previous Participation Reviews of Prospective Multifamily Housing and Healthcare Programs' Participants. It's used to disclose current and previous property ownership and management experience to HUD. Any Controlling Participant who is engaged to do business with HUD is required to submit this form, either electronically or paper copy, and receive an approval prior to conducting business with HUD.
25. *Post-Bid Documents*: All documents, statements, and forms listed in the Invitation that must be submitted by the High Bidder and its principals and management company, if any, in order to be considered for HUD-approval.
26. *Post-Closing Repairs*: All HUD-required repair and/or rehabilitation work that the Approved High Bidder/Owner must perform after Closing in a workmanlike manner, and compliant with state and local codes, laws, ordinances, regulations, and HUD's Physical Condition Standards found in 24 C.F.R. § 5.703. If Post-Closing Repairs are required, this information will be disclosed in the attachments to this Invitation, with a list of HUD-required repairs on Form HUD-9552. HUD has estimated the cost of these repairs. Actual costs ultimately incurred by the Approved High Bidder/Owner may be more or less than the estimates.
27. *Principal*: (a) an officer, director, owner, partner, principal investigator, or other person within an entity with management or supervisory responsibilities related to a covered transaction; or (b) a consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) is in a position to handle Federal funds; (2) is in a position to influence or control the use of those funds; or, (3) occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction; or (c) a person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. For a complete definition, see 2 C.F.R. §180.995 – Principal, as supplemented by 2 C.F.R. §2424.995.
28. *Property (aka Project)*: The multifamily housing property for sale in this Invitation and all real and personal property appurtenant thereto.
29. *Property Summary*: Exhibit C to the Invitation that contains summarized information about the Property and contact information for the Realty Specialist. The information contained therein is intended to help Bidders perform due diligence and is the extent of information that HUD will give about the Property.
30. *Realty Specialist*: HUD staff member, identified on the cover page and the Property Summary, who can be contacted concerning the Property or the Foreclosure Sale.
31. *Second High Bidder*: The responsive Bidder with the second highest Bid at the Foreclosure Sale. If sale to the High Bidder is not completed, HUD may contact the Second High Bidder to accept its Bid.
32. *Use Agreement*: The Foreclosure Sale Use Agreement, if applicable, will be attached to this Invitation. The Approved High Bidder will execute at Closing, and which will run with the land to bind the Owner and any permitted successors and assigns, to purchase and/or manage the Property. This may be an addition to any deed restrictions.

SECTION I: INTRODUCTIONS AND GENERAL INFORMATION

1. *All Cash, As-Is Sale*: The Foreclosure Sale is an “All Cash, As-Is” sale. All Bidders are expected to perform their own due diligence to reach 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 on the valuation of the Property. While HUD has exercised care to provide accurate information, all information provided herein is solely for interested Bidders to determine whether or not the Property is of such type and general character to purchase. HUD makes no warranty as to the accuracy of this information. A Bidder’s failure to be fully informed as to the conditions of the Property, including its value, or any conditions of the Foreclosure Sale do not constitute ground for any claim or demand against HUD or the adjustment or withdrawal of any Bid, including the High Bid. HUD shall consider all Bids to have been made with full knowledge of the terms, conditions, and requirements contained in this Invitation.
2. *Contingencies*: HUD will not consider Bids that are contingent upon a Bidder obtaining financing to purchase the Property or any other contingency. By signing the Acknowledgment, the High Bidder represents that its High Bid is assured.
3. *Modification to the Invitation*: Any oral modification by any HUD representative that changes or supplements this Invitation, or any conditions hereof, is unauthorized, unenforceable, and shall confer no right upon a Bidder, including the Approved High Bidder. All modifications to the Invitation will be in writing.
4. *Bid Acceptance or Rejection*: At any time prior to Closing and upon its sole discretion, HUD reserves the right to reject any and all Bids, and to reject the Bid of any Bidder HUD determines is ineligible, lacks the experience, ability, or financial responsibility necessary to own and manage the Property in a manner acceptable to HUD.
5. *Cancellation of Sale*: HUD reserves the unconditional right to cancel this Invitation and reject any and all Bids at any time prior to Closing without recourse to HUD. HUD is not liable for any expenses incurred by a Bidder or its related parties.

SECTION II: PRIOR TO THE FORECLOSURE SALE

1. *General*: In accordance with the intent of the National Housing Act, participants of HUD's housing programs must be responsible individuals and organizations who honor their legal, financial, and contractual obligations. HUD will review and approve the Previous Participation Certification of High Bidder’s Controlling Participants before Closing.
2. *Due Diligence*: Interested parties, their agents, and advisors should carefully review the information in this Invitation and any additional information HUD makes available prior to the Foreclosure Sale. As a general policy, HUD will not release the most current financial information for the Property other than what has been disclosed in this Invitation and the Property Summary. Bidders should undertake their own investigation to evaluate the Property and independently assess the benefits and risks associated with the Property. Bidders should be confident in their Bid amount and be prepared to follow through Closing. HUD will not negotiate to reduce any Bid amount after accepted at the Foreclosure Sale.

3. *Bidders Pre-Foreclosure Sale Conference Call*: HUD may decide to hold a conference call for all interested parties prior to the Foreclosure Sale. If a call is scheduled, information will be found on the Property Disposition website. On the call, HUD will discuss the Invitation, review the rules of the Foreclosure Sale, provide updates on the Property, and answer any questions interested parties may have. Following the conference call, all questions and answers will be posted to the same website to ensure that all interested parties receive the same information.
4. *Site Visit*: To give interested parties additional information and view portions of the Property, HUD may choose to conduct an Open House or a Virtual Tour. If a tour is available, information will be found on the Property Disposition website. HUD is not always in a position to provide a tour prior to a Foreclosure Sale. If an in-person tour is scheduled, a HUD representative will be present to walk through the Property. HUD will establish the scope of the site visit. Not all areas of the Property may be available for viewing. HUD will not accept Bids, nor provide information outside of this bid kit, during a Site Visit.
5. *Electronic Registration*: Registration in HUD's Business Partner Registration prior to the Foreclosure Sale is not mandatory to submit a Bid. **However, Electronic Registration will be required before Closing.** A Bidder may complete this step prior to the Foreclosure Sale to reduce the amount of time between the Foreclosure Sale and Closing. HUD can take up to two (2) weeks to process registration requests. While the High Bidder is the only Bidder required to complete the Previous Participation Certification (e-2530), every Bidder may register in the event they become the High Bidder.
 - a. If a Bidder **has not previously conducted business with HUD**, the Bidder must first register with HUD's Secure Systems before submitting a Previous Participation Certification (e-2530) application. The Bidder should follow these steps:
 - i. A Bidder accesses HUD's [Business Partner Registration](#) to register a new entity with HUD. The buyer then waits twenty-four (24) hours to access the Secure Systems [Coordinator or User Registration link](#) to complete the registration for the individual that will have access to Secure Systems. The applicant will receive a Coordinator/User ID within two (2) weeks. With these credentials, a Bidder can complete the required Previous Participation Certification (e-2530) in the next step.
 - ii. A Bidder then completes a Previous Participation Certification (e-2530) application in HUD's single sign-on page then select [Active Partners Performance System \(APPS\)](#).
 - b. Bidders that **have previously conducted business with HUD** can complete the Previous Participation Certification (e-2530) application prior to the Foreclosure Sale by accessing [Active Partners Performance System \(APPS\)](#).
6. *Questions*: Please direct questions related to this Invitation and the Foreclosure Sale to the Realty Specialist identified in the Property Summary, after you have read this packet in its entirety. The Realty Specialist cannot provide information other than information in this Bid Kit or information posted on the Property Disposition Website.

SECTION III: DURING THE FORECLOSURE SALE – REGISTERING AS A BIDDER AND SUBMITTING BIDS

1. *General:* The Foreclosure Sale is an oral, open bid sale that takes place at the date, time, and place as shown on the cover of this Invitation. HUD designated a Foreclosure Commissioner to conduct the Foreclosure Sale. The Foreclosure Commissioner is empowered with the authority to conduct the Foreclosure Sale in an appropriate manner, using the rules and guidelines herein as the framework for the Foreclosure Sale.
2. *Bidder Eligibility:* Pursuant to 24 CFR §27.20, the defaulting mortgagor or any Principal, successor, Affiliate, or assignee thereof on the multifamily mortgage being foreclosed is not eligible to Bid or otherwise acquire the Property at this foreclosure sale. Additionally, the FHA-lender or any Principal, successor, affiliate, or assignee thereof on the multifamily mortgage being foreclosed is not eligible to Bid or otherwise acquire the Property. To be eligible to bid, each Bidder must be a single-asset private nonprofit organization (as defined in 24 CFR 891.205). The High Bidder will receive, as a condition of sale, project rental assistance payments to operate supportive housing for the elderly as its legal owner. Bidders may be an instrumentality of a public body. The purposes of the Bidder must include the promotion of the welfare of the elderly. Bidders may not be controlled by or be under the direction of persons or firms seeking to derive profit or gain therefrom.
3. *Bidder Enrollment:* At the Foreclosure Sale and prior to the commencement of bidding, a Bidder must enroll with the Foreclosure Commissioner. The Foreclosure Commissioner will ask for the name of the Bidder, the name of the individual representing the Bidder, and the Bidder's address and contact information. The Foreclosure Commissioner will also collect the Bidder's Earnest Money Deposit and assign each enrolling Bidder a unique number. The unique number will be used to identify each Bidder during the Foreclosure Sale. Bidder must present valid evidence of nonprofit existence, including 1) a copy of a 501(c)(3) designation from the Internal Revenue Service, 2) a copy of filed articles of incorporation from the Bidder's state of incorporation, or 3) any other documentary evidence the Bidder is validly existing nonprofit entity. Failure to produce sufficient documentation of nonprofit status will result in the Foreclosure Commissioner not registering a Bidder. The Foreclosure Commissioner will commence the Foreclosure Sale when all Bidders in attendance are enrolled. Enrollment as a Bidder does not mean that Bidder is qualified to purchase the Property.
4. *Earnest Money Deposit:* The Foreclosure Commissioner must receive the Earnest Money Deposit before the Foreclosure Sale commences. The Earnest Money Deposit shall be paid only in the form of certified funds or cashier's check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT. If a Bidder is a financial institution, the Earnest Money Deposit must be drawn from a different financial institution. Deposits will generally be set according to the following schedule:

Project Size	Earnest Money Deposit
200 units or more	\$100,000
100 to 199 units	\$75,000
50-99 units	\$50,000
25-49 units	\$25,000
5-24 units	\$10,000

5. *Bid Requirements:* A responsive Bid must meet all the terms of the Foreclosure Sale. Each Bid shall be firm, unconditional, fixed in an amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a Bid non-responsive. A Bidder must submit a Bid in one of two ways:

- a. *Written Bids:* HUD will only accept a written Bid if received in a sealed envelope and accompanied with the Earnest Money Deposit. The Foreclosure Commissioner must receive a written Bid at least two (2) business days prior to the Foreclosure Sale; the date is stated on the cover page of this Invitation. There is no guarant written Bids received by the Foreclosure Commissioner less than two (2) business days before the Foreclosure Sale will be accepted, even if the bid has the appropriate postmark. No delay will warrant an exception. If a Bidder desires to modify or alter a written bid after the Foreclosure Commissioner accepts, the Bidder must do so in writing at least twelve (12) hours prior to the time the Foreclosure Sale commences.
- b. *Oral Bids:* At the Foreclosure Sale and using the assigned number provided, a Bidder orally states a Bid. Oral Bids can be modified orally up until the Foreclosure Commissioner declares the High Bid.
- c. *Electronic Bids:* HUD will reject and will cause the Foreclosure Commissioner to reject Bids and Bid modifications received through e-mail, facsimile, or other electronic means. Electronic Bids are not valid ids. All Bids must be submitted in accordance with this Invitation.
- d. *Minimum Bid:* If HUD has a minimum Bid amount, HUD will disclose the amount or, as applicable, the presence of an unstated minimum Bid in the Property Summary. If the Property Summary does not identify an amount or unstated minimum, HUD does not have a minimum Bid to purchase the property.
- e. *High Bidder at the Foreclosure Sale:* After reviewing all Bids, the Foreclosure Commissioner concludes the Foreclosure Sale and orally notifies the High Bidder and Second High Bidder of their respective bidding positions. The Property will be sold to the High Bidder. The Foreclosure Commissioner will retain the Earnest Money Deposit for the High Bidder and immediately cause the High Bidder to execute the Acknowledgment. All collected Earnest Money Deposits from the other Bidders will be returned before the Bidder leaves the Foreclosure Sale. The Foreclosure Commissioner will return the Earnest Money Deposits received for written Bids within seven (7) business days.
- f. *Continuance of Offers:* Even though the Earnest Money Deposit is returned to unsuccessful Bidders, HUD considers all received Bids at the Foreclosure Sale as continuing offers until Closing. HUD will keep the contact information of the Second High Bidder in the event that Closing with the High Bidder does not occur. HUD may contact the Second High Bidder to accept the previously submitted Bid.

SECTION IV: AFTER FORECLOSURE SALE AND LEADING UP TO CLOSING

1. *Post-Bid Documents*: The High Bidder must submit the following items to the Realty Specialist within **five (5) business** days of the Foreclosure Sale so HUD can timely complete its review and approval. The Post-Bid Documents must show the High Bidder's capacity to own and operate the Property. Based on the required information and documents set forth below, as well as any additional information independently obtained and verified by HUD, in its sole discretion, HUD will determine whether the High Bidder is eligible, has the requisite experience, qualification, and financial capacity to purchase the Property.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR HUD TO REJECT THE HIGH BID AND RETAIN THE HIGH BIDDER'S EARNEST MONEY DEPOSIT.

- a. Previous Participation Certification (HUD 2530). Submit a Previous Participation Certification for the High Bidder and, if applicable, the intended Management Agent.
 - i. *Electronic Filers*: If the High Bidder already has access to Secure Systems, it can submit an electronic Previous Participation Form (e-2530) through APPS and provide proof of the electronic submission to the Realty Specialist. The High Bidder can print the signature page showing all participants listed, the required certifications, and electronic signatures. If the High Bidder has not previously registered, since there will be insufficient time to file electronically, the High Bidder must submit a paper Previous Participation Certification (HUD 2530).
 - ii. *Paper Filers*: If the High Bidder has not previously registered in APPS, the High Bidder should provide a completed paper HUD 2530 with original signatures. The High Bidder entity must have an established tax identification number (TIN) and each individual must list their social security number (SSN). High Bidder should transmit to HUD using an encrypted file. Additionally, High Bidder should include (1) an organizational chart for the ownership entity that shows each ownership tier, the roles of each controlling participant and each member with more than 25% ownership interest; and, (2) the ownership entity's organizational documents, include Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, Bylaws, Agent Certification, and proof of TIN, as applicable.
- b. Management Agent Application.
 - i. Resume for each Controlling Participant.
 - ii. Management Agent entity's organizational documents including the following, as applicable: Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, By-Laws, Agent Certification, proof of TIN.
 - iii. Management Agent Agreement.
 - iv. Management Agent Entity Profile [Form HUD 9832](#).
 - v. Project Owner's/Management Agent's Certification Form HUD [9839A](#), [9839-B](#) or [9839-C](#), as applicable.

