

TABLE OF CONTENTS

Paragraph		Page
CHAPTER 1. OVERVIEW		
1-1.	BACKGROUND.....	1-1
	A. Purpose.....	1-1
	B. Authority.....	1-1
	C. Additional References.....	1-2
1-2.	ELIGIBLE PROJECTS.....	1-2
1-3.	FORM AND TERM OF SUBSIDY.....	1-3
	A. Form of Subsidy.....	1-3
	B. Term of Assistance.....	1-3
1-4.	PROGRAM FUNDING.....	1-4
	A. Competitive Process.....	1-4
	B. Types of Funding.....	1-5
1-5.	CONDITIONS OF ASSISTANCE.....	1-6
	A. Disclosure of Tax Credits and Other Federal Assistance to the Project.....	1-6
	B. Lobbying Restrictions Agreement.....	1-8
	C. HUD Fair Housing Requirements.....	1-10
	D. Housing Quality Standards (HQS).....	1-10
	E. Lead-Based Paint.....	1-11
	F. Resident Input.....	1-13
	G. Other HUD Requirements.....	1-14
1-6.	KEY STEPS IN THE PROCESS.....	1-15
1-7.	PROGRAM ADMINISTRATION.....	1-17
	A. Headquarters Role.....	1-17
	B. Regional Offices.....	1-17
	C. Field Offices.....	1-18
1-8.	FUNDING DISCLOSURE.....	1-18

Paragraph		Page
CHAPTER 2. PROGRAM APPLICATION AND APPROVAL PROCESS		
2-1.	NOTICE OF FUND AVAILABILITY (NOFA).....	2-1
2-2.	OWNER APPLICATION PROCEDURES.....	2-1
	A. Application Form (HUD-52530).....	2-1
	B. Required Attachments.....	2-4
	C. Concurrent Request for Rent Increase.....	2-4
	D. Submission Requirements.....	2-4
	E. Correcting Deficient Applications.....	2-5
2-3.	LOCAL GOVERNMENT COMMENT.....	2-5
	A. Purpose.....	2-5
	B. Notification Requirements.....	2-6
2-4.	REVIEW FOR COMPLIANCE WITH PROGRAM REQUIREMENTS.....	2-6
2-5.	HOUSING QUALITY STANDARDS (HQS).....	2-8
	A. Housing Quality Standards.....	2-8
	B. Purpose.....	2-8
	C. Section 8 HQS.....	2-8
	D. Required Components and Amenities.....	2-9
	E. Condition of Provided Components and Amenities.....	2-9
	F. Inspection Procedures.....	2-9
	G. Exit Meeting and Target Dates for Correction.....	2-10
	H. Owner Certification and Compliance.....	2-11
	I. Review of Previous Inspections and Management Reviews.....	2-11
	J. Consideration of Tenant Comments.....	2-12
2-6.	LEAD-BASED PAINT.....	2-12
	A. Testing for Lead-Based Paint.....	2-12
	B. Abatement of Lead-Based Paint.....	2-12
2-7.	POTENTIAL FOR PROJECT LONG TERM VIABILITY.....	2-15

2-8	RENT LIMITATIONS FOR NEW CONTRACTS.....	2-16
	A. General Contract Rent Limitation.....	2-16
	B. Recently Completed Housing.....	2-16
2-9.	FIELD OFFICE RECOMMENDATION.....	2-17
2-10.	FIELD OFFICE DETERMINATION.....	2-17
	A. Recommended Applications.....	2-17
	B. Rejected Applications.....	2-17
2-11.	ANALYSES FOR RECOMMENDED PROJECTS.....	2-18
	A. Preliminary Determination of Priority.....	2-18
	B. Number of Units to be Assisted.....	2-19
	C. Estimate of Contract Authority Required.....	2-20
	D. Subsidy Layering Review.....	2-20
2-12.	SUBMISSION TO HEADQUARTERS.....	2-21
	A. Annual Needs Survey (ANS).....	2-21
	B. Supplementary Documentation.....	2-21
2-13.	HEADQUARTERS PROCESSING -- GENERAL FUNDING.....	2-22
	A. Priority Determinations.....	2-22
	B. Selection Criteria.....	2-22
2-14.	FIELD OFFICE REQUEST FOR HEADQUARTERS PROCESSING OF EMERGENCY FUNDING.....	2-22
2-15.	FUND RESERVATION.....	2-23
	A. Reservation of Contract Authority.....	2-23
	B. Completing the Section 8 Contract List (HUD-5041C).....	2-23
	C. Field Office Procedures for Reserving LMSA Funds.....	2-24
2-16.	NOTIFICATION TO OWNER.....	2-24
	A. Approved Applications.....	2-24
	B. Disapproved Applications.....	2-25

