



FORECLOSURE SALE

Riverview Apartments
108 Baldwin Street
Granite Falls, MN 56178
A 40 Unit Multifamily Community

Amended June 15, 2012: HUD required repairs, Repair Escrow amended, see Rider "Required Rehabilitation", Form HUD-9552 (Attachment E) and Property at a Glance.

Is offered for sale at foreclosure:



Oral bids will be accepted on:
July 10th, 2012
At: 11:00 am (local time)

Sale Location:
Sheriff's Office
Chippewa County Courthouse
Front Entrance
629 North 11th Street
Montevideo, MN 56265



U. S. Department of Housing and Urban Development
Fort Worth Property Disposition Center
801 Cherry Street, Unit # 45, Suite 2500
Fort Worth, TX 76102

DUE DILIGENCE SHOULD BE PERFORMED IN ADVANCE OF SUBMITTING A BID. WHILE CARE HAS BEEN EXERCISED TO ENSURE ACCURACY, ALL INFORMATION PROVIDED IS SOLELY FOR THE PURPOSE OF PERMITTING PARTIES TO DETERMINE WHETHER OR NOT THE PROPERTY IS OF SUCH TYPE AND GENERAL CHARACTER AS TO INTEREST THEM IN ITS PURCHASE. HUD MAKES NO WARRANTY AS TO THE ACCURACY OF SUCH INFORMATION

INVITATION TO BID

Consistent with and subject to the terms and conditions of this Invitation to Bid, there is an opportunity to make an offer to purchase the Project more particularly described below. This document, titled Invitation to Bid, sometimes referred to herein as the "Invitation," and commonly known as a "Bid Kit," sets forth the terms and conditions for the submission of a bid to acquire the Project at the foreclosure sale of the Project. This Invitation also includes information concerning Previous Participation Certification (Form HUD-2530) requirements and a list of the forms necessary to submit a complete, responsive bid.

INVITATION DEFINITIONS

The following definitions apply to capitalized terms in this Invitation.

1. **APPS:** The Active Partners Performance System (APPS) allows HUD's business partners to manage their company and individual participation information and submit their APPS Previous Participation Certification (APPC) requests directly to HUD for processing via the Internet.
2. **Acknowledgment:** The document executed at the Foreclosure Sale by the High Bidder, obligating the High Bidder to the terms and requirements of the Foreclosure Sale, the form of which is attached to this Invitation as Attachment B.
3. **Act:** Multifamily Mortgage Foreclosure Act, 12 U.S.C. §3701.
4. **Affiliate:** Persons are affiliates of each other if, directly or indirectly, either one controls or has the power to control the other or a third person controls or has the power to control both. The ways we use to determine control include, but are not limited to (a) Interlocking management or ownership; (b) Identity of interests among family members; (c) Shared facilities and equipment; (d) Common use of employees; or (e) A business entity which has been organized following the exclusion of a person which has the same or similar management, ownership, or principal employees as the excluded person. ([24 C.F.R. § 200.215](#) - Affiliate.)
5. **Applicant/Recipient Disclosure/Update Report (Form HUD-2880):** A disclosure made to HUD of federal, state, or local governmental assistance, other than the Section 8 assistance provided by the Secretary, that the bidder will receive or reasonably expects to receive prior to, or during the term of the HAP Contracts and in cases where the bidder will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available to the Project. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or other form of direct or indirect governmental assistance.
6. **Cash Due at Closing:** The bid price less the Earnest Money Deposit received, plus any prorations. Cash due at Closing includes all initial deposits to escrow and/or reserve accounts as may be required by HUD. Funds shall be paid in the form of a money order, certified funds or a cashier's check made payable to: The U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
7. **Cash Escrow:** An assurance of completion of HUD required repairs. The amount(s) identified in the Property at a Glance. The cash escrow shall be held by HUD.
8. **Certification of Substantial Compliance:** A certification by High Bidder that its other properties in the jurisdiction of the Project are in substantial compliance with state and local laws. Attachment G of this Invitation.
9. **Closing:** When title to the Project is transferred to the bidder that HUD deems qualified to purchase the Project.
10. **CCR:** Central Contractor Registration: Established to facilitate the federal government's compliance with the Prompt Payment Act (Pub. L. 97-177) (31 U.S.C. 3901 *et seq.*), as amended, and is the primary registrant database for the federal government. CRR collects, validates, stores and disseminates data in support of agency missions, including federal agency contract and assistance awards, and the electronic payment process.
11. **Days:** Federal government business days, unless otherwise stated as calendar days.
12. **Deed:** Foreclosure Deed (see Invitation Definition #19 herein).
13. **DUNS:** Data Universal Numbering System (aka Dun and Bradstreet Numbering System): Owners with Project Based Section 8 Contracts must obtain a DUNS number and register that number in CRR. An online web-form process is provided at <http://fedgov.dnb.com/webform>. The process for obtaining a DUNS number is free for all entities doing business with the Federal government. For assistance, registrants should call toll free: 866-705-5711, press Option 4, Grantee. In Alaska and Puerto Rico the toll free number is 800-234-3867. For more information: <http://portal.hud.gov/hudportal/documents/huddoc?id=11-01HSGN.PDF>.
14. **Earnest Money Deposit:** The amount of the deposit identified in the Property at a Glance. Must be submitted at the Foreclosure Sale.
15. **Evidence of APPS registration:** After the foreclosure sale, this is certification that must be submitted to the Realty Specialist identified in the Property at a Glance and can be in the form of a copy of the [Participant Successfully Registered](#) page from the APPS system **and** a copy of the [Multifamily Coordinator and User Registration page](#) from Secure Systems **or** a copy of the [Participant Detail](#) page. (See APPS User Guide-Industry for printing instructions).
16. **Extension Fees:** The fee that must be paid to HUD when requesting an extension of the time, or deadline, for the Closing. If an extension of the deadline for the Closing to occur is authorized, the Purchaser must pay a fee for each thirty (30) calendar day extension period, the amount of which will be determined by HUD consistent with current policies and procedures.