- c. [Affirmative Fair Housing Marketing Plan \(AFHMP\) Form HUD-935.2A](#). Please complete an AFHMP for the property you have purchased.
 - d. Certification of Substantial Compliance. The High Bidder must submit a complete and original Certification of Substantial Compliance, located in the attachments to this Invitation. If HUD determines that properties disclosed by the High Bidder are not in substantial compliance with federal regulations and state and local codes, HUD may reject the High Bidder as not qualified to purchase the Property. The High Bidder may forfeit the Earnest Money Deposit as a result of such determination by HUD.
 - e. Written Statement of Experience. The High Bidder must submit a written Statement of Experience that demonstrates at least five (5) years of experience successfully owning and managing properties similar to the Property. Please do not exceed five (5) pages per property and provide the following information for all properties owned by the High Bidder:
 - i. The location of other owned multifamily properties.
 - ii. The number of units and construction type (garden, walk-up, hi-rise, etc.) for each property.
 - iii. The type of management for each property.
 - iv. Whether the properties have government assistance (e.g. project-based or tenant-based assistance, tax-credit, municipal grants, etc.)
 - v. The physical, economic, and social needs of each property and how the High Bidder has addressed them.
 - vi. The High Bidder's plan to satisfy the conditions of the Foreclosure Sale; implement a sound financial and physical management program for the property; respond to the needs of the tenants; work cooperatively with resident organizations; provide organizational staff and financial resources; provide services, maintenance, and utilities to the Property.
 - f. Personal Financial and Credit Statement. The High Bidder must submit [Form HUD-92417](#) for each proposed Principal of the High Bidder.
2. *Acceptance of High Bid*: HUD does not fully accept the High Bid until the High Bidder all submits Post-Bid Documents, HUD reviews the Post-Bid Documents, and HUD, in its sole discretion, determines the eligibility of the High Bidder. HUD will notify the High Bidder of its determination in writing. Upon HUD's determination that the High Bidder is qualified, the High Bidder will be confirmed as the Approved High Bidder.
3. *Rejection of High Bid*: After review of the Post-Bid Documents, HUD may determine that the High Bidder is not qualified to purchase the Property. HUD may reject the bid due to High Bidder's ineligibility, lack of qualifications, or failure to comply with the Invitation. HUD will notify the High Bidder of this determination in writing, as promptly as possible and generally within thirty (30) days after the Foreclosure Sale. HUD may then contact the Second High Bidder.
4. *Impact on Earnest Money Deposit*:
- a. If HUD accepts the High Bid, the Approved High Bidder's Earnest Money Deposit will be credited toward the Purchase Price.
 - b. If HUD rejects the High Bid because the amount is unacceptable, HUD will refund Earnest Money Deposit will be refunded.
 - c. If HUD determines the High Bidder is not qualified to purchase the Property and the

Bidder has complied with the requirements of this Invitation, HUD will refund the Earnest Money Deposit.

- d. If HUD finds that the High Bidder made misrepresentations or material omissions in its submission, or failed to comply with the Invitation, HUD will keep the Earnest Money Deposit.
5. *Extensions*: The Approved High Bidder may request an additional thirty (30) calendar day period to allow more time for the Closing to occur. A written request clearly stating the reason for the Approved High Bidder's inability to close the sale, by the scheduled Closing date or by the end of any Extension Period, must be received within ten (10) days prior to the Closing date or the end of any Extension Period.
6. *Post Bid Site Visit*: HUD will not grant any High Bidder request to tour, visit, or otherwise have access to the Property prior to closing. To this end, HUD encourages participation in the site visit before the Foreclosure Sale, if available.
7. *Closing Date*: The time and place for the Closing will be determined by HUD. The Closing date will occur within the time specified in the Acknowledgment. HUD reserves the right to extend the Closing date or revise the location.

SECTION V: CLOSING

1. *Conveyance*: In accordance with the Act, HUD will convey the Property to the Approved High Bidder through a Foreclosure Deed. The Foreclosure Deed will not contain any warranties of title. The Foreclosure Deed is not subject to a redemption period by the defaulting owner of the Property. When the Invitation indicates, the Approved High Bidder and HUD will execute the Use Agreement and record as part of the Foreclosure Deed.
2. *Amounts Due at Closing*: The Foreclosure Sale is an all-cash sale. HUD is not offering financing to purchase the Property. At Closing, the Approved High Bidder will pay the Balance. HUD will not proceed with the Closing without acceptable receipt of the Balance, which shall be paid only in the form of certified funds or cashier's check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
3. *Closing Expenses*: HUD will pay all recordation fees for the Foreclosure Deed, and if applicable, the Use Agreement. Irrespective of local custom, the Approved High Bidder shall pay all remaining expenses including, but not limited to, all documentary stamp taxes and any costs incurred in connection with a review of title or title insurance.
4. *Prorations*: Approved High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water, sewer, gas, electric, and any other encumbrances not extinguished by the Foreclosure Sale. These amounts will not be prorated from the High Bid or attributed to the Balance. If HUD received any rental payments from tenants living in the Property on the day of Closing, those rental payments will not be prorated nor credited toward the High Bid or attributed to the Balance.
5. *Extension Fees*: If Approved High Bidder paid Extension Fees and the Closing occurs prior to the expiration of an Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period will be credited toward the Balance at Closing. This is the only amount HUD will prorate.
6. *PRAC Condition of Sale*: To maintain the PRAC at the Property, at Closing, HUD will assign a certain Project Rental Assistance Contract (PRAC) to the High Bidder and the

High Bidder will accept the assignment. Additionally, HUD will assign all rights and duties under the existing Capital Advance Agreement. HUD will exercise its Attorney-in-Fact authority under both the PRAC and Capital Advance Agreement to assign them to the High Bidder. The form Assignment to be executed will be attached herein.

End of Invitation

EXHIBITS AND ATTACHMENTS

- Exhibit 1: Legal Description
Exhibit 2: Property Photos
Exhibit 3: Property Summary

Attachment A: Terms and Requirements of Foreclosure Sale Acknowledgment by Bidder

Attachment B: Reserved

Attachment C: Foreclosure Sale Use Agreement with Riders

Attachment D: Letter of Credit

Attachment E: Post Closing Repairs Requirements

Attachment F: PD HAP Contract

Attachment G: Certificate of Substantial Compliance

Attachment H: Protecting Tenants at Foreclosure Act

Attachment I: Reserved

Attachment J: 24 CFR Part 5 Physical Conditions

Attachment K: Post-Closing Repair Report

Attachment L: DUNS Number and CCR Registration Certificate

Attachment M: Owners Physical Conditions Standards Inspection and Certification

Attachment N: Reserved

Attachment O: Reserved

Attachment P: Reserved

Exhibit 1
Legal Description

Lying and being in Cheoah Township, Graham County, North Carolina, and being Robbinsville Town Lots 146,147,148 and 149, according to a survey map by Kenneth O. Pankow, RLS L-2257, dated May 5, 1982, and being more particularly described as follows:

Beginning on an I. P. on the North Bank of N.C.S.R. 1106, said I.P. being a witness monument to the Southwest Corner of Lot #149 and the Southeast Corner of Lot #150; and runs thence S37 degrees-31' W, 14.00 feet to a point near the North margin of said road; thence runs S68 degrees-10' E 214.95 feet to a point; thence runs S47 degrees-40' E, 33.17 feet to a point near the north margin of said road; said point being the Southeast corner of Lot #146 and Southwest corner of Lot #145; thence runs with the boundary of said lots N37 degrees 31'E, 149.77 feet to a railroad spike set in Depot Street; thence runs N52 degrees-29'W, 240.00 feet to an I.P. set on the south side of Depot Street, said I.P. being the Northwest corner of Lot #149 and Northeast corner of Lot #150; thence runs with the boundary of said lots S37 degrees-31'W, 191.09 feet to the point of beginning.

LEGAL DESCRIPTIONS ARE PROVIDED AS INFORMATION ONLY. INTERESTEPARTIES
MUST ASCERTAIN LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.

Exhibit 2
Property Photos



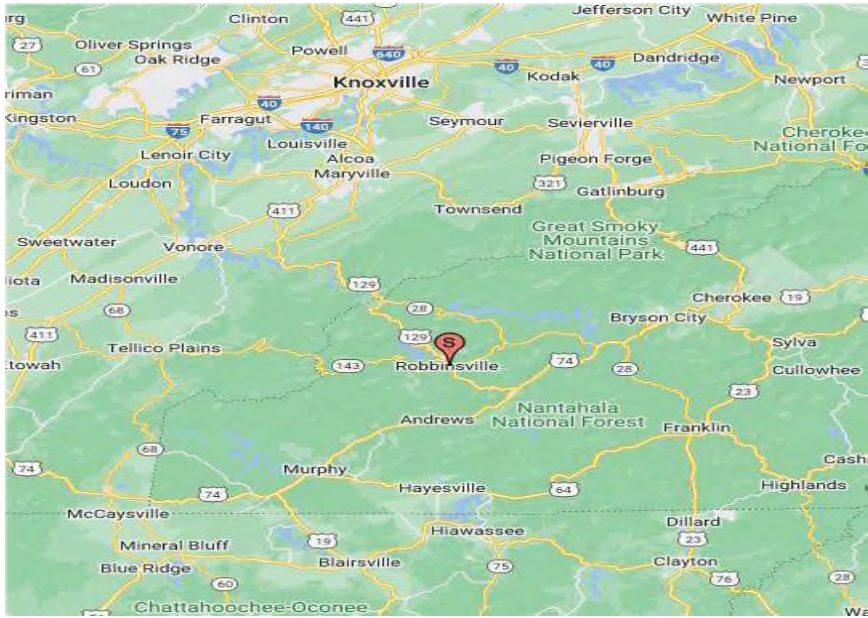
Signage



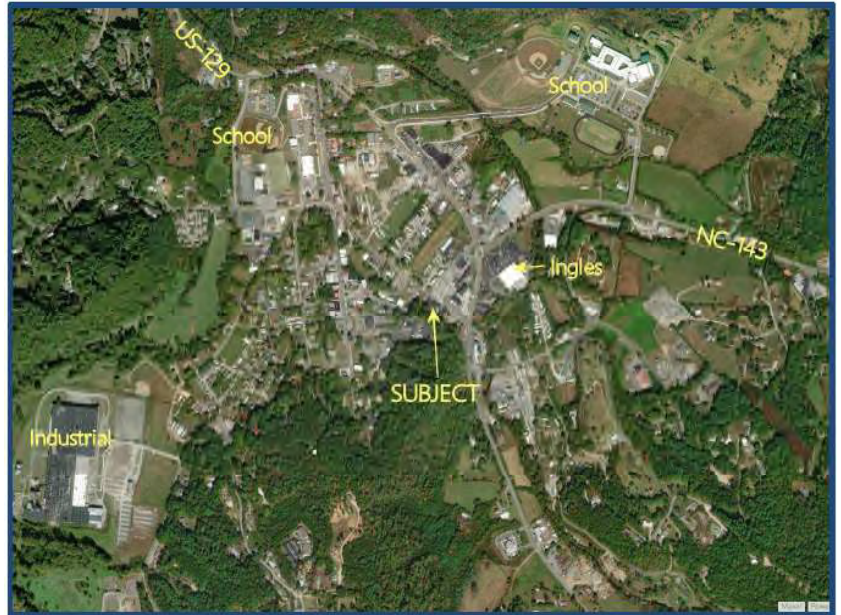
Main Residential Building



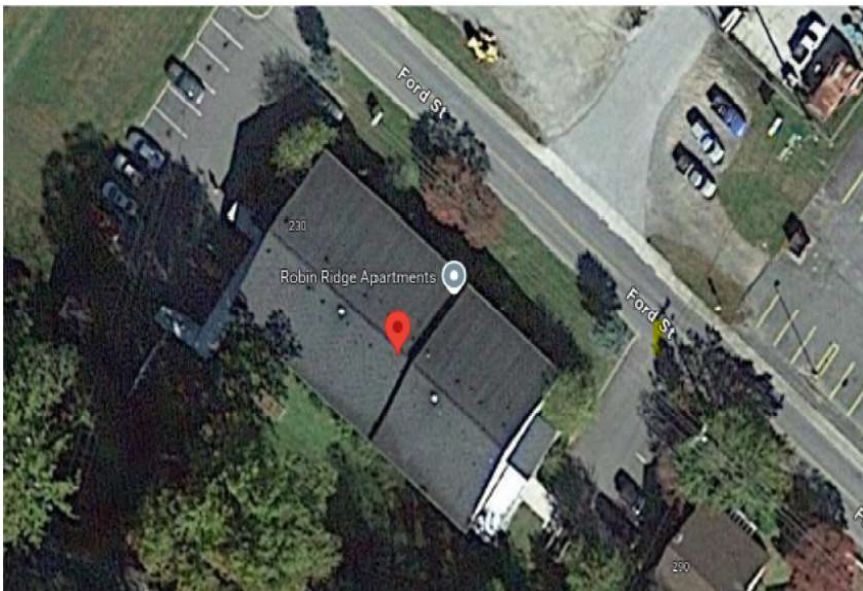
Community Room



Map View



Aerial Map View



Aerial Property View



Exterior Main Building – Southwest Elevation



Community Building – Southeast Elevation



Exterior Main Building - Northwest Elevation



Exterior Main Building - Northeast Elevation



Southeast Parking Lot



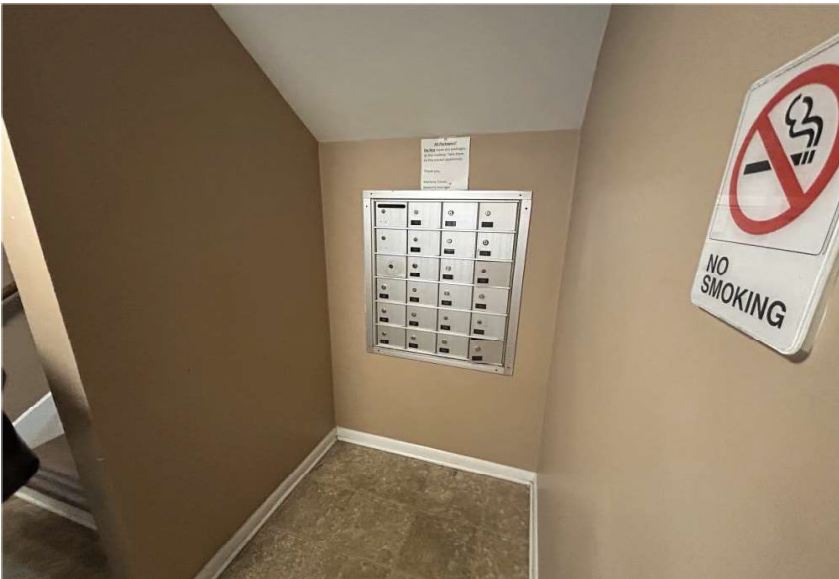
Northwest Parking Lot



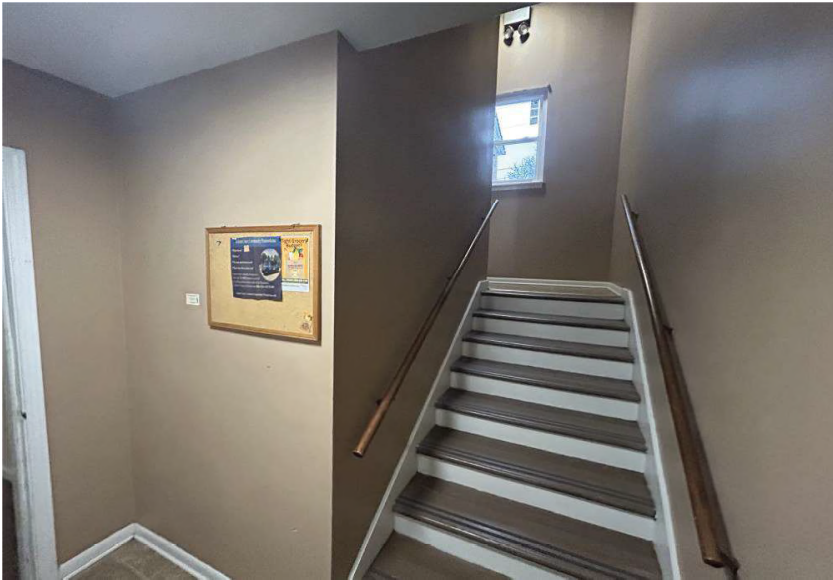
Office and Maintenance Area



Community Laundry Room



Main Building Tenant Mailboxes



Main Building Common Stairway



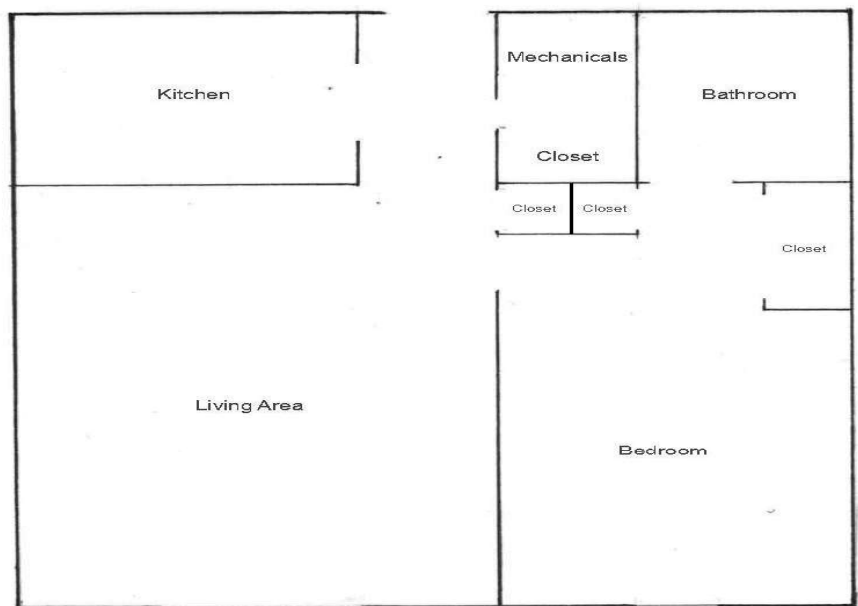
Common Area Bathroom



Common Area Hallway



Main Building Residential Hallway



Unit Floor Plan



Unit Entrance



Unit Kitchen



Unit Living Room



Unit Bedroom



Unit Bathroom



Unit Utility Closet

Exhibit 3
Property Summary

Property Name	Robin Ridge Apartments
Address	244 Ford Street, #21, Robbinsville, North Carolina 28771-9556
County	Graham County
Resident Type	(1)single story and (1) two story buiding, elderly housing