2-17.	HAP CONTRACT EXECUTION.....	2-25
	A. Pre-Conditions for Contract Execution.....	2-25
	B. HAP Contract Execution.....	2-25
	C. Term of Contract.....	2-26
2-18.	RECORDS RETENTION.....	2-27
CHAPTER 3. CONTRACT ADMINISTRATION		
3-1.	OWNER RESPONSIBILITIES DURING THE CONTRACT PERIOD.....	3-1
	A. Occupancy Functions.....	3-1
	B. Ongoing Reporting Requirements.....	3-2
3-2.	FIELD OFFICE MONITORING RESPONSIBILITIES.....	3-2
3-3.	RENT ADJUSTMENTS.....	3-2
	A. Projects Subject to Budgeted Rent Increase Provisions.....	3-3
	B. Projects Subject to Annual Adjustment Factor Rent Increase Provisions.....	3-3
	C. Maximum Assistance Payments.....	3-3
	D. Notification to Owners.....	3-3
	E. Special Adjustments.....	3-4
3-4.	CONTRACT EXPIRATIONS AND EXTENSIONS.....	3-4
	A. Owner Notice Requirements.....	3-4
	B. Owner Failure to Provide Sufficient Notice.....	3-5
	C. Owners Giving Notices of Termination.....	3-6
	D. Owners Rejecting HUD Incentives to Renew Contract.....	3-7
CHAPTER 4. CONTRACT CLOSE-OUT		
4-1.	OBTAINING HOUSING VOUCHERS FOR TENANTS OF PROJECTS WITH TERMINATED LMSA CONTRACTS.....	4-1

Paragraph	Page
A. Notification to Assisted Housing Management Staff.....	4-1
B. Request to PHA.....	4-1
C. Reservation of Funds.....	4-3

4-2.	PROJECT CLOSE-OUT.....	4-4
A.	Owner Submission of Final Tenant Assistance Voucher.....	4-4
B.	Owner Submission of Final Voucher for Special Claims.....	4-4
C.	Close-Out PAD.....	4-4

4350.2 REV-1

APPENDICES

Appendix 1	Form HUD 52530, LMSA Application
Appendix 2	Form HUD 52537, HAP Contract - Part 1 & Instructions
Appendix 3	Form HUD 92547A, Budget Worksheet
Appendix 4	Form HUD 935.2, Affirmative Fair Housing Marketing Plan
Appendix 5	Sample Owner Certification Language Regarding Use of Federal Funds for Lobbying Activities
Appendix 6	Lobbying Disclosure Form and Instructions (SF-LLL and SF-LLLA)
Appendix 7	HUD Letter to Local Government CEO
Appendix 8	Form HUD 9834, Management Review Report
Appendix 9	Form HUD 9822, Physical Inspection Report
Appendix 10	Form HUD 5041C, Section 8 Contract List
Appendix 11	Form HUD 92458, Section 8 Rent Schedule
Appendix 12	Forms HUD 52540 and 52540A, Assisted Housing Project Accounting Data (PAD) Form and Instructions
Appendix 13	Forms HUD 9602 and 9602A, Unit Inspection Form and Summary
Appendix 14A	Sample Certification of Owner
Appendix 14B	Sample Certification of Owner
Appendix 15	HAP Contract Amendments and Instructions
Appendix 16	Direct Deposit Sign-Up Form and Instructions (SF-1199A)
Appendix 17	Instructions for Modified PAD
Appendix 18	Form HUD 2880, Applicant/Recipient Disclosure/Update Report