

EFFECT OF PREPAYMENT ON OAHP ELIGIBILITY

Section 16-2

In cases where the owner of a project that is eligible for debt-restructuring selects Option Three (debt-restructuring) but subsequently prepays the FHA-insured or HUD-held mortgage, the prepayment does not provide an opportunity for the owner to revise the renewal selection. While the project under such scenario is no longer subject to an FHA-insured or HUD-held mortgage and would ordinarily be eligible on this basis for renewal at exception rents (Option Four), eligibility for a Restructuring Plan is determined by the status of the project on the earlier of the termination or expiration date of the project-based assistance contract, which may include a contract renewed under section 524 of MAHRA, or the date of the owner's request for a Restructuring Plan. Any later prepayment of the FHA-insured or HUD-held mortgage does not provide the owner an opportunity to revise the renewal selection and will result in a reduction of rents to market.

FOR FURTHER INFORMATION

Section 16-3

- A. Section 8 Renewal Help Desks have been established in each Hub and certain Program Centers to provide technical assistance to Project Owners, managers and contract administrators who have questions regarding the Section 8 contract renewal process.
- B. A complete and up-to-date list of Section 8 Renewal Help Desk Officers is available on the Multifamily Business Page for Section 8 Expiring Contracts at http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/mfhsec8.