Unit Count/Rentable Square Footage

Total Residential Units 20	Subsidized Units 20	No. Commercial Spaces 0
Revenue Units 20	Unsubsidized Units 0	Commercial Rentable Sqft N/A
Non-Revenue Units 0	Staff Unit(s) 0	Total Rentable Sqft 10,800

Building/Site

No. of Buildings: 2	Approx. Site Acreage: .9000
Stories per Building: 1-single & 1-two story bldg	Foundation: Slab
Type of Building: Apartment	Roof Type/Age: Asphalt Shingles
Elevator(s) per Building: 0	Exterior: Brick
Year Built: 1982	Flooring: Carpet/Vinyl
Rehabilitation Year: N/A	Type of Rehabilitation: N/A

Mechanical Systems**Utilities****Parking**

Heating: PTAC Unit	Water: Town	Assigned: 0	Self-Park 28
Air Conditioning: PTAC Unit	Sewer: Town	Covered: 0	Off-Site: 0
Hot Water: Electric	Garbage: Town	Garage: 0	Total: 28

Apartment Features	Owner Expense	Resident Expense	Community Features	Available
Air Conditioning	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Laundry Room	<input checked="" type="checkbox"/>
Dishwasher	<input type="checkbox"/>	<input type="checkbox"/>	Parking	<input checked="" type="checkbox"/>
Microwave	<input type="checkbox"/>	<input type="checkbox"/>	Exercise Room	<input type="checkbox"/>
Garbage Disposal	<input type="checkbox"/>	<input type="checkbox"/>	Picnic Area	<input checked="" type="checkbox"/>
Range/Oven	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Playground Equip	<input type="checkbox"/>
Refrigerator	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Swimming Pool	<input type="checkbox"/>
Blinds/Drapes	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Jacuzzi/Whirlpool	<input type="checkbox"/>
Patio/Balcony	<input type="checkbox"/>	<input type="checkbox"/>	Dog Park	<input type="checkbox"/>
Washer/Dryer (in unit)	<input type="checkbox"/>	<input type="checkbox"/>	Business Center	<input type="checkbox"/>
W/D Connections	<input type="checkbox"/>	<input type="checkbox"/>	Community Space	<input checked="" type="checkbox"/>
Fireplace	<input type="checkbox"/>	<input type="checkbox"/>	Gated/Security	<input type="checkbox"/>
Other:	<input type="checkbox"/>	<input type="checkbox"/>	Other:	<input type="checkbox"/>

Historical Occupancy

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2023	95%	95%	100%	100%	100%	100%	100%	90%	90%	95%	95%	100%	97%
2024	95%	95%	95%	100%	100%	90%	95%	90%	100%	100%			

Historical Rents

Type	No. of Units	Unit Sqft	Unit Rent (\$ per/mo)	Market Rent/Comps
1 bedroom 1 bath	20	540	\$654.00	\$840.00

Historical Expenses

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2023		\$13310	\$8908	\$17981	\$11363	\$7577	\$3612	\$41838	\$7139	\$10327	\$10250	\$15657	
2024	\$9977	\$12919	\$9721	\$20863	\$8979	\$11299	\$16394	\$11583	\$17075				

Use Restrictions/Subsidy Information

Foreclosure Sale Use Agreement with the following Riders attached: 1)Enforcement; 2) Two Year Rent Protection For Pre-Existing Very Low Income Tenants; 3)Non-Discrimination Against Section 8 Holders; 4)Repair and Rehab Rider requires \$483,840.00 in capital improvements; 5)Relocation Rider; 6)Rider of 24 CFR Part 5 Physical Conditions 7)Rider of Projects Primarily Occupied by the Elderly,8) Rider for the Project Based Section 8 Assistance

Minimum Bid Amount/Announcements

Unstated minimum bid/reserve

Contact Information:

HUD Realty Specialist

Foreclosure Commissioner (for written bids only)

Name: Dedra A. Harris	Name: T. Kelly Derryberry
Address: 307 W. 7th Street, Ste 1000	Address: 504 Autumn Springs Court Suite 26
City/State/Zip: Ft. Worth, TX 76102	City/State/Zip: Franklin, Tennessee 37067
Phone: 817-978-5480	Phone: 615-807-2351
Email: dedra.a.harris@hud.gov	Email: kelly@mailpdlaw.com

Attachment A
**Terms and Requirements of Foreclosure Sale
Acknowledgment by Bidder**

I. TERMS OF BID

- A. The undersigned, _____ (the "High Bidder"), submitted a bid of _____ dollars (\$) (the "Bid"), at the Foreclosure Sale to purchase Robin Ridge Apts.(053-35863) (the "Property") held at 12 Court Street Robbinsville, NC 28771 on August 4th 2025, at 11:00 AM (AM/PM). The legal description for the Property is included as Exhibit A. The Bid shall be calculated as follows:
1. EARNEST MONEY: \$ 10,000.00 in the form of a money order, certified funds, or cashier's check (the "Earnest Money Deposit") has been collected at the Foreclosure Sale by the Foreclosure Commissioner, and which shall not earn interest, and
 2. BALANCE OF THE BID: The High Bidder will pay the difference between the Bid and the Earnest Money Deposit, a sum of \$ _____, (the "Balance") at Closing, in the form of a money order, certified funds, or cashier's check as provided in the Acknowledgment.

II. HIGH BIDDER REPRESENTATIONS AND WARRANTIES. The High Bidder hereby represents and warrants to HUD, that as of the execution date of this Acknowledgment and as of the date of the Closing, the following:

- A. High Bidder has full knowledge of all the terms, conditions, and requirements of the Foreclosure Sale contained herein. High Bidder affirms that they are required to follow the terms of the Invitation, including by reference, which are incorporated by reference from the Invitation.
- B. High Bidder has the power and authority to execute, deliver and perform this Acknowledgment and all transactions contemplated herein. High Bidder has taken or will take all actions necessary to perform its obligations under this Acknowledgment and to consummate the Foreclosure Sale. This Acknowledgment and all of the other instruments and agreements executed and delivered by High Bidder in connection with the Foreclosure Sale prior to the Closing Date have been or will be duly executed and delivered by High Bidder to HUD and constitute or will constitute legal, valid and binding obligations of High Bidder. These terms are enforceable against High Bidder, except as such enforcement may be limited law and by general principles of equity (whether considered in a proceeding at law or in equity). The execution, delivery and performance of this Acknowledgment by High Bidder does not violate any provisions of any existing federal, state, or local law or regulation applicable to High Bidder, or violate or contravene any judgment, injunction or decree binding upon High Bidder, or violate, contravene or constitute a default under any provision of the organizational documents, if any, governing High Bidder, or of any agreement, contract or other instrument binding upon High Bidder.
- C. High Bidder will accept the Property "AS IS" and understands HUD makes no representations or warranties concerning the physical condition of the Property.

High Bidder acknowledges and agrees that, while HUD provided some information concerning the Property to all bidders for review prior to the Foreclosure Sale, such information may have been inaccurate or incomplete.

- D. High Bidder understands that the Foreclosure Sale of the Property is not contingent upon the High Bidder securing favorable financing terms. High Bidder acknowledges that, prior to Closing, HUD will not allow access to the Property for appraisal or any other reason.
- E. High Bidder's Bid is based on its own evaluation of the Property and not upon any representations by HUD. High Bidder's inability or failure to inspect or otherwise be fully informed as to any factor bearing upon the valuation of the Property shall not be a basis for termination of this Foreclosure Sale nor affect High Bidder's or HUD's liability, obligations, or duties.

F. BIDDER RESTRICTIONS AND ELIGIBILITY

- 1. No member of or delegate to Congress, resident commissioner of the Property, or any local elected official (a "Restricted Party") will share in any part of this Foreclosure Sale, or to any benefit arising from owning the Property. This provision does not apply to the extent that the High Bidder is a corporation, and a Restricted Party is a shareholder of the corporation and the purchase of the Property is for the corporation's general benefit.
- 2. The High Bidder is not suspended, debarred, or temporarily denied from participating in HUD programs. If the High Bidder becomes suspended, debarred, or temporarily denied participation prior to Closing, the Foreclosure Sale will be terminated, and HUD will retain as liquidated damages the Earnest Money Deposit and any Extension Fees paid.
- 3. The High Bidder is not the defaulting mortgagor, or any Principal, successor, Affiliate, or assignee thereof, on the multifamily mortgage that is the subject of the Foreclosure Sale. The High Bidder will also ensure that the defaulting mortgage or any Principal, successor, Affiliate, or assignee thereof will not acquire the Property or any interest in the High Bidder.
- 4. The High Bidder is not the FHA Lender or an affiliate thereof that benefited from the FHA insurance claim associated with the mortgage HUD foreclosed upon as part of the Foreclosure Sale.

- G. **ANTI-COLLUSION.** High Bidder confirms it arrived at the Bid independently and without any consultation, communication, or agreement with any other bidder at the Foreclosure Sale relating to the Bid, the intention to submit the Bid, or the methods and factors used in calculating the Bid. Further, the Bid was not knowingly disclosed, directly or indirectly, to any other bidder before or during the Foreclosure Sale, unless otherwise required by law. High Bidder did not induce or attempt to induce any other Foreclosure Sale Bidder to submit or not to submit a bid for any purpose of restricting competition.

- H. **REMEDIES FOR BREACH.** In the event of a breach by High Bidder of any representation or warranty, HUD has at its election, the right to terminate this Acknowledgment and all further obligations of HUD hereunder and, in the event of such termination, the provisions of Section VIII of this Acknowledgment shall be applicable. If any representation or warranty set forth in this Acknowledgment is not true and accurate as of the Closing Date, High Bidder shall so advise HUD.

III. HUD REPRESENTATIONS AND WARRANTIES. HUD makes no representations and warranties concerning the physical condition of the Property. HUD does not represent or warrant the occupancy of revenue producing units or any other factor bearing upon the value of the Property.

IV. HIGH BIDDER OBLIGATIONS BEFORE CLOSING

- A. Post Bid Document submission **within Five (5) Days of Foreclosure Sale:** The High Bidder must submit the following items to HUD within the listed business days of the Foreclosure Sale in order for HUD to begin its review process. The following documents must illustrate the High Bidder's capacity to own and operate the Property.
1. Previous Participation Certification (HUD 2530). Submit one (1) HUD 2530 for the High Bidder and one (1) separate HUD 2530 for any Management Agent.
 - i. Electronic Filers: If the High Bidder has prior access to HUD's Secure Systems, after previously registering through HUD's Business Partner Registration as described in the Invitation, it should submit an electronic Previous Participation Form using the Active Partners System (APPS) and provide proof of the electronic submission to HUD.
 - ii. Paper Filers: If the High Bidder has not previously registered in APPS, the High Bidder should provide a completed paper HUD 2530 with original signatures. The High Bidder entity must have an established tax identification number (TIN) and each individual must list their social security number (SSN). High Bidder should transmit to HUD using an encrypted file. Additionally, High Bidder should include (1) an organizational chart for the ownership entity that shows each ownership tier, the roles of each controlling participant and each member with more than 25% ownership interest; and, (2) the ownership entity's organizational documents, include Articles of Incorporation, Certificate of Incorporation, Operating Agreement, Partnership Agreement, Charter, Bylaws, Agent Certification, and proof of TIN, as applicable.
 2. Certification of Substantial Compliance. The High Bidder must submit a complete and original Certification of Substantial Compliance, located in attachments to this Invitation. If HUD determines that properties disclosed by the High Bidder are not in substantial compliance with federal regulations and/or state and local codes, HUD may reject the High Bidder as not qualified to purchase the Property. The High Bidder may forfeit the Earnest Money Deposit as a result of such determination.
 3. Written Statement of Experience. The High Bidder must submit a written Statement of Experience ("Statement"). The Statement must demonstrate approximately five (5) years of experience successfully owning and managing properties similar to the Property and must address future management of the Property. High Bidder shall not exceed five (5) pages per property when providing the following information for each property:
 - i. The location of other owned multifamily properties.

- ii. The number of units and construction type (garden, walk-up, high-rise, etc.) for each property.
- iii. Identify type of management for each property.
- iv. Identify properties that have government assistance and type of assistance, i.e., project-based, tenant-based, etc.
- v. Identify the initial physical needs of each property and how they were addressed.
- vi. Identify the social needs of each property and how they were addressed.
- vii. Identify the economic needs of each property and how they were addressed.
- viii. How, based on experience, the High Bidder will satisfy conditions of the sale, i.e., Post-Closing Repairs, income and rent restrictions, etc.
- ix. How High Bidder will implement a sound financial and physical management program for the Property.
- x. How High Bidder plans to respond to the needs of the tenants and work cooperatively with resident organizations.
- xi. How High Bidder will provide adequate organizational staff and financial resources to the Property.
- xii. How High Bidder will provide services, maintenance and utilities to the Property.
- 4. Personal Financial and Credit Statement. The High Bidder must submit Form HUD-92417 for each of its controlling Principal(s).
- 5. Previous Participation Certification for Management Agent, if applicable.
- 6. Additional Documents Required for HUD Subsidized Properties:
 - i. Management Agent Resume
 - ii. Affirmative Fair Housing Marketing Plan (Form HUD-935.2A)
 - iii. Management Entity Profile (Form HUD-9832).
 - iv. Project Owner's/Management Agent's Certification Form HUD 9839-A, 9839-B or 9839-C. Must choose applicable version.
- B. Changes within five (5) Days to the High Bidder or Management Agent. If the High Bidder, the Management Agent, or any Controlling Participant thereof changes, the individual or entity shall resubmit a corrected Previous Participation Certification within five (5) days of any such change.
- C. The High Bidder shall ensure compliance with submissions as required herein. Failure to comply with all requirements may result in High Bidder declared ineligible to purchase the Property. In such case, the High Bidder shall forfeit the Earnest Money Deposit and Extension Fees paid.

