

Part I
PBRA Housing Assistance Payments
Contract for the Conversion of Rent
Supplement or Rental Assistance
Payment to Project-Based Section 8
(Rental Assistance Demonstration
Component 2)

U.S. Department of Housing and
Urban Development
Office of Multifamily Housing Programs

Type of Financing at Time of Conversion:	Section 8 Project Number:	FHA Project Number (if applicable):
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This contract is a housing assistance payments contract (Contract) between the United States of America, acting through the Department of Housing and Urban Development (HUD), and

(Owner). The Contract is subject to Notice PIH 2012-32 (HA) as amended or revised from time to time (or any successor document) (RAD Notice), including 24 C.F.R. Part 880 (as in effect November 5, 1979, as amended), as modified and as published in Appendix I of the RAD Notice.

- Check the adjacent box ("Box 1") if the project will not undergo Work, in which case section 1.5 of this Contract shall apply, the initial Contract Rents shall be as provided in Exhibit 1A, and neither section 1.6 of the Contract nor Exhibit 1B or Exhibit 1C of the Contract shall apply.
- Check the adjacent box ("Box 2") if any units under the Contract will undergo Work, in which case section 1.6 of this Contract shall apply, the initial Contract Rents shall be the Post-Rehab Contract Rents as provided in Exhibit 1B, and neither section 1.5 of the Contract nor Exhibit 1A of the Contract shall apply.
- Check the adjacent box ("Box 3") if conversion will include construction or repair work that, in HUD's sole determination, constitutes "development" within the meaning of section 3(c)(1) of the United States Housing Act of 1937 (Act), 42 U.S.C. 1437 et seq., in which case section 2.1(c) of this Contract shall apply and Exhibit 4 ("Addendum to the HAP Contract—Labor Standards") shall be attached. See Notice PIH 2012-32 (HA), REV-2, section 3.6 G., or successor provision, and 80 Fed. Reg. 12511 (Mar. 9, 2015).

1.1 Statutory Authority, Purpose of Contract, and Contract Terminology.

- (a) **Statutory Authority.** The Contract is entered pursuant to the Consolidated and Further Continuing Appropriations Act, 2012, Pub. L. No. 112-55, 125 Stat. 673 – 675 (Nov. 18, 2011); as amended by the Consolidated Appropriations Act, 2014, Pub. L. No. 113-76, 128 Stat. 635 (Jan. 17, 2014); as further amended by the Consolidated and Further Continuing Appropriations Act, 2015, Pub. L. No. 113-235, 128 Stat. 2757 – 2758 (Dec. 6, 2014), as further amended from time to time; section 8 of the Act; and the Department of Housing and Urban Development Act, 42 U.S.C. 3531 et seq.
- (b) **Purpose.** The purpose of the Contract is to effectuate the conversion of a Rent Supplement or a Rental

Assistance Payment (RAP) project to a Multifamily Housing project with Project-Based Rental Assistance under section 8 of the Act.

- (c) **Terminology.** Terms in the HAP Contract that are not otherwise defined herein have the definition given in the RAD Notice, including those terms defined in Appendix I of the RAD Notice setting forth 24 C.F.R. Part 880 except as struck in part. Terms that are not defined in the RAD Notice (including Appendix I) shall have the meanings given in 24 C.F.R. Part 5, which applies pursuant to 24 C.F.R. § 880.104(d). The term “As-Is Contract Rents” means rents that reflect the market value of the contract units before any Work is performed. “Work” is set forth in the HUD approval letter. The term “Post-Rehab Contract Rents” means rents that reflect the market value of the contract units after the Work is completed.

