

**ADDENDUM TO AGREEMENT TO ENTER INTO
HOUSING ASSISTANCE PAYMENTS CONTRACT**

*Section 8 Budget-Based Rent Increase for Capital Repairs
to be used when there is no FHA Mortgage Insurance
(HUD-52521-C, 3/95 and HUD-52521-D, 3/95)*

Project Name: _____

Project Number: _____

The Agreement to Enter into the Housing Assistance Payments contract (Contract), dated the ____ day of _____ 20____, between the U.S. Department of Housing and Urban Development (HUD) and

_____ is amended as follows:

This Agreement is governed by the requirements contained herein and by Chapter Fifteen of the HUD Section 8 User Guide implementing Budget-Based Rent increase for Capital Repairs by Nonprofit Owners).

- I. "HUD" means the Department of Housing and Urban Development, or where applicable, the AHAP/HAP Contract Administrator carrying out administrative authority.
- II. The second sentence of the introductory paragraph to Part I is amended to read:

The Owner agrees to repair and rehabilitate the project to meet all applicable local standards and the following requirements:

- a. Substantial Rehabilitation. The following standards apply to substantial rehabilitation:
 - State and local building codes, ordinances and regulations.
 - Handicapped Accessibility Guidelines, 24 CFR Part 35.
 - Smoke Detector requirements, 24 CFR 882.109(r).
 - Lead-Based Paint requirements of 24 CFR Part 35.

- b. The rehabilitation is permissible under the applicable zoning, building, housing and other codes, ordinances or regulations as modified by any waivers obtained from the appropriate officials.

Upon the acceptance and completion of the rehabilitation of the project, the Owner and HUD will enter into a Housing Assistance Payments Contract (Contract) for the purpose of making housing assistance payments to enable Section 8 eligible Families (Families) to occupy, or continue to occupy, units in the project.

III. Section 1.1(e) is amended in part to read:

Exhibit A: The Final Working Drawings and Specifications, the Management Certifications, the Affirmative Fair Housing Marketing Plan, tenant selection criteria, the Approved Relocation Plan (if required) and details of financing. Exhibit A may incorporate these items by reference, specify the location of the items, and list them, including any amendments.

Exhibit D: HUD standards for decent, safe, and sanitary housing are all applicable local codes and ordinances.

Exhibit H: Executed Certification of Disclosure of other governmental assistance.

IV. Section 2.3(b) is deleted, and amended in whole to read:

Project Completion

- A. The Nonprofit Owner will notify HUD of project completion by submitting to HUD:
 1. A certificate of occupancy and/or other local approvals necessary for occupancy;
 2. A certificate by the owner and inspecting architect that there were no changes in the work that would result in a reduction in contract rents;
 3. A certification by the owner and inspecting architect that the project was rehabilitated in compliance with the standards set forth in the Project Capital Needs Assessment, PCNA;

4. A certification by the owner and inspecting architect that there are no defects or deficiencies in the work except for ordinary punch list items or items of delayed completion which are minor in nature or which are incomplete because of weather conditions and, in any case, do not preclude or affect occupancy; and
5. An owner's certification as to compliance with the following:
 - a. any environmental conditions that were prepared for this project pursuant to the Environmental Regulations in 24 CFR Parts 50 and 51;
 - b. If applicable, the requirements of Section 2.9 pursuant to the Clean Air and Federal Water Pollution Control Act;
 - c. If applicable, purchase of flood insurance in accordance with Section 2.8;
 - d. If applicable, the relocation plan or statement that was prepared for this project pursuant to any HUD requirements or the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations and handbook requirements, to persons displaced from the project site.

B. Cost Certification.

- 1 Prior to execution of the Housing Assistance Payments Contract, the Nonprofit Owner must submit to HUD an owner's certification of actual costs prepared by a certified public and a certification that the certified costs support the contract rents. The form used for the cost certification is Form HUD-2330, Mortgagor's Certificate of Actual Cost.
2. In the event certified costs are less than the estimated replacement cost and do not support the contract rents, HUD may reduce the contract rents to an amount determined by HUD to be supportable.