V. HUD'S REVIEW OF POST-BID SUBMISSION

- A. Before HUD can schedule the Closing, HUD must complete the review of the submitted documents and approve the High Bidder.
- B. HUD will provide a response to the High Bidder, and Management Agent if applicable, within fifteen (15) days of receipt.
- C. Acceptance of High Bid. HUD does not fully accept the High Bid until the High Bidder submits all Post-Bid Documents, HUD reviews the Post-Bid Documents,

and HUD, in its sole discretion, determines the eligibility of the High Bidder. HUD will notify the High Bidder of its determination in writing. Upon HUD's determination that the High Bidder is qualified, the High Bidder will be confirmed as the Approved High Bidder.

- D. Rejection of High Bid. After review of the Post-Bid Documents, HUD may determine that the High Bidder is not qualified to purchase the Property. HUD may reject the bid due to High Bidder's ineligibility, lack of qualifications, or failure to comply with the Invitation. HUD will notify the High Bidder of this determination in writing, as promptly as possible and generally within thirty (30) days after the Foreclosure Sale. HUD may then contact the Second High Bidder.

VI. CLOSING

- A. Time is of the essence.
- B. If HUD confirms the High Bidder is qualified to purchase the Property, HUD will notify the Approved High Bidder in writing. Closing shall be within thirty (30) calendar days of approval unless the High Bidder requests and HUD grants an Extension Period.
- C. The Closing date and place will be determined by the Foreclosure Commissioner and/or HUD and will occur within thirty (30) days of HUD approval of the High Bidder. HUD and/or the Foreclosure Commissioner will notify the High Bidder of the Closing.
- D. At Closing, the High Bidder shall assume all responsibilities and obligations as owner of the Property arising on or after the Closing. After the Closing, HUD shall have no further responsibilities or obligations with respect to the Property.
- E. High Bidder shall pay the Balance at Closing in the form of a money order, certified funds, or cashier's check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
- F. CLOSING COSTS, DEPOSITS, REPAIR ESCROW: In addition to the Balance, the High Bidder will be required to pay all Closing costs, regardless of local custom, and, where applicable, fund deposits to reserve accounts and obtain any Letter(s) of Credit for the Repair Escrow. However, HUD will pay fees for recording the Foreclosure Deed and Use Agreement, if any.
- G. EXECUTION OF USE AGREEMENT: Without limiting the foregoing, at Closing, High Bidder will execute the Use Agreement and required exhibits as contained in the Invitation. The Use Agreement will control the use of the Property for the specified period, be recorded as part of the Foreclosure Deed, and will run with the land.
- H. EXTENSION OF CLOSING DATE
 - 1. High Bidder may request an additional thirty (30) calendar day period (the "Extension Period") for the Closing to occur. High Bidder must submit a written request, which clearly states the reason for the High Bidder's inability to close the sale on or before the Closing date, or within any Extension Period. HUD must receive any extension request no less than ten (10) days prior to the Closing date. The request must be accompanied by the payment of the required Extension Fees and sent to the following address:

Multifamily Property Disposition
ATTN: Jovanna M. Morales, Director
307 W. 7th Street, Suite 1000
Fort Worth, TX 76102

2. All payments for an Extension Period must be in the form of a cashier's check or certified check made payable to: THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
3. HUD will notify the High Bidder in writing of all approved Extension Periods. HUD will grant an Extension Period in accordance with the following conditions:
 - i. Extension Fees shall be equal to \$29.88 per unit in the Project per calendar day, or one and one-half percent (1.5%) of the Bid, whichever amount is greater.
 - ii. Extension Fees will not be credited against the Balance. However, if the Closing is held prior to the end of the Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period shall be credited toward the Balance.
 - iii. HUD shall not be obligated to grant any additional Extension Period because it has previously granted one or more Extension Period.
 - iv. If High Bidder does not submit any HUD-required Post-Bid Documents within sufficient time for HUD's review, and such delay necessitates an Extension Period, Extension Fees shall be paid for this time.

VII. PRORATIONS

- A. TAXES AND FEES: High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water, sewer, gas, electric, and any other encumbrances not extinguished by the Foreclosure Sale. Any amounts paid will not be prorated to the Balance or used to offset the Bid amount in any way. HUD is responsible for payment of taxes before the closing date.
- B. PROPERTY RENTS: Regardless of the Closing Date, rent collected by HUD, if any, will not be prorated toward the Balance.
- C. EXTENSION FEE: In the event High Bidder pays Extension Fees, and the Closing occurs before the expiration of the Extension Period, a prorated amount of the unused portion of the Extension Fees shall be credited toward the Balance.

VIII. BREACH

- A. The High Bidder agrees that any breach of these terms shall result in the forfeiture of the Earnest Money Deposit, and the payment of any expenses incurred by HUD in managing the property, including taxes, and utilities, until transfer of ownership in a Closing, as liquidated damages, not a penalty.
 1. Failure to pay these funds shall result in a debt to the federal government.
 2. Failure to pay these funds may result in the High Bidder being prevented from participation in future HUD foreclosure sales.

- B. Breach by the High Bidder includes withdrawing their Bid after signing this document, and any other actions or inactions by the High Bidder that result in failure to close on the sale.
- C. If actions by HUD result in failure to close on the sale, High Bidder's sole remedy shall be the return of any amounts paid by High Bidder pursuant to this Agreement. Without limiting the generality of the foregoing, High Bidder hereby waives any claim for damages (other than amounts paid by High Bidder pursuant to this Agreement) and any right to seek specific performance or other equitable relief.
- D. Upon the failure or refusal of the High Bidder to comply with any of the requirements in this Acknowledgment, HUD may declare the High Bidder ineligible to purchase the Property, in which case the High Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

IX. MISCELLANEOUS

- A. **RISK OF LOSS AND RIGHTS OF RECISSION:** In the event of any substantial damage to the Property prior to Closing by any cause, including but not limited to fire, flood, hurricane, earthquake, tornado, or significant vandalism, HUD, in its sole discretion, may renegotiate with the High Bidder for a reduction in the Bid corresponding to the estimated amount of damages. Such amount shall be added to the Post-Closing Repair amount, if applicable. If the Bid reduction cannot be negotiated or if the High Bidder and HUD are unable to agree on the amount by which the Bid should be reduced, or on the amendment to any Post-Closing Repair requirements, High Bidder may withdraw the Bid. In such case, HUD will retain the Earnest Money Deposit and any Extension Fees paid.
- B. **EXISTING SECURITY DEPOSITS:** Any security deposits collected from tenants and paid to HUD or in HUD's control prior to Closing shall be assigned to High Bidder within fifteen (15) business days of Closing. In no event shall HUD deliver security deposits forfeited by a tenant in accordance with the terms of the tenant's lease. Notwithstanding state and local law, HUD will not transfer any other security deposit collected from tenants. HUD has no other liability under state and local law with respect to security deposits. High Bidder agrees to assume all responsibility and liability under state and local law with respect to the collection, application, and return of tenant's security deposits.
- C. **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.
- D. **LIMITATION OF LIABILITY:** In no event shall HUD's liability exceed the Earnest Money Deposit and any Extension Fees paid.
- E. **ASSIGNMENT:** High Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written consent of HUD.

- F. CONFLICTING TERMS: If there are terms or conditions herein that conflict with the terms or conditions contained in the Invitation incorporated herein by reference, the terms or conditions of this Acknowledgment shall control.
- G. REQUIRED FORMS: The High Bidder acknowledge the receipt of the Use Agreement as a term and condition of the Foreclosure Sale and the inclusion of the riders attached to the Use Agreement in the Invitation.

Signature Page Follows

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Grantee") 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 **Robin Ridge Apartments** HUD Project No. 053-35863 ("Project") 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, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the Project 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 Grantee; **and**

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

- 1. TERM OF AGREEMENT:** This Agreement shall be in effect for twenty (20) years from the date of this Agreement (the "Restricted Period".) During the Restricted Period the Project **FHA 053-35863** must be maintained as rental housing.
- 2. CONVEYANCE:** During the term of this Agreement, any Conveyance of the Project must have the prior written approval of HUD, or such Conveyance will be deemed to be null and void, and a default will exist under this Agreement. Conveyance is defined as any sale, assignment, transfer, creation of a leasehold estate in excess of one (1) year, or any other legal or equitable conveyance or transfer of the Project or an interest therein, or any legal or equitable transfer of an interest in the Grantee or any entities that may comprise the Grantee. Without limiting the foregoing and not intending to be all inclusive, a merger, conversion, share exchange, or exchange of corporate or partnership interests is deemed to be a Conveyance, which requires the 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 provides that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction or other type of Conveyance does not constitute or involve the occurrence of a "transfer" or "assignment" of the Project, any of the assets related thereto, or an interest in the Grantee

Any request for HUD's approval of Conveyance must include the entity and all principals obtaining Previous Participation Certification approval (clearance), submission of a signed Certification of Substantial Compliance, and a signed Agreement to Abide by Deed Restrictions. HUD's approval of a Conveyance will be based on information provided in written statements of how the Grantee, or any subsequent Grantee, in consideration of any and all existing use restrictions, 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 residents and work cooperatively with resident organizations;
- d. provide adequate organizational staff and resources to manage the Project; and
- e. provide evidence of a minimum of five (5) years substantive experience owning and managing multifamily rental properties of a similar size, type and complexity as the Project.

The approval of a Conveyance is within the sole discretion of HUD.

- 3. CONDITION OF UNITS FOR RENTAL HOUSING:** The Grantee shall comply the Physical Condition Standards and inspection requirements of 24 CFR Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the Grantee shall comply with HUD's Physical Condition Standards of Multifamily Property of 24 CFR Part 200, Subpart P, including any changes in the regulation and related Directives.

- 4. PROJECT MANAGEMENT:** HUD reserves the right to approve management for the Project during the term of this Agreement. Any proposed property manager must demonstrate a minimum of five (5) years substantive experience managing multifamily properties of similar size and complexity. If the Project has project-based Section 8 assistance, any proposed property manager must demonstrate a minimum of five (5) years experience managing multifamily properties with project-based Section 8 assistance.
- 5. 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,
 - d. Be subjected to periodic HUD inspections or inspections under REAC protocol (24 C.F.R. parts 5 and 200).
 - e. The Owner will be obligated to provide audited annual financial statements to HUD (24 C.F.R. parts 5 and 200.)
 - f. At the request of the Secretary, Grantee 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.
- 6. 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.
- 7. NON-DISCRIMINATION REQUIREMENTS:** The Grantee will comply with the provisions of all federal, state, or local laws prohibiting discrimination in housing.
- 8. HAZARD INSURANCE:** Hazard insurance shall be maintained in an amount to ensure that the Grantee is able to restore the Project so that it meets the rental housing requirements described in this Agreement after restoration.
- 9. 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 Project destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.
- 10. DEMOLITION OF PROJECT:** The Grantee 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.
- 11. REMEDIES FOR NONCOMPLIANCE:** Upon any violation of any provision of this Agreement by the Grantee, HUD may give written notice thereof to the Grantee by registered or certified mail, 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 Grantee as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) calendar 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 available 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 be construed as a waiver of the right to exercise that or any other right or remedy at any time.

12. CONTRADICTORY AGREEMENTS: The Grantee 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 provisions or 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 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. Capitalized terms used but not defined in a Rider shall have the meaning ascribed to such term in this Agreement. The use of the term Grantee in a Rider shall be deemed to mean the Purchaser.

16. PRIORITY: This Agreement shall be recorded against the Project in a superior position to any post foreclosure liens or mortgage debts.

IN WITNESS WHEREOF:

The Grantee has executed this Use Agreement this _____ day of _____, 20____.

WITNESS:

GRANTEE:

Signature _____

Typed Name _____

Street Address _____

City, State, Zip _____

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

WITNESS:

FOR: The Secretary of the Department of
Housing and Urban Development

Official's Signature

Official's Typed Name and Title

Exhibit A
Legal Description
Robin Ridge Apartments

Lying and being in Cheoah Township, Graham County, North Carolina, and being Robbinsville Town Lots 146,147,148 and 149, according to a survey map by Kenneth O. Pankow, RLS L-2257, dated May 5, 1982, and being more particularly described as follows:

Beginning on an I. P. on the North Bank of N.C.S.R. 1106, said I.P. being a witness monument to the Southwest Corner of Lot #149 and the Southeast Corner of Lot #150; and runs thence S37 degrees-31' W, 14.00 feet to a point near the North margin of said road; thence runs S68 degrees-10' E 214.95 feet to a point; thence runs S47 degrees-40' E, 33.17 feet to a point near the north margin of said road; said point being the Southeast corner of Lot #146 and Southwest corner of Lot #145; thence runs with the boundary of said lots N37 degrees 31'E, 149.77 feet to a railroad spike set in Depot Street; thence runs N52 degrees-29'W, 240.00 feet to an I.P. set on the south side of Depot Street, said I.P. being the Northwest corner of Lot #149 and Northeast corner of Lot #150; thence runs with the boundary of said lots S37 degrees-31'W, 191.09 feet to the point of beginning.

Rider 1 of 8
RIDER OF ENFORCEMENT

The Use Agreement shall contain the following provision:

1. The restrictive covenants set forth in this Agreement shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.
2. Without limiting any other rights and remedies available to HUD, the HUD shall be entitled to:
 - a. Institute legal action to enforce performance and observance of these covenants,
 - b. Enjoin any acts which violate these covenants,
 - c. Exercise any other legal or equitable right or remedy with respect to these covenants.
3. In addition, the restrictive covenants, if any, set forth in this Use Agreement relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

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

Grantee _____

HUD _____

**TWO-YEAR RENT PROTECTION FOR PRE-EXISTING VERY LOW-INCOME
TENANTS**

The Use Agreement shall contain the following provision:

1. The Grantee agrees that, for any unassisted, very low-income (as defined in 24 CFR 5.603) family which is a pre-existing tenant of a project and who after the acquisition would be required to pay rent in an amount in excess of thirty percent (30%) of the adjusted income (as defined in 24 C.F.R. 5.611) of the family, the rent for the unit occupied by the family may not be increased above the rent charged immediately before the acquisition. The rent protection will be enforceable for a period of two (2) years beginning upon the date of acquisition of the Property by the Grantee.
2. On the date of acquisition, the Grantee must provide notice to all tenants residing in unassisted units that they may qualify for the two-year rent protection.
3. Grantee shall conduct an initial income certification for all tenants within thirty (30) calendar days of the acquisition.
4. For all tenants covered by these provisions, Grantee must include in the lease(s) the terms and conditions of the two (2) year rent protection including a provision for an initial tenant income certification and not more than one (1) tenant income certification a year, except upon reduction of tenant income or upon tenant request.
5. Grantee shall provide to HUD a list of all tenants who are covered by this provision within sixty (60) calendar days of the date of this Use Agreement. The list should include the name of the lease holder, unit type, number of family members residing in the unit, and the amount of rent paid by the tenant. If the income certification is not complete within the sixty (60) calendar days, Grantee must report the progress of the certifications and provide a completion date. Upon completion of the income certifications, Grantee must submit the report in the required format and continue to submit this report quarterly, for a period of two (2) years from the date of Closing, to show protection of the tenants has occurred for two (2) years.

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

Grantee _____

HUD _____

Rider 3 of 8
**NONDISCRIMINATION AGAINST SECTION 8
CERTIFICATE HOLDERS AND VOUCHER HOLDERS**

The Use Agreement shall contain the following provision:

1. In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to 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, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by HUD.
2. This restriction shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the Restricted Period, which is twenty (20) years from the date of this Use Agreement. In the event of a breach or a threatened breach of this covenant, HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this restriction, 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 part of the Use Agreement.

