

**Exception to Limitations on Admission of Families**

**U.S. Department of Housing and Urban Development**  
Office of Housing  
Federal Housing Commissioner

OMB Approval No. 2502-0204  
(exp.03/31/2009)

**Exhibit 3-1: Request for Exception to Limitations on Admission of Families with Incomes Above 50% of the Area Median Income**

TO: HUD Field Office

FROM: \_\_\_\_\_

SUBJECT: Request for Exception to Limitations on Admission of Families Whose Income Exceeds Very Low-Income Limit

Project Name \_\_\_\_\_

Contract No. \_\_\_\_\_ FHA Project No. \_\_\_\_\_

This request is for permission to lease (number) unit(s) in the subject project to families with incomes between 51% and 80% of the area median income. We believe this project meets the applicable conditions under situation \_\_\_\_\_ Chapter 3 of Handbook \* 4350.3 REV-1.\*

The following justifies the request for exception:

*(Provide the supporting documentation required by the following four pages of this Exhibit).*

For further information, you may call \_\_\_\_\_ at \_\_\_\_\_. I certify that the statements and supporting documentation in this request are true and complete. I also certify that:

- a. I have admitted all available very low-income, qualified applicants; and
- b. I will lease assisted units to families with incomes above 50% of median income only when no very low-income, qualified applicants are available.

**NOTE:** Include this certification only if you are requesting an exception for Situation 6D.

Signed by:

Owner or owner's representative

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

*Warning: Under 18 U.S.C. 1001, whoever willingly makes or uses a document or writing he/she knows has any false or fraudulent statement or entry, in any matter under the jurisdiction of any department or agency of the United States, may be fined up to \$10,000 or imprisoned for up to five years, or both.*

**IMPORTANT:** At a minimum, requests for exceptions must include the supporting justification listed below. Situations (1) through (6) are described in paragraph 3-7 D of this handbook.

**SITUATION 1: Displaced Tenant**

- A. State the name of the tenant for whom the exception is being requested.
- B. State approximately when the tenant would be displaced and why. Name the program under which the rehabilitation is being funded.
- C. State how long the tenant has lived in the project, the tenant's current rent, and the rent the tenant would pay after rehabilitation (without assistance).

**SITUATION 2: Project Financed Under Section 11(b) or Section 103**

- D. Submit a copy of the portion of the bond documents or other controlling document that specifically obligates the project to lease to low-income families with incomes above 50% of the area median. Provide evidence of the date the document was signed and the period for which it is effective.
- E. Submit evidence that the bondholder or mortgagee has and will continue to enforce that policy. This could be a statement signed by the entity that established a policy.
- F. State what penalties the project will incur for failure to comply with the economic mix described in subparagraph A above.

**SITUATION 3: Project Supervised by a State Agency**

- G. Submit a copy of the State agency's policy and any document you signed obligating the project to that policy. Provide evidence of the date the policy was first published, the date your agency signed that document, and the term of the document you signed.
- H. Submit evidence that the State agency has been and will continue to enforce its income mix policy. This evidence could be a statement signed by the Agency. The statement must clearly explain both how and how frequently the State agency has monitored and enforced its requirements.

**SITUATION 4: Project Approved Based on Agreement to Comply with Local Government's Income Mix Requirements**

- I. Submit a copy of the letter the local government sent to the HUD Field Office during development. Be sure the letter shows the date the local government wrote the letter. Also submit a copy of any document you signed or any letter the HUD Field Office issued obligating you to comply with the local government policy.
- J. Discuss whether and how the local government has monitored and enforced its income mix policy.

**SITUATION 5: Units Designed for a Specific Occupant Group**

- K. Name the group.
- L. Submit a chart showing occupancy of assisted units by unit type (e.g., 2-bedroom, 1-bath; 2-bedroom, 2-bath) for the specific occupant group.

| Contract Units Designed For This Occupant Group |              |               |                                                    |                                    |
|-------------------------------------------------|--------------|---------------|----------------------------------------------------|------------------------------------|
| Unit Type                                       | Total Number | Number Vacant | Number of Families on Waiting List for These Units |                                    |
|                                                 |              |               | Very Low-Income                                    | Low-Income But Not Very Low-Income |
|                                                 |              |               |                                                    |                                    |

- M. Provide the information requested in subparagraphs B-3, 4, 5, and 6 under Situation 6, but consider **ONLY UNITS DESIGNED FOR THE SPECIFIC OCCUPANT GROUP**.
- N. State the average number of days these units were vacant during the last six months. Divide the total days vacant by the number of units that were vacant. (If this is a new project, use the period since the project has been occupied.)