3. Financial Information: The Nonprofit Owner must submit financial information, including sources and uses of funds data, sufficient to document the leverage affect of the Section 8 assistance, i.e., the direct and indirect project cost and benefits. This information must be submitted simultaneously with the cost certification requirements also required herein.

- V. Section 2.3(c) is deleted and amended in whole to read:

Project Inspection.

Prior to submission of the evidence of completion required by section 2.3(b), the Nonprofit Owner or an architect employed or engaged by the Nonprofit Owner, must inspect the project for acceptable completion. The inspection must be sufficient to enable the inspector to report that he/she has inspected the observable elements and features of the project (both assisted and unassisted units) in accordance with professional standards of care and judgement and that, on the basis of the inspection, the project has been completed in accordance with this agreement that there were no observable conditions inconsistent with the evidence of completion required in Section 13(b).

HUD may perform an inspection of its own prior to accepting the project.

- VI. Section 2.3(d) is deleted and amended in whole to read:

If it is determined by HUD that the project has been completed according to this Agreement, HUD may accept the project.

- VII. Section 2.3(e) is deleted and amended in whole to mot.

If there are minor punch list items or items of delayed completion awaiting seasonal opportunity which do not preclude or affect occupancy, and all other requirements of the Agreement have been met, the project may be accepted and the Contract executed. However, an escrow will be required, along with a written agreement between the owner and HUD specifying a schedule for completion. If the owner fails to complete the items within the agreed upon time, HUD may terminate the Contract and/or exercise its other rights thereunder.

- VIII. Section 2.3(f) is deleted and amended in whole to read:

If other defects or deficiencies exist, HUD will determine whether and to what extent the defects or deficiencies are correctable, what corrective actions are necessary to permit acceptance of the project and whether and to what extent contract rents should be reduced as a condition of acceptance. If the owner is unwilling to correct such defects or deficiencies, HUD need not accept the project.

IX. Section 2.3(g) is deleted.

X. Section 2.3(h) is amended to read:

If HUD determines that the project cannot be accepted, the Nonprofit Owner will be notified of this decision, and the reason hereof.

XI. Section 2.3(i) is deleted.

XII. Sections 2.4(f),(g),(h) and (i) are deleted.

XIII. Section 2.4(f) is added and reads:

(j) Adjustment Based on Other Governmental Assistance.

1. Disclosure. Nonprofit Owner agrees to disclose (a) any Federal, State or local Government assistance, other than the Section 8 Assistance provided under this Housing Assistance Payments Contract(s) (Contract), that he/she will receive or reasonably expects to receive during the term of this Contract; and (b) in cases where the Nonprofit Owner will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available to the project. Such other assistance includes any loan, grant guarantee, insurance, payment, rebate, subsidy, credit, tax benefit or other form of direct or indirect governmental assistance. To comply with this requirement, the Nonprofit Owner has completed and executed the Certification of Disclosure form attached hereto. The Secretary will take the information in the Certification of Disclosure into account in the final computation of the amount of Section 8 assistance that will be provided under this Contract.
2. Changed Circumstances. Within 30 days of any changes in circumstances occurring at any time before or during the term of this Contract that affect the accuracy of the Certification of Disclosure, the Nonprofit Owner shall submit to the Secretary a revision of such Certification. The Secretary shall reduce the amount of Section 8 assistance provided for the project to

compensate in whole or in part, as the Secretary deems appropriate, for any increases in other assistance.

XIV. Section 2.5(c) is amended to include:

The Owner must also comply with Section 504 of the Rehabilitation Act of 1973,

XV. Section 2.5(d) is added to include:

The Owner must comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, implementing regulations and Handbook requirements, for persons displaced from the project site.

XVI. Section 2.10 is deleted.