Grantee _____

HUD _____

Rider 4 of 8

Required Repairs and Rehabilitation

The Use Agreement shall contain the following provision:

1. REQUIRED REPAIRS: All property and property improvement must meet or surpass, at a minimum, all state and local codes and ordinances, the Uniform Federal Accessibility Standards (UFAS), HUD's Physical Condition Standards pursuant to 24 CFR Part 5, the General Repair and Property Standards (listed below), the Post-Closing Repair Requirements (attached), and the Environmental Hazards provision (collectively the "Repairs").
 - a. General Repair and Property Standards
 - i. Exterior:
 - Any trip hazards (deviations of 1/2 in or greater) on all surfaces of the property must be mitigated.
 - Repair and/or replace any loose, damaged or deteriorated facade, trim, posts, and cornice.
 - All exterior paint must be fully intact, mold and rust free.
 - All drainage, water diversion, roofing, and water proofing systems must be performing as originally intended to ensure positive drainage and minimize pooling.
 - All windows and exterior doors must be operable, lockable, draft free and water tight.
 - ii. Interior/Mechanical, Electrical and Plumbing (MEPs):
 - All mechanical, plumbing, plumbing fixtures, electrical fixtures, electrical devices, appliances and HVAC must be in "Good" operating condition and hazard free.
 - All fire protection devices and systems must be working as originally intended.
 - All ventilation systems must be working as originally intended.
 - All interior painted surfaces and millwork must be fully intact, free of excessive grease and dirt.
 - All floor coverings must be fully attached, free of holes, chips, frays and excessive dirt.
 - All interior doors, locks, closures and stops must be operating as originally intended.
 - iii. Workmanship and Materials:
 - All work shall be performed in a workmanlike manner and in accordance with generally accepted practices and procedures.
 - Materials installed shall be of such kind and quality to ensure that the dwelling will provide acceptable durability for the duration of the Restricted Period.
 - All repair/rehabilitation work must be performed in a manner compliant with the essential and material requirements of all state codes, local codes, laws, ordinances, regulations, Physical Conditions Standards pursuant to 24 CFR Part 5.
 - All long and short lived building components must be performing as originally designed or intended
 - b. Post-Closing Repair Requirements (attached) describes additional, specific required Repairs. It is probable that not all units were surveyed. However, units not surveyed must also be rehabilitated to the same level as those units that were surveyed.
 - c. All Repairs, required by this provision, will not be considered complete until such time as HUD or its designee has inspected the Repairs and HUD has accepted the Repairs.

2. REPAIR PERIOD: The Repair Period begins at Closing and expires thirty-six (36) months from the date of this Use Agreement. The grantee covenants that the Repairs will be completed with the Repair Period.
3. EXTENSION OF THE REPAIR PERIOD: If the Grantee cannot complete the Repairs within the Repair Period, Grantee shall submit a written request for an extension to HUD stating the reason(s) for Grantee's inability to complete the Repairs. Grantee's request must be received not less than thirty (30) calendar days prior to the expiration of the Repair Period.

- a. In the event an extension for completion of repairs is granted, the Grantee shall extend expiration of the Letter(s) of Credit (LOCs), or Payment and Performance Bonds accordingly,
- b. Extensions of time to complete Repairs are within HUD's sole and absolute discretion, and
- c. The granting of one or more extensions shall not obligate HUD to grant additional extensions.

4. REPAIR ESCROW: To ensure completion of the Repairs by the Grantee, at Closing the Grantee shall deliver to HUD:

- a. Letter(s) of Credit (LOCs): A minimum of one (1), and a maximum of four (4) unconditional, irrevocable and non-documentary LOCs:

- i. which total \$ 362,880.00 [25% of total cost Repairs], and
- ii. which shall remain in effect and may be drawn on by HUD for at six (6) months beyond the Repair Period as stated above), and
- iii. LOCs may be returned or amended as the Grantee completes Repairs and HUD has inspected and accepted the Repairs.

- b. Payment and Performance Bond: **After Closing, and with prior approval by HUD**, the LOC may be replaced with a 100% Payment and Performance Bond:

- i. Grantee must use HUD Form-92452 for the payment bond and a form for the performance bond that is acceptable to HUD. Evidence of the existence of payment and performance bonds each in the amount of \$ 483,840.00 (the total cost of Repairs) must be provided to HUD.
- ii. Provide HUD with a fully executed copy of the approved The Plans and Specifications and Construction Contract which specifically address items, quantities and timelines specified in paragraphs 1 and 2 of this provision, and the Use Agreement or Deed, as applicable to the sale of the Project prior to the release of the LOC.
- iii. Grantee must ensure the bonds comply with the following requirements:
 - (a) The surety entity issuing the bonds must be included on the accredited U.S. Treasury list, Circular 570, published annually in the Federal Register on or about July 1 of each year;
 - (b) The payment and performance bonds must not exceed limits listed in the Circular;
 - (c) The payment and performance bonds must show HUD as an Obligee.
- iv. This "Required Repairs" provision and Attachment E must be attached to and referenced in article 9.1.7 of the construction contract (AIA A101).

This obligation will be deemed satisfied by the Letter(s) of Credit, or a 100% Payment and Performance Bonds provided by the Contractor to the Owner with HUD listed as Obligee, all in a form prescribed by HUD.

5. **REPORTING:** HUD will monitor the progress of the Repairs using reports from the Grantee and inspections performed by HUD or a designee.

a. Quarterly Reports: Grantee must submit quarterly reports (Post-Closing Repair Report) to HUD on the status of Repairs. The first report is due 90 days after Closing and must include:

- i. the number and type of units completed,
- ii. a list of major Repairs and percentage completed, and a narrative describing:
 - (a) the status of the planned rehabilitation, i.e. are repairs ahead of, on schedule, or behind on the original rehabilitation schedule,
 - (b) any special circumstances which may, or have delayed the repairs.

b. **Additional Reports:** Upon request, Grantee must submit reports, in addition to the Quarterly Reports, to HUD. The frequency and content of these reports will be provided to the Grantee by HUD.

HUD may perform periodic inspections to ascertain the status of the Repairs. If, at any time, HUD determines the Grantee is failing to make adequate progress toward completion of the required Repairs or that the Repairs completed are not acceptable to HUD, Grantee may be required to provide a plan with milestones to show that acceptable Repairs can be completed within the Repair Period. Failure to meet milestones without adequate justification is a reason for Noncompliance as explained below.

6. **RENTS:** The Grantee 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 requirements set forth in paragraph 1, above. Rents for units to be covered by a Housing Assistance Payment Contract may be increased only pursuant to and following execution of such Contract.

7. **RELOCATION:** If temporary or permanent relocation is necessary because of Repairs required under this provision, Grantee covenants to comply with the Relocation provision of this Use Agreement.

8. **NONCOMPLIANCE:** If Grantee fails to complete the required Repairs within the Repair Period and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to:

- a. Enter and terminate the estate hereby conveyed, or
- b. Cash any LOC or request performance under any payment and/or performance bond, and seek remedies provided in the Enforcement provision of this Use Agreement, as HUD deems appropriate.

If HUD cashes the Grantee's LOC(s), HUD will NOT apply the funds to complete the Repairs. HUD will retain the funds as liquidated damages or for any other purposes as HUD deems appropriate. In the event that HUD cashes the Grantee's LOC(s) for failure to successfully complete the Repairs, the Grantee is still responsible for completion of the Repairs in order to prevent HUD from initiating further sanctions.

These rights and remedies may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement.

9. LENDER OR SECURITY INTEREST: If the Grantee fails to repair the Property in accordance with this Use Agreement, HUD will not exercise the remedies as described in paragraph 8 above, if any lender holding a lien or security interest on the Property:

- 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) calendar days of the notice or within such longer periods as HUD may approve in writing.

However, HUD is under no obligation to notify any lender or security interest of its intent to cash any LOCs.

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

Purchaser _____

HUD _____

Rider 5 of 8
RIDER OF RELOCATION

The Use Agreement shall contain the following provision:

1. Grantee covenants that it shall comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(j), and any subsequent legislation affecting relocation of tenants. Additionally, Grantee covenants it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 C.F.R. Part 24, when Project-based Section 8 assistance is provided by HUD (collectively the "Act and Regulations"). Grantee shall comply with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Grantee shall provide a report on a quarterly basis to HUD which demonstrates compliance with the Acts and Regulations throughout the Repair or Redevelopment Period.
2. Grantee covenants that if the Use Agreement requires rehabilitation or hazard remediation such work shall be performed in accordance with all applicable federal, state and local laws, codes, ordinances and regulations, and HUD's Physical Condition Standards ("PCS").
3. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will provide advance written notice of the expected displacement to the tenants. 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 or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will assist 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; and
 - b. Expenses of returning to a repaired unit at the Property.

HUD will not provide Grantee with any funds or subsidy with which to make the payments required by this paragraph.

5. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will 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; and
 - 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 Grantee with any funds or subsidy with which to make the payments required by this paragraph.

6. Grantee covenants not to increase the rent for any unit, from the rent the tenant pays on the Closing date, until such unit meets all the rehabilitation and/or hazard remediation requirements of this Use Agreement are completed by Grantee and inspected and accepted by HUD. In addition, rents for units to be covered by a Housing Assistance Payment (HAP) Contract may be increased only pursuant to and following execution of such HAP Contract.

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

Grantee _____

HUD _____

Rider 6 of 8
24 CFR Part 5 Physical Conditions

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

- (a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.
- (b) *Building Exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.
- (c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.
- (d) *Dwelling units.*
 - (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.
 - (2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).
 - (3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.
 - (4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.
- (e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.
- (f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have handrails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).
- (g) *Compliance with state and local codes.* The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

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

Grantee _____

HUD _____

RIDER OF PROJECTS PRIMARILY OCCUPIED BY THE ELDERLY

The Use Agreement shall contain the following provision:

Grantee covenants that 20 of the units in the Project will be maintained as rental housing for elderly families and individuals for a period of twenty (20) years after the date of the Foreclosure Sale Use Agreement or such earlier time as HUD may specify in writing ("Restricted Period"). Any change in the number of units for the elderly must receive the prior written approval of HUD.

Grantee covenants that it will affirmatively market 20 of the units in the Project to families whose head, spouse, or sole member is 62 or older.

If the Grantee has made reasonable efforts to lease units to eligible families and is unable to achieve or maintain an adequate level of occupancy sufficient to operate the Project, the Grantee may request a waiver to allow tenants who are age 55 or older by submitting the request to, and obtaining written approval from, the HUD field office with jurisdiction where the property is located.

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

Grantee _____

HUD_____

RIDER 8 of 8
PROJECT-BASED SECTION 8 ASSISTANCE

The Use Agreement includes the following provisions:

The Grantee, successor and assigns ("Grantee" or "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 HUD's required repairs and Physical Condition Standards (PCS). 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 does not exceed fifty (50 %) percent of Area Median Income, adjusted ☐ ☐ 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 thirty (30) calendar days after the effective date of this Rider.
 - c. Time for Completion of Project: Not later than _____ (_____)calendar days (not to exceed 6 months unless previously approved) after the effective date of this Rider.
 - d. Final Inspection. HUD (or its designee) shall perform the final inspection of the completed units upon receipt of evidence of completion (Owners Physical Condition Standards Inspection and Certification; see Section Two, paragraph 4) 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;
 - a. HUD may rescind the sale of the project,
 - b. abate the HAP contract and relocate the tenants, and/or
 - c. 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 checked="" type="checkbox"/>	Elderly Family	<input type="checkbox"/>	Disabled Household
<input type="checkbox"/>	Disabled Family	<input type="checkbox"/>	Disabled (Handicapped) Family
<input type="checkbox"/>		<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 Grantee/Owner shall report, within three business days, to the Property Disposition Division (PD) the date work has commenced and shall thereafter furnish PD with periodic progress reports (monthly unless more frequent reporting is required by PD). 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 PD 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 Grantee/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 of the repair escrow as required under the Required Repairs and Rehabilitation Rider.

2. Construction or Rehabilitation Period.

- a. Inspections. Inspections will be limited to no more than one (1) per month. Upon written notification from the Grantee/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 Grantee 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 "Owners Physical Condition Standards Inspection and Certification" (attached) 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 has 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 twenty-five percent (25%) 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 twenty-five percent (25%) 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 twenty-five percent (25%) or more interest in the organization or any stockholder having a ten percent (10%) 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 Grantee/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, or this Rider or the HAP Contract,
 - ii. Of foreclosure of any mortgage note secured by the subject property,
 - iii. Assignment of the mortgage or 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. Review of Tenant Income Verification/Certification. Promptly after Closing, Grantee shall review every Project leasing file and within thirty (30) days after Closing provide a report to the Multifamily Property Disposition Center, which contains the following information for each HAP Unit:

1. Unit number,
2. Unit type, i.e. 1 bedroom, 2 bedroom, etc...
3. Name(s) of lease holders,
4. Date of lease,
5. HAP Contract rent amount,
6. Date of income certification/verification
7. Number of family members residing in unit.

Every thirty (30) days thereafter, during the PCS Repair and Tenant Verification Period and without request, Grantee shall provide the Multifamily Property Disposition Center with a report that reflects all intervening (a) eligibility determinations made by Grantee with respect to new tenants, with supportive verification documents attached, (b) annual verifications and recertifications of family composition and income, including notices to tenant(s) in anticipation thereof, (b) interim recertifications, (c) unit transfers, and (d) gross rent changes, if any, in accordance with all statutory, regulatory, and administrative requirements, including, without limitation, Chapter 7 of the HUD Multifamily Occupancy Handbook, 4350.3 REV-1.

2. Project-based Section 8 Assistance.

- a. A Housing Assistance Payments (HAP) Contract will be executed at closing. The HAP Contract will cover 20 units in the Property, as specified by HUD. The HAP Contract will initially be funded for a minimum of one (1) month and a maximum of twelve (12) months prior to closing. The Grantee/Owner 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 twenty (20) years under the terms of the Affordability of Units Rider.
- d. The Owner agrees that at any time 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.

3. 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).

4. 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.

5. 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(s) 4.9 and 4.11, 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 five (5) business days after receiving notice that he/she has been selected to purchase the Property, must complete and execute a Certification of Disclosure.
- c. Within thirty (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 Grantee/ 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.

6. 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 very low income elderly 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.

7. 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% of adjusted monthly income or the contract rent, whichever is less.
8. The following is a list of units that HUD will release for billing under the HAP contract after HUD has determined that the units have been rehabilitated to meet the Physical Condition Standards in 24 CFR Part 5:

Unit Number	Unit Type		Unit Number	Unit Type		Unit Number	Unit Type
101	1 bedroom 1 bath		204	1 bedroom 1 bath			
102	1 bedroom 1 bath		205	1 bedroom 1 bath			
103	1 bedroom 1 bath		206	1 bedroom 1 bath			
104	1 bedroom 1 bath		207	1 bedroom 1 bath			
105	1 bedroom 1 bath		208	1 bedroom 1 bath			
106	1 bedroom 1 bath		209	1 bedroom 1 bath			
107	1 bedroom 1 bath		210	1 bedroom 1 bath			
108	1 bedroom 1 bath						
109	1 bedroom 1 bath						
110	1 bedroom 1 bath						
201	1 bedroom 1 bath						
202	1 bedroom 1 bath						
203	1 bedroom 1 bath						

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

Grantee_____

HUD_____

LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO.