1.2 Scope; Assignability of Contract; and HUD Requirements.

- (a) **Scope of Contract.** The Contract consists of Part I, Part II, and the exhibits identified in section 1.4(d) of the Contract, which are hereby incorporated into and made a part of the Contract.
- (b) **Assignability of Contract.** HUD may assign the Contract at any time to a public housing agency (PHA) for the purpose of PHA administration of the Contract to the extent permitted under any Annual Contributions Contract (ACC) between HUD and the PHA. Unless and until HUD assigns the Contract to a PHA, HUD shall be the Contract Administrator (CA) and, in that capacity, a party to the Contract. Upon any assignment of the Contract by HUD to a PHA, the PHA shall assume all the contractual obligations of HUD under the Contract (or of any PHA to which HUD had previously assigned the Contract) and shall replace HUD (or any PHA to which HUD had previously assigned the Contract) as the CA and as a party to the Contract during the ACC term.
- (c) **HUD Requirements.** The Contract shall be construed and administered in accordance with the RAD Notice. With the exception of the provisions of 24 C.F.R. Part 880 and section 8 of the Act that are identified in Appendix I and Appendix II of the RAD Notice, respectively, as inapplicable, the Contract shall further be construed and administered in accordance with all statutory requirements and all HUD regulations and other requirements, including any amendments to and/or changes in statutory requirements, HUD regulations (including 24 C.F.R. Part 880), and other requirements. However, any changes in HUD requirements, except to the extent required by statute, that are inconsistent with the provisions of sections 2.3(a)(1) or 2.6 of the Contract, shall not be applicable.
- (d) **Statutory Changes during Term.** If any statutory change during the term of the Contract is inconsistent with section 2.3(a)(1) or 2.6 of the Contract, and if HUD determines, and so notifies the Contract Administrator and the Owner, that the Contract Administrator is unable to carry out the provisions of such sections because of such statutory change, then the Contract Administrator or the Owner may terminate the Contract upon notice to the other party.

1.3 Effective Date, Initial Term, and Funding For Initial Term of Contract.

- (a) **Effective Date and Initial Term.** The Contract begins on _____ and shall run for an initial term of twenty (20) years.
- (b) **Funding for Initial Term.**
- (1) Execution of the Contract by HUD is an obligation of HUD of \$ _____, an amount sufficient to provide housing assistance payments for approximately _____ months of the first annual increment of the Contract term.
 - (2) HUD will provide additional funding for any remainder of the first annual increment and for subsequent annual increments, including any remainder of such subsequent annual increments,

subject to the availability of sufficient appropriations. When such appropriations are available, HUD will obligate additional funding and provide the Owner written notification of (i) the amount of such additional funding, and (ii) the approximate amount of time within the Contract term to which it will be applied.

1.4 Fiscal Year, Project Description, Statement of Services, and Exhibits.

(a) **Fiscal Year.** The ending date of each Fiscal Year shall be

_____.
(Insert March 31, June 30, September 30, or December 31, as approved by HUD.) The Fiscal Year for the project shall be the 12-month period ending on this date. However, the first Fiscal Year for the project is the period beginning with the effective date of the Contract and ending on the last day of the Fiscal Year which is not less than 12 months after the effective date.

(b) **Project Description** (Print or type the street address(es) and the number of units by bedroom size).

(c) **Statement of Services, Maintenance and Utilities Provided by the Owner.**

(1) Services and Maintenance:

(2) Equipment:

(3) Utilities:

(4) Other:

(d) **Exhibits.** The exhibits to the Contract consist of the following:

(1) **Exhibit 1A:** Schedule of Contract Units and Contract Rents (applicable only to projects not undergoing Work);

(2) **Exhibit 1B:** Schedule of Contract Units and "Post-Rehab" Contract Rents (applicable only to projects undergoing Work);

(3) **Exhibit 1C:** Schedule of Contract Units and "As-Is" Contract Rents (applicable only to projects undergoing Work);

(4) **Exhibit 2:** Daily Debt Service;

(5) **Exhibit 3:** Affirmative Fair Housing Marketing Plan, and

(6) **Exhibit 4:** Addendum to the HAP Contract—Labor Standards (if applicable). (See page 1, Box 3.)

1.5 Initial Contract Rent-Setting for Projects that Will Not Undergo Work. If the project will not undergo Work, the initial Contract Rents shall be as provided in Exhibit 1A. (This section shall apply only if Box 1 on page 1 of the Contract is checked.)

1.6 Initial Contract Rent-Setting for Projects that Will Undergo Work. (This section shall apply only if Box 2 on page 1 of the Contract is checked.)

