1. This Transmits

Change 3 to Handbook 4350.3 REV-1 "Occupancy Requirements of Subsidized Multifamily Housing Programs"

2. Implementation:

Change 3 is effective August 1, 2009.

3. Explanation of Materials Transmitted

A. Changes are designated by an asterisk (*) at the beginning and ending of the change, Chg-3 in the header and the date 06/09 is reflected at the bottom of each affected page. Chapter 9 is re-issued in its entirety. Changes in the chapter are designated by an asterisk (*) at the beginning and ending of the change, Change 3 in the header and the date 06/09 is reflected at the bottom of each page for the entire chapter.

B. Corrected formatting:
   Paragraph 1-3.C.4 and 5.
   Paragraphs 1-4.B.2 and 1-5.
   Exhibit 3-9 Option Sheet.
   Paragraph 6-25.E.2.

C. Chapter 1, Introduction
   Paragraph 1-7.B.3 - Corrected the web address for HUD Office of Fair Housing Intranet Website for Civil Rights Front-end Reviews and paragraph 1-7.B.5 - Corrected web address for the TRACS website.

D. Chapter 2, Civil Rights and Nondiscrimination Requirements
   Paragraph 2-5.D.1.a - To be consistent with the language in paragraph 4-12.B.5, added "or the plan is required by a housing assistance contract."
   Paragraph 2-26.E - Corrected web address for the Listing of ADA Regulations and Technical Assistance Materials, Department of Justice.

E. Chapter 3, Eligibility for Assistance and Occupancy
   Paragraph 3-4 - Removed "college" from the title of the referenced paragraph 3-13 to be consistent with the title of paragraph 3-13.
   Paragraph 3-6.E.3 - Revised the requirements for a live-in aide.
   Paragraph 3-12.H - Updated the instructions for obtaining access and use of the SAVE system for verifying citizenship/immigration status.
   Paragraph 3-12.L.1.b - Updated information on access to the SAVE system.
   Paragraph 3-13.A.2.f - Corrected the date to read "November 30, 2005."
   Paragraph 3-13.B - Clarified that the paragraph applies to eligibility of students for assistance programs other than Section 8. Also clarified that financial assistance is a mandatory exclusion from income.
   Exhibit 3-12 - Clarified that the TTP used in A.2 is the TTP the family would pay without prorations.
   Exhibit 3-14 - Clarified that the Section 236 basic rent is to be used in the calculations.
F. Chapter 4, Waiting List and Tenant Selection
Figure 4-2 - Removed "to receive Section 8 assistance" in A.8 and corrected the numbering in section B.
Paragraph 4-4.C.8 - Changed to read "Eligibility of students. The plan must include the requirements for
determining eligibility of students enrolled at an institution of higher education."
Paragraph 4-5.A Note - Added that income targeting does not apply to RAP, Rent Supplement, Section
221(d)(3) BMIR and Section 236 programs.
Paragraph 4-14.A.3 - corrected the Race and Ethnic Data Reporting Form number to read
HUD-27061-H.

G. Chapter 5, Determining Income and Calculating Rent
Figure 5-2 - To be in compliance with the regulations at 24 CFR 5.609, corrected the income requirements for a
foster child and foster adult.
Paragraph 5-6.C - Added information on treatment of deployment of military
personnel to active duty (Housing Notice H 03-07). Renumbered remaining sub-paragraphs of paragraph 5-6.
Paragraph 5-6.K.4 (now 5-6.L) - Added that the same requirements for determining annual income when
Federal Government pension funds are paid directly to an applicant's/tenant's former spouse pursuant to the terms of a
court decree of divorce, annulment, or legal separation also apply to Uniformed Services pensions.
Paragraph 5-6.K.5 (now 5-6.L) - New paragraph added for determining annual income when other state, local
government, social security or private pension funds are paid directly to an applicant's/tenant's former spouse pursuant
to the terms of a court decree of divorce, annulment, or legal separation.
Paragraph 5-7.G.5 - Added that the same requirements applicable to Federal Government employee pensions
apply to Uniformed Services employee pensions.
Paragraph 5-7.G.6 - New paragraph added with the requirements applicable to other state, local government,
social security or private pensions.
Paragraph 5-7.G.8.c - Added to text "However, if the owner elects to only include the income for a partial
remaining year as shown in the example below, an interim recertification should not be conducted."
Paragraph 5-15.B.1 - Corrected to read "Each family member who is at least 18 years of age and the head,
spouse or co-head, regardless of age ....".
Paragraph 5-26.D Note: Added that Section 8 Minimum Rent does not apply to the Rent Supplement, RAP,
Section 221(d)(3) BMIR or Section 236 programs.
Exhibit 5-1, Income Inclusions, 9 - Added a note that paragraph 9 does not apply to a student who is living
with his/her parents who are applying for or receiving Section 8 assistance.