DATE

U.S. Department of Housing and Urban Development
307 W. 7th Street, Suite 1000
Ft. Worth, TX 76102

Attention: HUD's Office of General Counsel for Property Disposition

Dear Sir/Madam:

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:

Project Name	Project Number	Location
Robin Ridge		Robbinsville, North Carolina

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 - Acknowledgment by Bidder:

☒ Applicable State and local Codes ☒ Housing Quality Standards (HQS) as set forth in 24 CFR 886, Subpart C ☒ 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 listed in 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 requirements other than HUD's. HUD does **not** warrant that the list is either comprehensive or sufficient. The Purchaser accepts responsibility for: (1) developing his/her own 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 checked="" type="checkbox"/>	\$750	17. Wood Flooring	<input type="checkbox"/>	
2. Masonry	<input checked="" type="checkbox"/>	\$7,650	18. Resilient Flooring	<input checked="" type="checkbox"/>	\$28,800
3. Metals	<input checked="" type="checkbox"/>	\$5,800	19. Painting and Decorating	<input checked="" type="checkbox"/>	\$23,040
4. Rough Carpentry	<input type="checkbox"/>		20. Specialties	<input checked="" type="checkbox"/>	\$64,000 (Bathroom Renovation)
5. Finish Carpentry	<input type="checkbox"/>		21. Special Equipment	<input checked="" type="checkbox"/>	\$20,100 (Community Room Finishes)
6. Waterproofing	<input type="checkbox"/>		22. Cabinets	<input checked="" type="checkbox"/>	\$76,000
7. Insulation	<input type="checkbox"/>		23. Appliances	<input checked="" type="checkbox"/>	\$24,900
8. Roofing	<input checked="" type="checkbox"/>	\$44,000	24. Blinds and Shades	<input type="checkbox"/>	
9. Sheet Metal	<input type="checkbox"/>		25. Carpets	<input checked="" type="checkbox"/>	\$7,000
10. Doors	<input checked="" type="checkbox"/>		26. Special Construction	<input checked="" type="checkbox"/>	\$7,500 (UFAS)
11. Windows	<input checked="" type="checkbox"/>	\$32,500	27. Elevators	<input type="checkbox"/>	
12. Glass	<input type="checkbox"/>		28. Plumbing and Hot Water	<input checked="" type="checkbox"/>	\$14,400
13. Lath and Plaster	<input type="checkbox"/>		29. Heat and Ventilation	<input checked="" type="checkbox"/>	\$12,300
14. Drywall	<input type="checkbox"/>		30. Air Conditioning	<input checked="" type="checkbox"/>	\$12,300
15. Tile Work	<input type="checkbox"/>		31. Electrical	<input checked="" type="checkbox"/>	\$20,500
16. Acoustical	<input type="checkbox"/>		Residential Structures Subtotal		\$401,540
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		\$0
Site Work					
35. Earth Work	<input type="checkbox"/>		39. Lawns and Planting	<input type="checkbox"/>	
36. Site Work	<input type="checkbox"/>		40. Unusual Site Conditions	<input type="checkbox"/>	
37. Roads and Walks	<input checked="" type="checkbox"/>	\$660	41.ADA Parking	<input checked="" type="checkbox"/>	\$1,000
38. Site Improvements	<input type="checkbox"/>		Site Work Subtotal		\$1,660
Environmental Mitigation					
42. Lead-Based Paint	<input type="checkbox"/>		44.	<input type="checkbox"/>	
43.	<input type="checkbox"/>		Environmental Mitigation Subtotal		\$0
Totals					
Estimated Total Hard Cost				\$	\$403,200
Contingency = Hard Cost X <u>10%</u> =				\$	\$40,320
Overhead/General Requirements = Hard Cost X <u>10%</u> =				\$	\$40,320
Estimated Total Repair Cost				\$	\$483,840

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

Property Disposition

Federal Fiscal Year 2025

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 2025

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

Property Disposition

Federal Fiscal Year 2025

SECTION 8
PROJECT-BASED RENTAL ASSISTANCE

**HOUSING ASSISTANCE PAYMENTS CONTRACT
PART 1 OF HAP CONTRACT**

1. CONTRACT INFORMATION¹

A. Property

Section 8 Project Number 800013151

Section 8 Project Number of prior HAP contract for property NC190019028


FHA Project Number (if applicable) N/A

Property Name Robin Ridge Apartments

Property Description² Robin Ridge Apartments Cheoah Township, Graham County, comprised of 1 residential building (2 story) and a community room (1 story) on .900 acres, with 20 one-bedroom age restricted units housing elderly residents

A total of 20 **units in** 1-two **story buildings, with** 20 **Project Based Section 8 HAP units, located at the following address:** 244 Ford St #21, Robbinsville, NC 28771-9556 **(See Exhibit C "Legal Description")**

B. Contents of contract

The HAP contract consists of Part 1, Part 2, and the contract exhibits. Part 1 contains section 1 of the HAP contract. Part 2 contains sections 2 to 26 of the HAP Contract. 

C. Contract exhibits

EXHIBIT A: IDENTIFICATION OF UNITS

EXHIBIT B: SERVICES

EXHIBIT C: LEGAL DESCRIPTION

D. Effective date and term of HAP Contract

i. Effective date: TBD

ii. Length of contract term: 12

iii. Anniversary date: TBD

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
Office of Housing

Property Disposition

Federal Fiscal Year 2025

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)).

Central Contractor Registration (CCR). As required by [Notice H 2011-01](#), the owner is required to obtain and register a Dun and Bradstreet Numbering Systems Number (DUNS) number. HUD has established a regulation at 24 C.F.R. Part 5 Subpart K that requires for each obligation of funds, the recipient to have DUNS number and a valid registration in the Central Contractor Registration.

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.

Enterprise Income Verification (EIV). A computerized income verification system as required under 24 C.F.R. Parts 5 and 908.

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 physical condition standards for HUD housing that is decent, safe and sanitary and in good repair (DSS/GR) as defined at; [24 CFR Part 5 Subpart G \(5.703\)](#).

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 eighty percent (80%) 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 eighty percent (80%) 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; verifying family income utilizing EIV systems.

- 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) 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.
- 8) 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 shall comply with the Physical Condition Standards and inspection requirements of 24 C.F.R. Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the owner shall comply with HUD's Physical Condition Standards of Multifamily Properties of 24 C.F.R. Part 200, Subpart P, including any changes in the regulation and related Directives. This obligation shall apply both during the current term of the HAP contract and during each successive renewal term.

- 2) 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.
- 3) 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.
- 4) 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) If the CA determines that the owner has failed to maintain one or more units in decent, safe and sanitary condition, and has abated the housing assistance payments to the owner for such units, the CA may use amounts otherwise payable to the owner pursuant to this Contract, or any Renewal Contract, for the purposes of relocating or rehousing assisted residents in other housing.
- 3) 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 C.F.R. parts 100, et seq.;
 - 2) Executive Orders 11063, 12259, and 12892 (Equal Opportunity in Housing) and implementing regulations at 24 C.F.R. 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 C.F.R. part 1;
 - 4) The Age Discrimination Act of 1975 (42 U.S.C. 6101 - 6107) and implementing regulations at 24 C.F.R. 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 C.F.R. 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 C.F.R. 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.
- 4) If the CA determines that the owner has failed to maintain one or more units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the CA may use amounts otherwise payable to the owner pursuant to this Contract, or any Renewal Contract, for the purposes of relocating or rehousing assisted residents in other housing.

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. Central Contractor Registration (CCR)

The owner must complete the requirements outlined in Notice H 2011-01. This requires the owner to obtain a DUNS number and register with the Central Contractor Registration. HUD will not issue HAP payments to the owner until this requirement is met and the local HUD office has received DUNS number and CCR registration certification.

C. 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.

D. Annual Financial Statements

The owner shall comply with the Uniform Financial Reporting Standards of 24 C.F.R. Part 5, Subpart H, including any changes in the regulation and related Directives or any subsequent systems. The annual financial statements must be prepared in accordance with generally accepted accounting principles (GAAP), owner certified and submitted electronically no later than 90 calendar days after the end of the owner's fiscal year in accordance with the requirements of 24 C.F.R. Part 5. This obligation shall apply during the term of the HAP contract and for each successive renewal term.

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 C.F.R. 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 C.F.R. 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 C.F.R. 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

Exhibit A

**IDENTIFICATION OF UNITS ("CONTRACT UNITS")
BY SIZE AND APPLICABLE CONTRACT RENT**

[illegible]

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 6A of the renewal contract.

Exhibit B

PROVIDE LISTING OF ALL SERVICES, MAINTENANCE AND UTILITIES TO BE PROVIDED BY OWNER

[illegible]

Exhibit C

LEGAL DESCRIPTION

Lying and being in Cheoah Township, Graham County, North Carolina, and being Robbinsville Town Lots 146, 147, 148 and 149, according to a survey map by Kenneth O. Pankow, RLS L-2257, dated May 5, 1982, and being more particularly described as follows:

Beginning on an I. P. on the North Bank of N.C.S.R. 1106, said I.P. being a witness monument to the Southwest Corner of Lot #149 and the Southeast Corner of Lot #150; and runs thence S37 degrees-31' W, 14.00 feet to a point near the North margin of said road; thence runs S68 degrees-10' E 214.95 feet to a point; thence runs S47 degrees-40' E, 33.17 feet to a point near the north margin of said road; said point being the Southeast corner of Lot #146 and Southwest corner of Lot #145; thence runs with the boundary of said lots N37 degrees 31'E, 149.77 feet to a railroad spike set in Depot Street; thence runs N52 degrees-29'W, 240.00 feet to an I.P. set on the south side of Depot Street, said I.P. being the Northwest corner of Lot #149 and Northeast corner of Lot #150; thence runs with the boundary of said lots S37 degrees-31'W, 191.09 feet to the point of beginning.

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

Attachment G
CERTIFICATE OF SUBSTANTIAL COMPLIANCE

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:

Signature

Grantee 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

Applicable to all foreclosure sales.

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 calendar days prior notice to vacate the unit.
2. Any tenant retains all 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 calendar 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 calendar 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 calendar 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.

Attachment J
24 CFR Part 5 Physical Conditions

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

- (a) *Site.* The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parkinglots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.
- (b) *Building exterior.* Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.
- (c) *Building systems.* Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.
- (d) *Dwelling units.*
 - (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.
 - (2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).
 - (3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.
 - (4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.
- (e) *Common areas.* The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.
- (f) *Health and safety concerns.* All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have handrails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).
- (g) *Compliance with state and local codes.* The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

Attachment K
Post-Closing Repair Report

Property:		Repair Expenditures to Date: \$
Address:		Date Repairs Began:

Number of HAP Units: Number of HAP Units repaired/meeting PCS:
 Number of Units: Number of Units repaired/meeting PCS:
 List major repairs as required by Form HUD-9552 and provide status of those repairs:

Major Repair	Work Completed
Ex. Replace roof on 5 buildings (80%)	Ex: Roof replaced for 3 buildings (60%)

Provide a narrative describing special circumstances beyond your control which may, or have delayed the repairs:

Provide narrative describing the status of the planned rehabilitation. Your narrative should include whether you are ahead of, on schedule, or behind on your original rehabilitation schedule:

Date of Report:

Report completed by: _____ Title _____

Please fax a completed version of this report to the Property Disposition Construction Analyst at (817) 978-6018. Reports are due quarterly and to be continued until the repairs are complete.

Attachments:

1. Attach a minimum of 4 photographs depicting repaired conditions.
2. Attach additional pages as necessary to provide a thorough explanation of status of repairs.

Attachment L
DUNS Number and CCR Registration Certification

This is to certify that:

(Owner Name and DUNS Number)

(Global Parent Owner Name and DUNS Number)

(Global Parent Legal Business Name)

(CCR Legal Business Name)

(Doing Business As)

In conjunction with the following Section 8 or Project Rental Assistance Contract, as of _____, 20____ has received CCR registration and the following DUNS number in accordance with [Notice H 2011-01](#): _____

Section 8 Project Based Contract Number: _____

Project Rental Assistance Contract Number: _____

DUNS Number: _____

I certify that the information contained herein was examined by me and to the best of my knowledge and belief is true, correct and complete.
Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802.)

(Signature and Title of Project Owner)

(Date)

Attachment M
**OWNER'S PHYSICAL CONDITIONS STANDARDS INSPECTION
 AND CERTIFICATION (PCS INSPECTION CHECKLIST)**

Instructions: Owner must complete this report for each unit receiving Project-Based Section 8 funding. The report is to be received in the Property Disposition Center no later than ten (10) days prior to the date for the PCS inspection ordered by HUD. If the Owner chooses to have the unit(s) inspected by a Certified Property Inspector, a copy of the Inspector's certification must accompany the Owner's report.

Property Name: _____ Address: _____

Inspection Number: _____

Building Number:								
Unit Number:								
Number of Bedrooms:								
Number of Bathrooms:								
Occupied (O) or Vacant (V):								

F=Fail P=Pass I=Inconclusive Y=Yes N= No N/A=Not applicable

Unit Number:																					
1. Living Room	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
1.1 Living Room Present (Y or N)																					
1.2 Electricity																					
1.3 Electrical Hazards																					
1.4 Security																					
1.5 Window Condition																					
1.6 Ceiling Condition																					
1.7 Wall Condition																					
1.8 Floor Condition																					
1.9 Lead-Based Paint Hazard																					
Additional Comments/Findings on separate page (Y/N)																					

Unit Number:																		
2. Kitchen Area	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
2.1 Kitchen Area Present (Y or N)																		
2.2 Electricity																		
2.3 Electrical Hazards																		
2.4 Security																		
2.5 Window Condition																		
2.6 Ceiling Condition																		
2.7 Wall Condition																		
2.8 Floor Condition																		
2.9 Lead-Based Paint Hazard																		
2.10 Stove or Range w/Oven																		
2.11 Refrigerator																		
2.12 Sink																		
2.13 Food prepare/store/serve																		
Additional Comments/Findings on separate page (Y/N)																		

**OWNER'S PHYSICAL CONDITIONS STANDARDS INSPECTION AND CERTIFICATION
(PCS INSPECTION CHECKLIST)**

Unit Number:																		
3. Bathroom	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
3.1 Bathroom Present (Y or N)																		
3.2 Electricity																		
3.3 Electrical Hazards																		
3.4 Security																		
3.5 Window Condition																		
3.6 Ceiling Condition																		
3.7 Wall Condition																		
3.8 Floor Condition																		
3.9 Lead-Based Paint Hazard																		
3.10 Flush Toilet																		
3.11 Fixed Wash Basin/Lavatory																		
3.12 Tub or Shower																		
3.13 Ventilation																		
Additional Comments/Findings on separate page (Y/N)																		

4. Other rooms used for living and halls: See Instructions under category 4.

Unit Number:																		
4.1 Room Code	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
Location: (R)right, (L)left, (C)center																		
(f)Front (r)Rear (c)center of unit																		
Level: (#) floor or (B) basement																		
4.2 Electricity/Illumination																		
4.3 Electrical Hazards																		
4.4 Security																		
4.5 Window Condition																		
4.6 Ceiling Condition																		
4.7 Wall Condition																		
4.8 Floor Condition																		
4.9 Lead-based Paint Hazard																		
4.10 Smoke Detectors																		
Additional Comments/Findings on separate page (Y/N)																		

4. Other rooms used for living and halls: See Instructions under category 4.

Unit Number:																		
4.1 Room Code	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
Location: (R)right, (L)left, (C)center																		
(f)Front (r)Rear (c)center of unit																		
Level: (#) floor or (B) basement																		
4.2 Electricity/Illumination																		
4.3 Electrical Hazards																		
4.4 Security																		
4.5 Window Condition																		
4.6 Ceiling Condition																		

**OWNER'S PHYSICAL CONDITIONS STANDARDS INSPECTION AND CERTIFICATION
(PCS INSPECTION CHECKLIST)**

4.7 Wall Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.8 Floor Condition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.9 Lead-based Paint Hazard	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.10 Smoke Detectors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments/Findings on separate page (Y/N)				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. All secondary rooms: not used for living: See instructions under Category 5.

Unit Number:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Description:	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
5.1 Security	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.2 Electrical Hazards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.3 Other potential hazards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments/Findings on separate page (Y/N)				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Unit Number:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Heating and Plumbing	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
6.1 Adequacy of Heating Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.2 Safety of Heating Equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.3 Ventilation/Cooling System	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.4 Water Heater	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.5 Water Supply	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.6 Plumbing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.7 Sewer Connections	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments/Findings on separate page (Y/N)				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Unit Number:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. General Health and Safety	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
7.1 Access to Unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.2 Exits	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.3 Evidence of Infestation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.4 Garbage and Debris	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.5 Refuse Removal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.6 Interior Stairs/Common Halls	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.7 Other Interior Hazards	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.8 Interior Air Quality	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Additional Comments/Findings on separate page (Y/N)				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Unit Number:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Decision of Inspector	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I	P	F	I
Indicate Pass or Fail for each unit	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

WARNING: It is a crime to knowingly make false statement(s) 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.