- (a) If one or more units under the Contract will undergo Work, except as otherwise provided in this section 1.6, the initial Contract Rents shall be the Post-Rehab Contract Rents as provided in Exhibit 1B.
- (b) The Owner shall ensure that the Work, including any environmental mitigation measures required in HUD's approval letter, are completed and that a cost certification prepared in such form as approved by HUD is received by HUD no later than _____, unless such date is extended in writing by HUD.
- (c) If HUD receives the cost certification by the required date, unless HUD rejects the cost certification in writing in accordance with section 1.6(f) below, the Post-Rehab Contract Rents as provided in Exhibit 1B shall remain the initial Contract Rents, which shall be adjusted annually, or continue to be adjusted annually, in the manner prescribed in section 2.6 of this Contract.
- (d) If HUD does not receive the cost certification by the required date, the Contract Rents shall be reduced to the As-Is Contract Rents as provided in Exhibit 1C effective the first day of the month following the date specified in section 1.6(b), or such other date as extended in writing by HUD, subject to the offsetting procedure as provided in section 1.6(f).
- (e) If upon timely receipt of the cost certification, HUD determines that the Work was not performed in a manner that substantially comports with the scope of work or identifies other deficiencies that warrant rejecting the cost certification, HUD will reject the cost certification and will notify the Owner in writing of such determination. Such notification shall identify the deficiencies in the cost certification and shall prescribe a time within which the Owner must cure the deficiencies. Unless otherwise provided by HUD in writing, upon such notice rejecting the cost certification, the Contract Rents shall be reduced to the As-Is Contract Rents as provided in Exhibit 1C effective the first day of the month following the date of such notice, subject to the offsetting procedure as provided in section 1.6(f).
- (f) If for any reason the As-Is Contract Rents come into effect pursuant to this section 1.6, unless otherwise provided by HUD in writing, the initial Contract Rents shall be applied retroactively starting with the effective date of the Contract using the As-Is Contract Rents as provided in Exhibit 1C. Furthermore, beginning the month in which the As-Is Contract Rents come into effect, the Contract Rents shall be offset by the difference between the Post-Rehab Contract Rents, including any annual rent adjustments paid at the Post-Rehab Contract Rent level, and the As-Is Contract Rents until the difference has been repaid to HUD.
- (g) HUD may, in its sole discretion and upon such terms and conditions it deems necessary, allow the Owner to complete the Work, cure any identified deficiencies, and provide a cost certification in order to re-establish the Post Rehab Contract Rents.

1.7 Owner Obligation to Operate Project. The Owner agrees to operate the project for the full initial term of the Contract specified in section 1.3(a) and for each renewal term in accordance with the Contract, the RAD Notice, all statutory requirements, and all HUD regulations and other requirements, including any

amendments to and/or changes in statutory requirements, HUD regulations (including 24 C.F.R. Part 880), and other requirements.

1.8 Flood Insurance Applicability.

- If the adjacent box is checked, the Owner agrees that the project will be covered, during the life of the property, regardless of transfer of ownership, by flood insurance in an amount at least equal to its development or project cost (less estimated land cost) or to the maximum limit of coverage made available with respect to the particular type of property under the National Flood Insurance Act of 1968, whichever is less.

Signature Page

Warning: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willfully makes or uses any writing containing any materially false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of the executive branch of the Government of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years, or both.

As evidenced by the signature below of their authorized representative, the Owner and HUD hereby agree to the terms of this Contract, the scope of which is set forth in section 1.2(a) of the Contract.

Owner

Name of Owner (Print or Type)

By: _____
Signature of authorized representative

Name of Signatory (Print or Type)

Official Title (Print or Type)

Date (mm/dd/yyyy): _____

United States of America
Secretary of Housing and Urban Development

By: _____
Signature of authorized representative

Name of Signatory (Print or Type)

Official Title (Print or Type)

Date (mm/dd/yyyy): _____

Exhibit 1A

Schedule of Contract Units and Contract Rents

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent

Exhibit 1B

Schedule of Contract Units and "Post-Rehab" Contract Rents

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent

Exhibit 1C

Schedule of Contract Units and "As-Is" Contract Rents

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent

Exhibit 2

Daily Debt Service

Number of Bedrooms	Number of Contract Units	Daily Debt Service
0	_____	\$ _____
1	_____	\$ _____
2	_____	\$ _____
3	_____	\$ _____
4	_____	\$ _____
5	_____	\$ _____

This information is used for computing assistance payments for vacant units under section 2.3(d) of the Contract.

Exhibit 3

Affirmative Fair Housing Marketing Plan

Placeholder for “Addendum to the HAP Contract—Labor Standards”