E. Under Mark-Up-to-Market, Owners must renew the Section 8 contract for a minimum five-year term. Chapter Fifteen of this guide outlines the procedures for marking rents up to budget.

OPTION ONE-A: ENTITLEMENT MARK-UP-TO-MARKET ELIGIBILITY

Section 3-2

All properties that meet the following criteria are eligible for a Section 8 contract renewal under Mark-Up-To-Market:

- A. <u>Property Condition</u>. A Real Estate Assessment Center (REAC) physical inspection score of 60 or above with no uncorrected Exigent Health and Safety (EHS) violations.
- B. Ownership. The property owner must be a profit-motivated or limited-distribution entity.
- C. <u>Market Rents</u>. The RCS must demonstrate that the comparable market rents are at or above 100% of the FMR potential. Use the FMR figures calculated for the fiscal year in which the contract is expiring to demonstrate eligibility.
 - 1. *Excel Worksheets*. Fillable worksheets are available on the internet for Owners and Contract Administrators. The site address is http://www.hud.gov/offices/hsg/mfh/mfhsec8.cfm.
 - 2. i*REMS*. PM/CAs can use the Integrated Real Estate Management System (iREMS) to establish initial eligibility. The worksheets in Appendices 3-1 and 3-2 are available in iREMS.
- D. <u>Use Restrictions</u>. The project does not have a low-and moderate-income use restriction that cannot be eliminated by unilateral action by the Owner. Examples of use restrictions would be the existence of a Rent Supplement Contract, prior or present Flexible Subsidy assistance, or Low-Income Housing Tax Credits.