**SITUATION 6: Insufficient Number of Very Low-Income Applicants**

- O. Submit a chart showing total occupancy and occupancy of assisted units by unit type (e.g., 2-bedroom, 1-bath; 2-bedroom, 2-bath).

| Unit Type | Total Units in the Project |               | Contract Units |               | Number of Families on Waiting List |                                    |
|-----------|----------------------------|---------------|----------------|---------------|------------------------------------|------------------------------------|
|           | Total Number               | Number Vacant | Total Number   | Number Vacant | Very Low-Income                    | Low-Income But Not Very Low-Income |
|           |                            |               |                |               |                                    |                                    |

- P. Submit the following data:
1. Average number of days units were vacant during the last six months. Divide the total days vacant by the number of units that were vacant. (If this is a new project, use the period since the project has been occupied.)
    - a. For Section 8 units \_\_\_\_\_
    - b. For PRAC units \_\_\_\_\_
    - c. For all other units \_\_\_\_\_
  2. State the vacancy factor used in development processing.
  3. a. Number of assisted families admitted in last two years. (For new projects, state date of initial occupancy and period the data covers.) \_\_\_\_\_
    - a. Number of families in 3.a who were very low-income at admission \_\_\_\_\_
    - c. Line 3.b divided by line 3.a:  $3.b / 3.a$  \_\_\_\_\_
  4. Number of current tenants who are:
    - a. Low-income but not very low-income \_\_\_\_\_
    - b. Very low-income \_\_\_\_\_
    - c. Paying market rent \_\_\_\_\_
  5. Describe what you have done to attract very low-income applicants. Specify dates, methods, and whom you contacted. Marketing must include **\*\*contacting\*\*** the local Housing Authority to verify if there is anyone on the Housing Authority waiting list that is income/age eligible. Include copies of recent advertisements. The text of each advertisement must mention the availability of the subsidy to reduce tenant rent to 30% of income and give an example of income eligibility.
  6. Describe what more you will do to attract qualified very low-income applicants and indicate how many you expect to attract during each of the next four quarters.

- Q. Submit the following only if you are requesting an exception because the very low-income population is too small to provide sustaining occupancy.

List all market studies and surveys of which you are aware.

Include studies you, State agencies, the Rural Housing Service, or anyone else has done. Briefly summarize those studies' conclusions as to the income levels of potential applicants in your project's market area and any nearby market area.

- R. Submit the following additional information if you are requesting an exception because a default is likely.
1. Explain why vacancy payments will not provide adequate protection while you seek very low-income applicants.
  2. State the cause of any vacancy payments or cash-flow problems. State which types of units, if any, are particularly hard to rent.
  3. For each of the last six months, provide the financial and vacancy information listed below. If some of this information is available on monthly accounting reports already sent to the Field Office, the Field Office may authorize you to submit only the information those reports don't cover.

**Financial and Vacancy Data Required for Exceptions Under Situation 6D**

*Provide the following data for each of the last six months.*

**Income Expenses**

1. Monthly apartment rent potential for whole project
2. Apartment rents collected from HUD and tenants
3. Percent of potential collected (Line 2 / Line 1)
4. Other income earned (specify source)

**Month-End Accounts**

1. Number of units vacant
  - a. Section 8 units
  - b. Other units
2. Number of units not in rentable condition.
3. Accounts receivable
  - a. From tenants
  - b. HUD
  - c. Others
4. Accounts payable
  - a. From routine operations

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Provide the following data for each of the last six months.

**Income Expenses**

**Month-End Accounts**

- 5. Total income earned (Line 2 + Line 4)
  - 6. Mortgage payment (Principal + Interest) actually required (use workout amount, if applicable)
  - 7. Operating expenses incurred
  - 8. Net income/loss from operations
- b. Mortgage delinquency
  - c. Other
  - 5. Cash on hand

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**Public reporting burden** for this collection is estimated to average 12 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This information is required to obtain benefits and is voluntary. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number. The request and required supporting documentation are sent to HUD or the Contract Administrator (CA) for approval. Upon approval of the waiver, the owner/management agent will designate the household's eligibility by electronically transmitting to TRACS one of the eligibility Exception Codes. This form is used when requesting an income waiver.

This information is authorized by 24 CFR 236.715, 880.504, 884.223, 886.129, 886.329, 891.575, 891.20 cover the requirements for requesting a waiver to admit ineligible persons for the Section 8, Section 202 and Section 811 programs. 24 CFR 5.661 covers the approval for a police officer or other security personnel to live in a Section 8 project. Section 658 of Title VI of Subtitle D of the Housing and Community Development Act of 1992 covers the restriction of occupancy to elderly families. This information is considered non-sensitive and does not require any special protection.