

INSTRUCTIONS FOR PREPARING FORM HUD-92457 A,  
RENT COMPUTATION WORKSHEET FOR UNSUBSIDIZED PROGRAMS

GENERAL. The owner/management agent completes Part I, II and III and signs the Worksheet in Part IV. For projects with fully-insured or HUD-held mortgages, the owner/agent submits this Form to the HUD Field Office. For projects with coinsured mortgages, the owner/agent submits this Form to the lender. The HUD Field Office/lender reviews the owner/agent's entries, revises the owner/agent's entries when necessary, and establishes the Maximum Allowable Monthly Rent Potential. The Field Office/lender enters that amount on Line C in Part V of the Worksheet, attaches an explanation for any changes made to the owner/agent's entries or computations and signs the Worksheet in Part VI. The following instructions advise owners/agents how to complete this Worksheet.

PART I. Estimate Operating Expenses and Other Cash Requirements

Column (1). Enter the date the project's last fiscal year ended.

- a. For each line item in Sections A through E and in Section G, enter the expense the project incurred for that line item during the project fiscal year covered by Column 1. Obtain these amounts from the audited Form HUD-92410, Statement of Profit and Loss, submitted for the last fiscal year.
- b. In Section F, show the amounts the project was required to deposit in the reserve for replacements and other reserves.
- c. Calculate the category totals for Sections A through I.
- d. Calculate the P.U.M. amounts required in Column (1) by dividing the category total by the number of units in the project. Include rent-free units.

Column (2). Complete this Column only if more than four months have elapsed since trend of the project's fiscal year. Enter the period covered by the column. Repeat the steps (a) through (d) that are listed under Column (1) but use the time period and amounts shown in this Column.

Column (3). Enter the date the rent increase will be effective.

- a. Estimate the expenses/outlays the project will incur during the twelve months following the effective date of the rental increase. Part II of Appendix 24b tells what to consider when estimating each line. While Appendix 24b was designed to assist lenders and HUD Field Office servicing staff in determining the reasonableness of project operating budgets, owners/agents should follow this same guidance in preparing their own budgets, except that owners and agents are not required to compare their projects' expenses with those of similar projects.
- b. Compute category and P.U.M. totals.

## APPENDIX 23

PART II. Compute Monthly Rent Potential Using HUD Formula. Follow the instructions on the Form.

PART III. Compute Rent Potential Using Market Analysis. Complete this part only if you are using the Market Approach. Follow the instructions on the Form.

PART IV. Owner Certification. Print your name and title and sign and date the Form.

PART V. Compute Maximum Allowable Monthly Rent Potential. Do not complete this Part. The HUD Field office/lender will complete this Part.

PART VI. HUD/Lender Approval. Do not complete this Part. The HUD Field Office or lender will complete this Part.

NOTE: Attach a brief explanation of how you arrived at your expense estimates. See the sample explanation in Appendix 24a.