H. Chapter 6, Lease Requirement and Leasing Activities
Paragraph 6-5.A.4 - Added the HUD-50059-A as an attachment to the lease when required.
Paragraph 6-9.B - Added new paragraphs that owners may develop rules covering tenants conducting
incidental business, such as computer work or limited babysitting, etc., in their units and who receive incidental business
income. Renumbered remaining sub-paragraphs.
Paragraph 6-11.B.2 NOTE - Added the HUD-50059-A serves as an addendum to the lease identifying the
change in rent.
Paragraph 6-11.B.4 - Added that a copy of the HUD-50059-A, when applicable, must be provided to the tenant
and placed in the tenant file.
Paragraph 6-27.B.1.f - Added that the HUD-50059-A, when required, is an attachment to the lease.
Figure 6-8 - Added the HUD-50059-A.
Exhibit 6-6 - Added the HUD-50059-A.

I. Chapter 7, Recertification, Unit Transfers, and Gross Rent Increases
Paragraph 7-6.A - Clarified that when HUD or the Contract Administrator terminates assistance payments when
a new recertification is not submitted within 15 months of the previous year's recertification anniversary, the owner must
repay the assistance collected for the 3-month period from the date the annual recertification should have been effective
through the end of the 15th month when assistance was terminated.
Paragraph 7-11.A.2 - Changed to read "...$200 or more a month" to be in compliance with the language in the
lease.
Paragraph 7-17.D and E - Changed HUD-50059 to reflect the new HUD-50059-A for gross rent changes.
Paragraph 7-17.F - Changed to clarify that the HUD-50059-A needs to be signed when there is a change in
the amount of rent the tenant is required to pay or in the utility reimbursement the tenant will receive.

J. Chapter 8, Termination
Paragraph 8-5.F - Removed "Section 8."
Paragraph 8-10 - Removed "as outlined in paragraph 8-9 B above."
Paragraph 8-14.C.13 and 14 - Clarified the requirements for retention of criminal records obtained by the PHA and owner.

K. Chapter 9, Required HUD-50059 and Subsidy Data Reporting
Chapter 9 reissued in its entirety to incorporate inclusion of TRACS 202C requirements.
Paragraph 9-8.C - Note added that gives owners 60 days from the date a gross rent increase is implemented to obtain needed signatures when there is a change in the amount of rent the household must pay or a change in the utility reimbursement.
Paragraph 9-12.D.2 added requirements for deposits to the residual receipts account and returning subsidy to HUD for PRAC projects.

L. Glossary
Corrected the definition for Operating Rent (PRAC).
Corrected Exhibit reference in the definition for Total Tenant Payment

M. Appendices
Appendix 4 - Separated appendix contents for ease in printing the leases and instructions for completing the leases.
Appendices 4-E, 4-F, 4-G - Changed the lease term instructions in Paragraph 2 of Appendix 4-E and Paragraph 1 of Appendices 4-F and 4-G.

N. Exhibits
Added links to Exhibits in Chapters 2, 3, 4, 5 and 7

4. Filing Instructions
Due to repagination of pages when new text is added and differences in printers when printing out handbook pages, caution should be taken to ensure that all text not changed or removed is retained when replacing handbook pages. To avoid the potential removal of text by removing and replacing pages, it is recommended that if a hard copy of the handbook is needed, it is printed in its entirety.

Remove:
Pages 1-7, 1-8, 1-12
Pages 2-7, 2-21
Pages 3-3, 3-9, 3-23, 3-27, 3-35, 3-37
Pages 4-4, 4-7, 4-8, 4-30
Pages 5-7, 5-8, 5-9, 5-13, 5-14, 5-34, 5-35, 5-54, 5-65
Pages 6-6-17, 6-24, 6-25, 6-41, 6-45, 6-55
Pages 7-8, 7-23, 7-30
Pages 8-4, 8-9, 8-20

Replace with:
Pages 1-7, 1-8, 1-12
Pages 2-7, 2-21
Pages 3-3, 3-8, 3-9, 3-10, 3-24, 3-29, 3-37, 3-39
Pages 4-4, 4-77, 4-8, 4-30
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Pages 6-7, 6-20, 6-25, 6-26, 6-41, 6-45, 6-55
Pages 7-8, 7-23, 7-30
Pages 8-4, 8-9, 8-20

Chapter 9
Glossary pages 22, 23
Exhibits 3-9, 3-12, 3-14, 5-1, 6-6
Appendices 4-E, 4-F, 4-G

Chapter 9
Glossary pages 22, 23
Exhibits 3-9, 3-12, 3-14, 5-1, 6-6
Appendices 4-E, 4-F, 4-G

Add the following forms to the referenced appendices. The forms are located at:
http://www.hud.gov/offices/adm/hudclips/
Appendix 7 - 7-C, HUD-50059-A, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures - Partial Certification.

Form HUD-23 (9/81)