1. This Transmits
A change to Chapter 15 of Handbook 4350.5, Subsidy Contract Administration and Field Monitoring.

2. Explanation of Materials Transmitted:

This change includes (a) information for complying with the requirements for smoke detectors which was inadvertently omitted from the recently published Change 2 to this Handbook and (b) a correction of the reference to the handbook that must be used in preparing annual audited financial statements.

3. Effective Date:

Upon receipt

4. Filing Instructions:

Remove: Insert

Pages 15-9 through 15-12 Pages 15-9 through 15-12
dated 5/93 dated 7/93

Nicolas P. Retsinas
Assistant Secretary for Housing
Federal Housing Commissioner
1. This transmits:

A change to Chapter 15 of Handbook 4350.5, Subsidy Contract Administration and Field Monitoring.

2. Explanation of Materials Transmitted:

This change clarifies the role of the contract administrator as it relates to on-site reviews. The contract administrator must maintain copies of the management review, physical inspection and unit inspection for a period of no less than three years for review by HUD Field Office and/or Headquarters staff during their monitoring of the contract administrator. The contract administrator may use the HUD forms provided for the on-site reviews or an equivalent format which includes, at a minimum, those items listed on the HUD form.

As it relates to unit inspections, all vacant units must be inspected and, at a minimum, 25% of occupied units must be inspected. If the results of the review of the vacant units or of the 25% of project units indicate there are repeated violations of housing quality standards, the contract administrator must complete a unit inspection on 100% of the units in the project.

This change also clarifies the requirement for use of the Checklist for Monitoring Projects with Subsidy Contracts. This Checklist should be updated each time an action item is completed on the project and a copy should be maintained in the project file. It is not necessary to create a new Checklist each time an action item is completed.

3. Effective date:

Upon receipt

4. Filing Instructions:
1. This Transmits

Change 1 to HUD Handbook 4350.5, Subsidy Contract Administration and Field Monitoring.

2. Explanation of Materials Transmitted:

Form HUD-9602, Multifamily Unit Inspection. The appropriate space to record the inspection of the kitchen was inadvertently omitted when this Form was first designed and printed. The transmitted Form HUD-9602 adds space for the kitchen, and makes no other changes. No changes were made to Form HUD-9602A, Multifamily Unit Inspection Summary.

3. Effective Date: Upon receipt.

4. Filing Instructions:

HUD Handbook 4350.5
Appendix 1, Form HUD-9602 dated 3/92

Remove:

Appendix 1, Form HUD-9602 dated 3/92

Insert:

Appendix 1, Form HUD-9602 dated 7/92
1. This transmits a new HUD Handbook 4350.5, Subsidy Contract Administration and Field Monitoring, dated March 19, 1992

2. Explanation of Materials Transmitted:

A. This Handbook sets forth:

1. administrative requirements and guidelines which subsidy contract administrators--HUD, Public Housing Authorities and State Agencies--must follow and

2. guidelines for HUD Field Offices in monitoring the performance of contract administrators.

B. This Handbook supersedes and cancels the June 30, 1987 Video Instructions concerning Section 8 Annual Rent Adjustment.

C. The Office originally responsible for establishing the amount of fees the contract administrator is eligible to receive has been designated new responsibilities within the Department. This responsibility is now with the Office of Multifamily Housing Management. Guidelines for calculating fees and the amount of the fee for contract administrators will be issued in the near future. In the meantime, Field Offices must continue to carefully review contract administrators' budgets, fee requests, and requisitions.

D. Upon implementation of the Control Files Subsystem
(CFS) and Tenant Rental Assistance Certification System (TRACS), this Office will issue any necessary revision to this Handbook to incorporate changes resulting from CFS and TRACS.

3. Cancellations

This Handbook cancels the following handbooks:

4520.1 - Rent Supplement
4520.2 - Rent Supplement, Fiscal
4530.1 - Non-Insured Assisted Projects by State and Local Governments
7420.11 - State Agency Monitoring

4. Effective Date

Effective upon receipt.

5. Filing Instructions

Insert HUD Handbook 4350.5

__________________________________
Assistant Secretary for Housing-Federal Housing Commissioner

3/92                           2

W-3-1, W-2(H), W-3(A)(H)(OGC)(ZAS), W-4(H), R-1, R-2, R-3, R-3-1, (H)(RC), R-3-2, R-3-3, R-6, R-7-1, R-8, Special

Distribution to Field Offices and State Agencies

Directives Management Officers--Headquarters and Regions, library, ACIR (Advisory Commission on Intergovermental Relations)

.SO OPT NOD