1. This transmits:

A change to Handbook 4350.2 REV-1, Section 8 Loan Management Set-Aside Program for Projects with HUD-Insured and HUD-Held Mortgages.

2. Explanation of Materials Transmitted:

   A. This Change incorporates Housing's response to findings and recommendations by the Office of Inspector General requiring the Field Office Manager and Director of Regional Housing, where appropriate, to certify in writing that, prior to submitting a recommendation to fund a LMSA application to Headquarters, the necessary review and follow-up have been completed.

   B. This Change corrects the information contained in Exhibit 2-1.

3. Effective date:

   Upon receipt.

4. Filing Instructions:

   Remove

   Table of Contents, Pages i, ii, iii, & iv dated 6/92
   Pages 1-17 through 1-19 dated 6/92
   Pages 2-3, 2-4, 2-17, 2-18, 2-21 through 2-26 dated 6/92

   Insert

   Table of Contents, Pages i, ii, iii, & iv dated 8/93
   Pages 1-17 through 1-19 dated 8/93
   Pages 2-3, 2-4, 2-17, 2-18, 2-19 through 2-26 dated 8/93
Special Attention of:
Regional Administrators Transmittal Handbook No.: 4350.2 REV-1
Regional Housing Commissioners; 6/30/92
Category A, B, and C Offices;  
Directors of Housing Management Division;  
Directors of Housing Development Division; Loan Management Branch  
Chiefs; Assisted Housing Management Branch Chiefs; Owners and Management Agents of Projects covered by this Handbook.

1. This Transmits
Revised HUD Handbook 4350.2, Section 8 Loan Management Set Aside Program for Projects with HUD-Insured and HUD-Held Mortgages, dated 6/92. This document completely replaces earlier versions of the handbook.

2. Explanation of Materials Transmitted:

This handbook:

A. Incorporates the following notices:
   -- HUD Notice 90-13, Restrictions on Lobbying
   -- HUD Notice 90-17, Combining LIHTC with HUD Programs
   -- HUD Notice 91-22, Comprehensive Multifamily Servicing Program
   -- HUD Notice 91-60, Instructions for Section 8 Loan Management Set-Aside Contract Renewals

B. Makes the following substantive changes to the old handbook:
   1. The handbook now addresses the competitive awards process for selecting Loan Management Set-Aside recipients.
2. Administrative responsibilities have been revised now that PHAs no longer participate in program administration.

3. Changes in the procedures for reserving contract authority have also been incorporated.

4. New procedures and requirements for handling expiring LMSA contracts have been incorporated to address the requirements of Section 262 of the Housing and Community Development Act of 1987, and Section 544 of the Cranston-Gonzales National Affordable Housing Act of 1990.

5. This version incorporates the new Unit Inspection forms (Form HUD-9602 and 9602A) to be used in assessing the physical condition of units receiving LMSA assistance.

C. Does not include:

Detailed information about subsidy layering. This information will be clarified in HUD Handbook 4350.1, Chapter 17, in the near future. Until then, refer to Notices and other guidance circulated by the Department, including Notice 90-17 and Philip Salamone's memo of April 17, 1991 concerning implementation of Subsidy Layering Guidelines.

3. Effective Date

Effective upon receipt.

4. Filing Instructions

Remove:                             Insert:
Handbook 4350.2, including all appendices and the table of contents

Revised Handbook 4350.2 REV-1
dtd 6/92

________
Arthur J. Hill
Assistant Secretary for Housing
- Federal Housing Commissioner

________
Handbook 4350.2 REV-1

U.S. Department of Housing and Urban Development
Washington, D. C. 20410

Program Participants
Section 8 Loan
Management Set Aside
Program for Projects
with HUD-Insured and
HUD-Held Mortgages

W-3-1, W-2(H), W-3(A) (OGC) (ZAS), W-4(H), R-1, R-2, R-3,
R-3-1, R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1, R-7-2, R-8,
Special Distribution to Field Offices and State
Agencies

June 1992

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