SPECIAL INSTRUCTIONS FOR PROCESSING RENT INCREASES
FOR PROJECTS THAT USE A COST-BASED RENT FORMULA

These instructions tell how to integrate the four types of management fees into the rent computation worksheet. They also tell how to process cost-based rent increases when the fee is held harmless under Section VI of Chapter 2.

A. Unsubsidized Projects Using Form HUD-92547A Rent Computation Worksheet for Unsubsidized Programs (dated 3/84)

1. Part I, Line 5 - Management Fee. Include:
   a. Annual yield from any special fees that are not quoted as a percentage of collections.
   b. Any residential fee YIELD that was capped under the held harmless provisions of Paragraph 2-34. Use the following formula to determine the annual capped yield.

   \[
   \text{Annual Capped Management Fee Yield} = \text{Capped Fee} \times \frac{12}{\text{Units}}
   \]

2. Part II, Section I - Annual Income from Other Sources. Subtract the MISCELLANEOUS income management fee YIELD from each type of income listed on which a miscellaneous income fee is collected. (See Line 3b of Attachment 1 of the Management Certification for a list of miscellaneous income on which HUD allows a fee to be taken but on which the agent is NOT collecting a fee.) Show your calculations on the Rent Computation Worksheet.

   **EXAMPLE:**

   I. Annual Income From Other Sources
      (Except Income from Commercial Space)

      1. Parking $20,000 - (62 x $20,000) = $20,000 - $1,200 = $18,800
      2. Laundry 5,000 - (62 x $5,000) = $5,000 - $300 = 4,700
      3. Other 10,000
      4. Total $33,000

   *No fee allowed on $10,000 interest income.

   **3. Part II, Line K2 - Percentage Management Fee**

      a. If the residential fee YIELD was capped under Paragraph 2-34, enter 0.

      **NOTE:** The instructions in Paragraph Al above require the whole residential fee to be included in Part I, Line 5. You cannot use a percentage because you do not yet know the rent potential.
C. Non-Profit 221(d)(3) Rent Supplement and EMIIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General
   a. Follow Paragraphs B1 and 2 above.
   b. Use the rent formula in Appendix 1 of Chapter 4, Section 3 of HUD Handbook 4350.1, SUPP-1, instead of the rent formula on the back of the Form HUD-92457.

2. Rent Formula
   a. **Lines 5b and c.** DO NOT use these lines.
   b. **Line 6.** Enter the sum of Lines 4 and 5a.
   c. **Line 7a.** Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

D. Limited-Distribution 221(d)(3) Rent Supplement and EMIIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General
   a. Follow Paragraphs B1 and 2 above.
   b. Use the rent formula in Appendix 2 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.

2. Rent Formula
   a. **Lines 6b and c.** DO NOT use these lines.
   b. **Line 7.** Enter the sum of Lines 4, 5 and 6a.
   c. **Line 8a.** Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

E. 236 Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General
   a. Follow Paragraphs B1 and 2 above.
   b. Use the rent formula in Appendix 3 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.