I, _____, the Owner of the Property, hereby certify that these units were inspected on this date of _____. Furthermore, I certify that the inspection was conducted according to the Instructions of this report by my signature below:

Signature of Owner

Date

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I hereby certify, as the Inspector performing the PCS inspection, that this Property was inspected as indicated by my signature below. This Property ☐ Passes ☐ Fails the PCS inspection.

Signature of Individual Performing Inspection

Date

(Print name of Inspector)

*Attach Inspector's Certification if performed by a third party.

OWNER'S PCS INSPECTION INSTRUCTIONS:

To ensure that each unit and inspection is correctly identified, please complete the top portion as follows:

Property Name: is the name of the apartment complex.

Property Address: is the physical location of the property, i.e., usually the site office address

Number of Inspections: the number of inspections as completed by the Owner. (This may not be the first PCS inspection, if so indicate the number of times an inspection of the physical conditions standards has been held for the property.

Building Number: is the building number for the units being inspected.

Unit Number: is the unit number, e.g., Unit 1. If the units are not numbered, but have separate identifying addresses, then use the address for the unit.

Number of bedrooms: self explanatory

Number of baths: self explanatory

Unit is Occupied/Vacant: self explanatory

Grading: The decision of the Inspector can be either: "Pass", "Fail", or "Inconclusive." You may use a check mark and an "x" to indicate your decision.

"N/A" may be used in for lead-based paint inspection. See Section 1.9 for more information.

"Yes" and/or "No" are used to indicate the presence of a room and the attachment of comments/findings.

Comments/Findings: In each Section, an area is provided to indicate if you have attachments which include comments or findings. If you encounter a condition that requires you to provide "comments/findings," indicate that you will be attaching additional pages to the inspection by entering a "Y" in the area provided (highlighted above in red.) Be sure to mark any comments/findings with the unit number or address of the unit to ensure that the reviewer understands to which unit the comments/findings apply. If there are no comments/findings to be attached, then indicate that by marking with "N." EXAMPLE:

Additional comments/findings on separate page (Y/N)	N						
---	---	--	--	--	--	--	--

NOTE: HUD will allow vouchering for HAP payments only for occupied units covered under the HAP Contract. All HAP units must be inspected.

1. Living Room

1.1 Living Room Present

Is there a living room?

Note: If the unit is an efficiency apartment, consider the living room present.

1.2 Electricity

Are there at least two working outlets or one working outlet and one working light fixture?

In order to qualify, the outlets must be present and properly installed in the baseboard, wall or floor of the room. Do not count a single duplex receptacle as two outlets, i.e., there must be **two** of these in the room, or **one** of these **plus a permanently installed ceiling or wall light fixture**. Both the outlets and/or the light must be working. Usually, a room will have sufficient lights or electrical appliances plugged into outlets to determine workability. Be sure light fixture does not fail just because the bulb is

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burned out. Do not count any of the following items or fixtures as outlets/fixtures: Table or floor lamps (these are **not** permanent light fixtures); ceiling lamps plugged into socket; extension cords. If the electric service to the unit has been temporarily turned off, enter "Inconclusive" and provide your comments/findings. Contact owner or manager after inspection to verify that electricity functions properly when service is turned on.

1.3 Electrical Hazards

Is the room free from electrical hazards?

Examples of what this means: broken wiring; non-insulated wiring; frayed wiring; improper types of wiring, connections or insulation; wires lying in or located near standing water or other unsafe places; light fixture hanging from electric wiring without other firm support or fixture; missing cover plates on switches or outlets; badly cracked outlets; exposed fuse box connections; overloaded circuits evidenced by frequently "blown" fuses (ask the tenant). If you are uncertain about severity of the problem seek expert advice. Mark "Inconclusive" and provide your comments/findings.

1.4 Security

Are all windows and doors that are accessible from the outside lockable?

"Accessible to outside" means: doors open to the outside or to a common public hall; windows accessible from the outside (e.g. basement and first floor); windows or doors leading onto a fire escape, porch or other outside place that can be reached from the ground. "Lockable" means: the window or door has a properly working lock, or is nailed shut, or the window is not designed to be opened. A storm window lock that is working properly is acceptable. Windows that are nailed shut are acceptable only if these windows are not needed for ventilation or as an alternate exit in case of fire.

1.5 Window Condition

Is there at least one window, and are all windows free of signs of severe deterioration of missing or broken out panes?

Rate the windows in the room (including windows in doors). "Severe deterioration" means that the window no longer has the capacity to keep out the wind and the rain or is a cutting hazard. Examples are: missing or broken-out panes; dangerously loose cracked panes; windows that will not close; windows that, when closed, do not form a reasonably tight seal. If there is only "moderate deterioration" of the windows the item should "Pass." "Moderate deterioration" means windows which are reasonably weather-tight, but show evidence of some aging, abuse, or lack of repair. Signs of deterioration are: minor crack in window pane; splintered sill; signs of some minor rotting in the window frame or the window itself; window panes loose because of missing window putty. Also for deteriorated and peeling paint see 1.9. If more than one window is in this condition, provide your comments/findings.

1.6 Ceiling Condition

Is the ceiling sound and free from hazardous defects?

"Unsound or hazardous" means: the presence of such serious defects that either a potential exists for structural collapse or that large cracks or holes allow significant drafts to enter the unit. The condition includes: severe bulging or buckling; large holes; missing parts; falling or in danger of falling loose surface materials (other than paper or paint). Pass ceilings that are basically sound but have some nonhazardous defects, including: small holes or cracks; missing or broken ceiling tiles; water stains; soiled surfaces; unpainted surfaces; peeling paint (for peeling paint see item 1.9).

1.7 Wall Condition

Is the wall sound and free from hazardous defects?

"Unsound or hazardous" includes: serious defects such that the structural safety of the building is threatened, such as severe buckling, bulging or leaning; damaged or loose structural members; large holes; air infiltration. Pass walls that are basically sound but have some non hazardous defects, including: small or shallow holes; cracks; loose or missing parts; unpainted surfaces; peeling paint (for peeling paint see item 1.9).

1.8 Floor Condition

Is the floor sound and free from hazardous defects?

"Unsound or hazardous" means the presence of such serious defects that a potential exists for structural collapse or other threats to safety (e.g., stripping) or large cracks or holes allow substantial drafts from below the floor. The condition includes: severe buckling or major movements under walking stress; damaged or missing parts. Pass floors that are basically sound but have some nonhazardous defects, including: heavily worn or damaged floor surface (for ex-ample, scratches or gouges in surface, missing portions of tile or linoleum, previous water damage). If there is a floor covering, also note the condition, especially if badly worn or soiled. If there is a floor covering, including paint or sealant, also note the

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conditions in your comments/findings, especially if badly worn, soiled or peeling (for peeling paint, see 1.9).

1.9 Lead-Based Paint

Are all painted surfaces free of deteriorated paint? If no, do deteriorated surfaces exceed two square feet and/or more than 10% of a component?

If the unit was built January 1, 1978, or after, no child under age six will occupy or currently occupies it, is a 0-BR, elderly or handicapped unit with no children under age six on the lease or expected, has been certified lead based paint free by a certified lead-based paint inspector (no lead based paint present or no lead-based paint present after removal of lead-based paint.), mark "N/A" and do not inspect painted surfaces. This requirement applies to all painted surfaces (building components) within the unit. (Do not include tenant belongings). Surfaces to receive a visual assessment for deteriorated paint include walls, floors, ceilings, built in cabinets (sink bases), baseboards, doors, door frames, windows systems including mullions, sills, or frames and any other painted building component within the unit. Deteriorated paint includes any painted surface that is peeling, chipping, chalking, cracking, damaged or otherwise separated from the substrate. All deteriorated paint surfaces **more than 2 sq. ft. in any one interior room or space, or more than 10% of the total surface area of an interior type of component with a small surface area (i.e., window sills, baseboards, and trim)** must be stabilized (corrected) in accordance with all safe work practice requirements and clearance is required. **If the deteriorated painted surface is less than 2 sq. ft. or less than 10% of the component, only stabilization is required.**

Clearance testing is not required. Stabilization means removal of deteriorated paint, repair of the substrate, and application of a new protective coating or paint. Lead-Based Paint Owner Certification is required following stabilization activities, except for *de minimis* level repairs.

2. Kitchen

2.1 Kitchen Area Present

Is there a kitchen present?

Note: A kitchen is an area used for preparation of meals. It may be either a separate room or an area of a larger room (for example, a kitchen area in an efficiency apartment).

2.2 - 2.9 Explanation for these items is the same as that provided for "Living Room" with the following modifications:

2.2 Electricity

Are there at least one working outlet and one working, permanently installed light fixture?

Note: The requirement is that at least one outlet and one permanent light fixture are present and working.

2.5 Window Condition

Note: The absence of a window does not fail this item in the kitchen. If there is no window, check "Pass."

2.10 Stove or Range with Oven

Is there a working oven, and a stove (or range) with top burners that work? If no oven and stove (or range) are present, is there a microwave oven and, if microwave oven is owner-supplied, do other tenants have microwaves instead of an oven and stove (or range)?

Both an oven and a stove (or range) with top burners must be present and working. If either is missing and you know that the owner is responsible for supplying these appliances, mark "Fail." Mark "Inconclusive" if the tenant is responsible for supplying the appliances and has not yet moved in. Contact tenant or prospective tenant to gain verification that facility will be supplied and is in working condition. Hot plates are not acceptable substitutes for these facilities. An oven is not working if it will not heat up. To be working a stove or range must have all burners working and knobs to turn them off and on. Under "working condition," also look for hazardous gas hook-ups evidenced by strong gas smells; these should fail. (Be sure that this condition is not confused with an unlit pilot light – a condition that should be noted, but does not fail.) If both an oven and a stove or range is present, but the gas or electricity is turned off, mark "Inconclusive." Contact owner or manager to get verification that facility works when gas is turned on. If both an oven and a stove or range are present and working, but defects exist, mark "Pass" and note these in your comments/findings. Possible defects are marked, dented, or scratched surfaces; cracked burner ring; limited size relative to family needs.

2.11 Refrigerator

If there a refrigerator that works and maintains a temperature low enough so that food does not spoil over a period of time?

If no refrigerator is present, use the same criteria for marking either "Fail" or "Inconclusive" as were used for the oven and stove or range. A refrigerator is not working if it will not maintain a temperature low enough to keep food from spoiling over a reasonable period of time. If the electricity is turned off, mark

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"Inconclusive." Contact the owner (or tenant if unit is occupied) to get verification of working condition. If the refrigerator is present and working but defects exist, note these in your comments/findings. Possible minor defects include: broken or missing interior shelving; dented or scratched interior or exterior surfaces; minor deterioration of door seal; loose door handle.

2.12 Sink

Is there a kitchen sink that works with hot and cold running water?

If a permanently attached kitchen sink is not present in the kitchen or kitchen area, mark "Fail." A sink in a bathroom or a portable basin will not satisfy this requirement. A sink is not working unless it has running hot and cold water from the faucets and a properly connected and properly working drain (with a "gas trap"). In a vacant apartment, the hot water may have been turned off and there will be no hot water. Mark this "Inconclusive." Check with owner or manager to verify that hot water is available when service is turned on. If a working sink has defects, note this in your comments/findings. Possible minor defects include: dripping faucet; marked, dented, or scratched surface; slow drain; missing or broken drain stopper.

2.13 Space for Storage, Preparation, and Serving of Food

Is there space to store, prepare, and serve food?

Some space must be available for the storage, preparation, and serving of food. If there is no built-in space for food storage and preparation, a table used for food preparation and a portable storage cabinet will satisfy the requirement. If there is no built-in space, and no room for a table and portable cabinet, mark "Inconclusive" and discuss with the tenant. The tenant makes the final determination as to whether or not this space is acceptable. If there are some minor defects, mark "Pass" and indicate this in your comments/findings. Possible defects include: marked, dented, or scratched surfaces; broken shelving or cabinet doors; broken drawers or cabinet hardware; limited size relative to family needs.

3. Bathroom

3.1 Bathroom Present

Is there a bathroom?

Most units have easily identifiable bathrooms (i.e., a separate room with toilet, washbasin and tub or shower). In some cases, however, you will encounter units with scattered bathroom facilities (i.e., toilet, washbasin and tub or shower located in separate parts of the unit). At a minimum, there must be an enclosure around the toilet. In this case, count the enclosure around the toilet as the bathroom and proceed with 3.2-3.9 below, with respect to this enclosure. If there is more than one bathroom that is normally used, rate the one that is in best condition for Part 3. If there is a second bathroom that is also used, complete Part 4 of the checklist for this room.

3.2 - 3.9 Explanation for these items is the same as that provided for "Living Room" with the following modifications:

3.2 Electricity

Note: The requirement is that at least one permanent light fixture is present and working.

3.3 Electrical Hazards

Note: In addition to the previously mentioned hazards, non-GFCI outlets that are located within 6 feet of a water source are considered to be an electrical hazard.

3.5 Window Condition

Note: The absence of a window does not fail this item in the bathroom (see item 3.13, Ventilation, for relevance of window with respect to ventilation). If there is no window, but a working vent system is present, mark "Pass."

3.7 Wall Condition

Note: Include under nonhazardous defects (that would pass, but should be noted in your comments/findings) the following: broken or loose tile; deteriorated grouting at tub/wall and tub/floor joints, or tiled surfaces; water stains.

3.8 Floor Condition

Note: Include under nonhazardous defects (that would pass, but should be noted in your comments/findings) the following: missing floor tiles; water stains.

3.10 Flush Toilet in Enclosed Room in Unit

Is there a working toilet in the unit for the exclusive private use of the tenant?

The toilet must be contained within the unit, be in proper operating condition, and be available for the exclusive use of the occupants of the unit (i.e., outhouses or facilities shared by occupants of other units are not acceptable). It must allow for privacy. Not working means: the toilet is not connected to a water supply; it is not connected to a sewer drain; it is clogged; it does not have a trap; the connections, vents

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or traps are faulty to the extent that severe leakage of water or escape of gases occurs; the flushing mechanism does not function properly. If the water to the unit has been turned off, mark "Inconclusive." Obtain verification from owner or manager that facility works properly when water is turned on. If the toilet is "present, exclusive, and working," but has the following types of defects: constant running; chipped or broken porcelain; slow draining, note this in your comments/findings. If drain blockage is more serious and occurs further in the sewer line, causing backup, check item 5.6, "Fail," under the plumbing and heating part of the checklist. A sign of serious sewer blockage is the presence of numerous backed-up drains.

3.11 Fixed Wash Basin or Lavatory in Unit

Is there a working, permanently installed wash basin with hot and cold running water in the unit?

The wash basin must be permanently installed (i.e., a portable wash basin does not satisfy the requirement). Also, a kitchen sink used to pass the requirements under Part 2 of the checklist (kitchen facilities) cannot also serve as the bathroom wash basin. The wash basin may be located separate from the other bathroom facilities (i.e. in a hallway). Not working means: the wash basin is not connected to a system that will deliver hot and cold running water; it is not connected to a properly operating drain; the connectors (or vents or traps) are faulty to the extent that severe leakage of water or escape of sewer gases occurs. If the water to the unit or the hot water unit has been turned off, mark "Inconclusive." Obtain verification from owner or manager that the system is in working condition. If the wash basin is "present and working," but has the following types of minor defects: insufficient water pressure; dripping faucets; minor leaks; cracked or chipped porcelain; slow drain (see discussion above at 3.10), note this in your comments/findings.

