

CHAPTER 9. DEFAULT OF SECTION 8 CONTRACT TERMS

- 9-1. GENERAL. Under the terms of the Section 8 HAP contract, the project owner agrees to comply with certain procedures and practices, including, but not limited to, providing decent, safe, and sanitary housing to all tenants which are outlined in the housing quality standards. Failure to comply with the provisions of the Section 8 HAP contract, including correction of any deficiency identified by the contract administrator's on-site or remote project reviews, could result in a default under the Section 8 HAP contract.
- 9-2. CORRECTIVE ACTIONS. If a default occurs, the contract administrator must notify the project owner, by certified mail, of the nature of the default, the corrective actions needed to cure the default, including the timeframe in which the owner must complete the corrective actions. If the owner fails to maintain the project in a decent, safe, and sanitary condition, the contract administrator must notify the owner of the corrective actions needed to remedy the condition. If the owner does not implement the required corrective actions within the prescribed timeframe, the contract administrator may exercise any of its rights or remedies under the Section 8 HAP contract, including offsetting housing assistance payments, termination of the Section 8 HAP contract, or other corrective action. Any corrective actions taken by the contract administrator must not result in the loss of a HUD-assisted unit for the tenant(s).
- A. ADMINISTRATIVE ACTIONS. The contract administrator should implement one or more of the following actions when the owner fails to provide decent, safe, and sanitary housing, and/or for violation of the Section 8 HAP contract.
1. Housing assistance payments may be paid directly to the mortgagee in the event of default under the mortgage.
 2. Suspend, or withhold housing assistance payments until the required corrective actions have been completed to the satisfaction of the contract administrator.
 3. Reduce the number of contract units when the owner has failed to make a good faith effort to lease all contract units to eligible families.

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4. Suspend, debar, or otherwise restrict

participation in any HUD program.

- B. ACTIONS BY COURT ORDER. The contract administrator may request HUD to apply to any court, State or Federal, for an injunction against the project owner for violation of the Section 8 HAP contract, and to appoint a receiver to take over and operate the project in accordance with the terms of the Section 8 HAP contract. The following court ordered actions may be initiated by the contract administrator.
1. Take possession of the project, and operate the project in accordance with the terms of the Section 8 HAP contract until such time as the contract administrator determines that the owner is again in a position to operate the project in accordance with the terms of the Section 8 HAP contract.
 2. Collect all rents and other receipts of the project and use such receipts to pay the owner's obligations under the Section 8 HAP contract, including the necessary expenses of maintaining and operating the project.