

**SPECIAL INSTRUCTIONS FOR PROCESSING RENT INCREASES
FOR PROJECTS THAT USE A COST-BASED RENT FORMULA**

These instructions tell how to integrate the four types of management fees into the rent computation worksheet. They also tell how to process cost-based rent increases when the fee is held harmless under Section VI of Chapter 2.

A. Unsubsidized Projects Using Form HUD-92547A Rent Computation Worksheet for Unsubsidized Programs (dated 3/84)

1. Part I, Line 5 - Management Fee. Include:

- a. Annual yield from any special fees that are not quoted as a percentage of collections.
- b. Any residential fee YIELD that was capped under the hold harmless provisions of Paragraph 2-34. Use the following formula to determine the annual capped yield.

$$\begin{array}{r} \text{Annual Capped} \\ \text{Management Fee Yield} \end{array} = \begin{array}{r} \text{Capped PUPM} \\ \text{Fee Yield} \end{array} \times 12 \times \begin{array}{r} \text{No. of} \\ \text{Units} \end{array}$$

- 2. Part II, Section I - Annual Income from Other Sources. Subtract the MISCELLANEOUS income management fee YIELD from each type of income listed on which a miscellaneous income fee is collected. (See Line 3b of Attachment 1 of the Management Certification for a list of miscellaneous income on which HUD allows a fee to be taken but on which the agent is NOT collecting a fee.) Show your calculations on the Rent Computation Worksheet.**

EXAMPLE:

**I. Annual Income From Other Sources
(Except Income from Commercial Space)**

1. Parking	\$20,000	- (6% x \$20,000)	= \$20,000	- \$1,200	= \$18,800
2. Laundry	5,000	- (6% x \$5,000)	= \$5,000	- \$300	= 4,700
3. Other	10,000*				10,000
4. Total	\$35,000				\$33,500

*No fee allowed on \$10,000 interest income.

3. Part II, Line K2 - Percentage Management Fee

- a. If the residential fee YIELD was capped under Paragraph 2-34, enter 0.

NOTE: The instructions in Paragraph 1b above require the whole residential fee to be included in Part I, Line 5. You cannot use a percentage because you do not yet know the rent potential.

C. Non-Profit 221(d)(3) Rent Supplement and BMIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General

- a. Follow Paragraphs B1 and 2 above.
- b. Use the rent formula in Appendix 1 of Chapter 4, Section 3 of HUD Handbook 4350.1, SUPP-1, instead of the rent formula on the back of the Form HUD-92457.

2. Rent Formula

- a. Lines 5b and c. DO NOT use these lines.
- b. Line 6. Enter the sum of Lines 4 and 5a.
- c. Line 7a. Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

D. Limited-Distribution 221(d)(3) Rent Supplement and BMIR Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General

- a. Follow Paragraphs B1 and 2 above.
- b. Use the rent formula in Appendix 2 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.

2. Rent Formula

- a. Lines 6b and c. DO NOT use these lines.
- b. Line 7. Enter the sum of Lines 4, 5 and 6a.
- c. Line 8a. Enter the residential management fee percentage according to the instructions in Paragraph B4 above.

E. 236 Projects Using Form HUD-92457, Rent Computation Form (dated 6/72)

1. General

- a. Follow Paragraphs B1 and 2 above.
- b. Use the rent formula in Appendix 3 of Chapter 4, Section 3 of HUD Handbook 4350.1, instead of the rent formula on the back of the Form HUD-92457.