contractually bound by the Renewal Contract provisions that specify HUD's role pursuant to the Renewal Contract (including provisions concerning applicable HUD requirements, statutory changes during the term, distributions and PHA default).

For example, the Renewal Contract provides that if HUD determines that the PHA contract administrator has committed a material and substantial obligation of the PHA's obligation to pay amounts due to the Owner, "HUD shall take any action HUD determines necessary for the continuation of housing assistance payments to the Owner in accordance with the Renewal Contract." This provision defines HUD's role in the event of PHA default. HUD is contractually bound to carry out this role as defined in the contract, and the Owner may sue to enforce HUD's contractual obligation.

If the Renewal Contract is originally executed by HUD, HUD may assign the Renewal Contract to a PHA contract administrator, for the purpose of PHA administration of the Renewal Contract. Such an assignment does not affect the Owner's contractual rights – to enforce the contract administrator's contractual obligations against the new contract administrator, and to enforce HUD's contractual obligation to carry out HUD's role as defined in the Renewal Contract.

*EARLY TERMINATION AND RENEWAL OF THE SECTION 8 CONTRACT VS CONTRACT EXTENSION

Section 2-8

Effective with the date of these page changes the Department is no longer allowing Section 8 contract extensions under Section 524 of MAHRA. Attachment 20 "Project-Based Section 8 Housing Assistance Payments – Extension of Contract Term" is being withdrawn.

If there is a need for a long term contract on the Section 8 assisted property, for which the original Section 8 HAP contract has already been renewed under MAHRA, the Hub Director or designee may allow the early termination of the existing Renewal Contract and the renewal of the contract under any option for which the property is eligible at the time. The owner and the Contract Administrator may mutually agree to terminate the existing Renewal Contract, provided that the Owner and Contract Administrator execute a 20-year Renewal Contract, which includes the "Preservation Exhibit" that is provided in Attachment 1 of Housing Notice 11-31. The term of the Renewal Contract must be equal to 20 years. The Preservation Exhibit must be completed to provide that upon expiration, the 20-year Renewal Contract shall renew for an additional term equal to at least the number of years remaining on the Renewal Contract that is being terminated. Should the contract term exceed the Use Agreement, the Use Agreement must be extended to the end of the contract term.

*The PM/CA should document this action by including a memorandum to the file for	the
project that states as follows: "By mutual agreement, the Owner and the CA have	
determined to terminate the Renewal Contract that runs from to and,	
instead, to enter into a 20-year contract, which will run from to T	'he
owner has also executed the Preservation Exhibit which states that upon expiration the	e
20-year Renewal Contract shall renew the contract for an additional term at least equa	ıl to
the number of years remaining on the existing HAP contract that is being terminated	
subject to all applicable laws and regulations in effect at that time*	

For projects subject to a Full Mark-to-Market Renewal Contract (i.e., issued pursuant to section 515 of MAHRA), the only subsequent renewal option for which the project is eligible is Option 3. Under such circumstances, a new Full Mark-to-Market Renewal Contract (i.e., Attachment 16) is to be prepared for a 20-year term. In addition, as previously stated, the Preservation Exhibit is to be completed according to the instructions above.