3.12 Tub or Shower in Unit

Is there a working tub or shower with hot and cold running water in the unit?

Not present means that neither a tub nor shower is present in the unit. Again, these facilities need not be in the same room with the rest of the bathroom facilities. They must, however, be private. Not working covers the same requirements detailed above for wash basin (3.11). If the tub or shower is present and working, but has the following types of defects: dripping faucet; minor leaks; cracked porcelain; slow drain (see discussion under 3.10); absent or broken support rod for shower curtain, note this in your comments/findings.

3.13 Ventilation

Are there operable windows or a working vent system?

Working vent systems include: ventilation shafts (non –mechanical vents) and electric fans. Electric vent fans must function when switch is turned on. (Make sure that any malfunctions are not due to the fan not being plugged in.) If electric current to the unit has not been turned on (and there is no operable window), mark "Inconclusive." Obtain verification from owner or manager that system works. Note: exhaust vents must be vented to the outside, attic, or crawlspace.

4. Other Room(s) Used for Living and Halls

Complete an "Other Room" checklist for as many "other rooms used for living" as are present in the unit and not already noted in Parts 1, 2, and 3 of the checklist. See the discussion below for definition of "used for living." Also complete an "Other Room" checklist for all entrance halls, corridors, and staircases that are located within the unit and are part of the area used for living. If a hall, entry and/or stairway are contiguous, rate them as a whole (i.e., as part of one space). Additional forms for rating "Other Rooms" are provided in the check-list. Definition of "used for living." Rooms "used for living" are areas of the unit that are walked through or lived in on a regular basis. Do not include rooms or other areas that have been permanently, or near permanently, closed off or areas that are infrequently entered. For example, do not include a utility room, attached shed, attached closed-in porch, basement, or garage if they are closed off from the main living area or are infrequently entered. Do include any of these areas if they are frequently used (e.g., a finished basement/play-room, a closed-in porch that is used as a bedroom during summer months). Occasional use of a washer or dryer in an otherwise unused room does not constitute regular use. If the unit is vacant and you do not know the eventual use of a particular room, complete an "Other Room" checklist if there is any chance that the room will be used on a regular basis. If there is no chance that the room will be used on a regular basis, do not include it (e.g., an unfinished basement) since it will be checked under Part 5, All Secondary Rooms (Rooms not used for living).

4.1 Room Code and Room Location

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Enter the appropriate room code given below:

Room Codes:

- 1 = Bedroom or any other room used for sleeping (regardless of type of room)
- 2 = Dining Room or Dining Area
- 3 = Second Living Room, Family Room, Den, Playroom, TV Room
- 4 = Entrance Halls, Corridors, Halls, Staircases
- 5 = Additional Bathroom (also check presence of sink trap and clogged toilet)
- 6 = Other

Room Location: Write on the line provided the location of the room with respect to the unit's width, length and floor level as if you were standing outside the unit facing the entrance to the unit:
right/left/center: record whether the room is situated to the right, left, or center of the unit.
front/rear/center: record whether the room is situated to the back, front or center of the unit.
floor level: identify the floor level on which the room is located.

If the unit is vacant, you may have some difficulty predicting the eventual use of a room. Before giving any room a code of 1 (bedroom), the room must meet all of the requirements for a "room used for sleeping" (see items 4.2 and 4.5).

4.2 - 4.9 Explanations of these items are the same as those provided for "Living Room" with the following modifications:

4.2 Electricity/Illumination

If room code is "1", are there at least two working outlets or one working outlet and one working, permanently installed light fixture?

If room code is not a "1", is there a means of illumination?

If the room code is not a "1," the room must have a means of natural or artificial illumination such as a permanent light fixture, wall outlet present, or light from a window in the room or near the room. If any required item is missing, mark "Fail." If the electricity is turned off, mark "Inconclusive."

4.5 Window Condition

If room code is "1", is there at least one window? And, regardless of room code, are all windows free of signs of severe deterioration or missing or broken-out panes?

Any room used for sleeping must have at least one window. If the windows in sleeping rooms are designed to be opened, at least one window must be operable. The minimum standards do not require a window in "other rooms." Therefore, if there is no window in another room not used for sleeping, mark "Pass," and note "no window" in your comments/findings.

4.6 Smoke Detectors

Is there a working smoke detector on each level?

Do the smoke detectors meet the requirements of NFPA 74?

In units occupied by the hearing impaired, is there an alarm system connected to the smoke detector?

At least one battery-operated or hard-wired smoke detector must be present and working on each level of the unit, including the basement, but not the crawl spaces and unfinished attic. Smoke detectors must be installed in accordance with and meet the requirements of the National Fire Protection Association Standard (NFPA) 74 (or its successor standards). If the dwelling unit is occupied by any hearing-impaired person, smoke detectors must have an alarm system designed for hearing-impaired persons as specified in NFPA 74 (or successor standards). If the unit was under HAP contract prior to April 24, 1993, owners who installed battery-operated or hard-wired smoke detectors in compliance with HUD's smoke detector requirements, including the regulations published on July 30, 1992 (57 F R 33846), will not be required subsequently to comply with any additional requirements mandated by NFPA 74 (i.e., the owner would not be required to install a smoke detector in a basement not used for living purposes, nor would the owner be required to change the location of the smoke detectors that have already been installed on the other floors of the unit). In this case, mark "Pass" and note in your comments/findings.

Additional Notes

For staircases, the adequacy of light and condition of the stair rails and railings is covered under Part 7 of the checklist (General Health and Safety)

5. All Secondary Rooms (Rooms not used for living)

If any room in the unit did not meet the requirements for "other room used for living" in Part 4, it is to be considered a "secondary room (not used for living)." Rate all of these rooms together (i.e., a single Part 5 checklist for all secondary rooms in the unit). Inspection is required of the following two items since hazardous defects under these items could jeopardize the rest of the unit, even if present in rooms not

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used for living: 5. 2 Security, 5. 3 Electrical Hazards. Also, be observant of any other potentially hazardous features in these rooms and record under 5.4. If there are no "Secondary Rooms (rooms not used for living)," mark "None" under "Description" and go on to Part 6.

5.1 - 5.3 Explanations of these items is the same as those provided for "Living Room."

Additional Note

In recording "other potentially hazardous features," note (in your comments/findings) the means of access to the room with the hazard and mark "Inconclusive." Discuss the hazard with the HA inspection supervisor to determine "Pass" or "Fail." Include defects like: large holes in floor, walls or ceilings; evidence of structural collapse; windows in condition of severe deterioration; and deteriorated paint surfaces.

6. Heating and Plumbing

6.1 Adequacy of Heating Equipment

Is the heating system capable of providing adequate heat (either directly or indirectly) to all rooms used for living?

"Adequate heat" means that the heating system is capable of delivering enough heat to assure a healthy environment in the unit (appropriate to the climate). The HA is responsible for defining what constitutes a healthy living environment in the area of the country in which it operates. Local codes (city or state codes) should be instructive in arriving at a reasonable local definition. For example, for heat adequacy, local codes often require that the unit's heating facility be capable of maintaining a given temperature level during a designated time period. Portable electric room heaters or kitchen stoves or ranges with a built-in heat unit are not acceptable as a primary source of heat for units located in areas where climate conditions require regular heating. "Directly or indirectly to all rooms used for living" means: "Directly" means that each room used for living has a heat source (e.g., working radiator; working hot air register; baseboard heat) "indirectly" means that, if there is no heat source present in the room, heat can enter the room easily from a heated adjacent room (e.g. a dining room may not have a radiator, but would receive heat from the heated living room through a large open archway). If the heating system in the unit works, but there is some question whether a room without a heat source would receive adequate indirect heat, mark "Inconclusive" and verify adequacy from tenant or owner (e.g., unheated bedroom at the end of a long hallway). How to determine the capability of the heating system: If the unit is occupied, usually the quickest way to determine the capability of the heating system over time is to question the tenant. If the unit is not occupied, or the tenant has not lived in the unit during the months when heat would be needed, mark "Inclusive." It will be necessary to question the owner on this point after the inspection has been completed and, if possible, to question other tenants (if it is a multi-unit structure) about the adequacy of heat provided. Under some circumstances, the adequacy of heat can be determined by a simple comparison of the size of the heating system to the area to be heated. For example, a small permanently installed space heater in a living room is probably inadequate for heating anything larger than a relatively small apartment.

6.2 Safety of Heating Equipment

Is the unit free from unvented fuel burning space heaters or any other types of unsafe heating conditions?

Examples of "unvented fuel burning space heaters" are: portable kerosene units; unvented open flame portable units. "Other unsafe conditions" include: breakage or damage to heating system such that there is a potential for fire or other threats to safety; improper connection of flues allowing exhaust gases to enter the living area; improper installation of equipment (e.g., proximity of fuel tank to heat source, absence of safety devices); indications of improper use of equipment (e.g., evidence of heavy build-up of soot, creosote, or other substance in the chimney); disintegrating equipment; combustible materials near heat source or flue. If you are unable to gain access to primary heating systems the unit mark "Inconclusive." Contact the owner or manager for verification of safety of the system. If the system has passed a recent local inspection, mark "Pass." This applies especially to units in which heat is provided by a large scale, complex central heating system that serves multiple units (e.g., a boiler in the basement of a large apartment building). In most cases, a large scale heating system for a multi-unit building will be subject to periodic safety inspections by a local public agency. Check with the owner or manager to determine the date and outcome of the last such inspection, or look for a posted inspection certificate.

6.3 Ventilation and Adequacy of Cooling

Does the unit have adequate ventilation and cooling by means of openable windows or a working cooling system?

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If the tenant is present and has occupied the unit during the summer months, inquire about the adequacy of air flow. If the tenant is not present or has not occupied the unit during the summer months, test a sample of windows to see that they open. Equipment includes: central (fan) ventilation system; evaporative cooling system; room or central air conditioning. Mark "Inconclusive" if there are no operable windows and it is impossible, or inappropriate, to test whether a cooling system works. Check with other tenants in the building (in a multi-unit structure) and with the owner or manager for verification of the adequacy of ventilation and cooling.

6.4 Water Heater

Is the water heater located, equipped, and installed in a safe manner?

"Location presents hazard" means that the gas or oil water heater is located in living areas or closets where safety hazards may exist (e.g., water heater located in a cluttered closet with cloth and paper items stacked against it). Gas water heaters in bedrooms or other living areas must have safety dividers or shields. Water heaters must have a temperature-pressure relief valve and discharge line (directed toward the floor or outside of the living area) as a safeguard against build up of steam if the water heater malfunctions. If not, they are not properly equipped and shall fail. To pass, gas or oil fired water heaters must be vented into a properly installed chimney or flue leading outside. Electric water heaters do not require venting. If it is impossible to view the water heater, mark "Inconclusive." Obtain verification of safety of system from owner or manager. Mark "Pass" if the water heater has passed a local inspection. This applies primarily to hot water that is supplied by a large scale complex water heating system that serves multiple units (e.g., water heating system in large apartment building). Check in the same manner described for heating system safety, item 7.2, above.

6.5 Water Supply

Is the unit served by an approvable public or private sanitary water supply?

If the structure is connected to a city or town water system, mark "Pass." If the structure has a private water supply (usually in rural areas) inquire into the nature of the supply (probably from the owner) and check with owner or manager for verification of adequacy.

6.6 Plumbing

Is plumbing free from major leaks or corrosion that causes serious and persistent levels of rust or contamination of the drinking water?

"Major leaks" means that main water drain and feed pipes (often located in the basement) are seriously leaking. (Leaks present at specific facilities have already been evaluated under the checklist items for Bathroom and Kitchen.) Leaks causing serious and persistent levels of rust or contamination in the drinking water can be determined by observing the color of the drinking water at several taps. Badly corroded pipes will produce noticeably brownish water. If the tenant is currently occupying the unit, he or she should be able to provide information about the persistence of this condition. (Make sure that the "rusty water" is not a temporary condition caused by city or town maintenance of main water lines.) See general note under 6.5.

6.7 Sewer Connection

Is plumbing connected to an approvable public or private disposal system, and is it free from sewer back-up?

If the structure is connected to the city or town sewer system, mark "Pass." If the structure has its own private disposal system (e.g., septic field), inquire into the nature of the system and determine whether this type of system can meet appropriate health and safety regulations. The following conditions constitute "evidence of sewer back up": strong sewer gas smell in the basement or outside of unit; numerous clogged or very slow drains; marshy areas outside of unit above septic field.

7. General Health and Safety

7.1 Access to Unit

Can the unit be entered without having to go through another unit?

"Through another unit" means that access to the unit is only possible by means of passage through another dwelling unit.

7.2 Exits

Is there an acceptable fire exit from this building that is not blocked?

Is there an acceptable fire exit from this building that is not blocked? "Acceptable fire exit" means that the building must have an alternative means of exit that meets local or state regulations in case of fire; this could include: An openable window if the unit is on the first floor or second floor or easily accessible to the ground; A back door opening on to a porch with a stairway leading to the ground; Fire escape, fire ladder, or fire stairs. "Blocked" means that the exit is not useable due to conditions such as debris,

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storage, door or window nailed shut, broken lock. Important note: HUD/or the HA has the final responsibility for deciding whether the type of emergency exit is acceptable, although the tenant should assist in making the decision.

7.3 Evidence of Infestation

Is the unit free from rats or severe infestation by mice or vermin?

"Presence of rats" or severe infestation by mice or vermin" (such as roaches) is evidenced by: rat holes; droppings; rat runs; numerous settings of rat poison. If the unit is occupied, ask the tenant.

7.4 Garbage and Debris

Is the unit free from heavy accumulation of garbage or debris inside and outside?

"Heavy accumulation" means large piles of trash and garbage, discarded furniture, and other debris (not temporarily stored awaiting removal) that might harbor rodents. This may occur inside the unit, in common areas, or outside. It usually means a level of accumulation beyond the capacity of an individual to pick up within an hour or two.

7.5 Refuse Disposal

Are there adequate covered facilities for temporary storage and disposal of food wastes, and are they approvable by a local agency?

"Adequate covered facilities" includes: trash cans with covers, garbage chutes, "dumpsters" (i.e., large scale refuse boxes with lids); trash bags (if approvable by local public agency). "Approvable by local public agency" means that the local Health and Sanitation Department (city, town or county) approves the type of facility in use. Note: During the period when the HA is setting up its inspection program, it will check with the local health and sanitation department to determine which types of facilities are acceptable and include this in the inspection requirements. If the unit is vacant and there are no adequate covered facilities present, mark "Inconclusive." Contact the owner or manager for verification of facilities provided when the unit is occupied.

7.6 Interior Stairs and Common Halls

Are interior stairs and common halls free from hazards to the occupant because of loose, broken, or missing steps on stairways; absent or insecure railings; inadequate lighting; or other hazards?

"Loose, broken, or missing steps" should fail if they present a serious risk of tripping or falling. A handrail is required on extended sections of stairs (generally four or more consecutive steps). A railing is required on unprotected heights such as around stairwells. "Other hazards" would be conditions such as bare electrical wires and tripping hazards.

7.7 Other Interior Hazards

Is the interior of the unit free from any other hazard not specifically identified previously?

Examples of other hazards might be: a broken bathroom fixture with a sharp edge in a location where it represents a hazard; a protruding nail in a doorway.

7.8 Interior Air Quality

Is the unit free from abnormally high levels of air pollution from vehicular exhaust, sewer gas, fuel gas, dust, or other pollutants?

If the inspector has any questions about whether an existing poor air quality condition should be considered dangerous, he or she should check with the local Health and Safety Department (city, town or county).

8. Decision of Inspector: While it is HUD's position that, if any one unit fails, the Property fails. However, to make future inspections easier, we are requiring that the Inspector indicate the grade (i.e., Pass or Fail) for each unit individually.

Be sure to submit all pages of the inspection report, including any/all comment/finding pages. Do not include the instructions with your submission. HUD will not accept any inspection report that is not signed and dated by any party to the inspection.