17. Extension Period: Extensions of time for Closing are granted for a thirty (30) calendar day period.
18. Foreclosure Commissioner: An attorney or law firm designated by HUD to conduct the Foreclosure Sale of the Project, pursuant to 12 U.S.C. §3704.
19. Foreclosure Deed: The deed that will transfer title to the Purchaser. It will not contain any warranties of title.
20. Foreclosure Sale: Sale of the Project resulting from a mortgage foreclosure by HUD.
21. Form HUD-9552: Post-Closing Repair Requirements and Exhibits, Attachment E of this Invitation ("Repairs".)
22. HAP Contract: Project Based Section 8 Housing Assistance Payment Contract, if applicable, which shall be executed at Closing, in the form of Attachment F.
23. High Bidder: Highest, responsive bidder at Foreclosure Sale.
24. LOC: Letter of Credit: An assurance of the completion of HUD required Repairs. An unconditional, irrevocable and nondocumentary Letter of Credit, issued from a recognized FDIC-insured lending institution. The amount is identified in the Property at a Glance.
25. Payment and Performance Bonds: An assurance of completion of HUD required Repairs. Form HUD-92452A should be used for payment bonds and form for the performance bond that is acceptable to HUD, each equaling 100% of HUD's estimate of the required Repairs.
26. PCS: Physical Condition Standards; The HUD minimum physical condition standards for dwelling units occupied by families receiving Section 8 project-based assistance. ([24 C.F.R. § 5.703](#)). These are the decent, safe and sanitary conditions, and in good repair, standards which must be met within a specified number of calendar days after Closing.
27. PCS Repairs: HUD's Physical Condition Standard, found within 24 C.F.R. § 5 Subpart G, which requires the Project to be maintained in good physical condition and subject the Project to periodic HUD inspections.
28. Post-Bid Document Submittals: All documents, statement, and forms listed in the Invitation that must be submitted by High Bidder in order to be considered for HUD approval to purchase the Project.
29. Post-Closing Repairs: A list of HUD required "Repairs" to be performed by Purchaser post-Closing. The cost of the repairs has been estimated by HUD; see Attachment E to this Invitation (Form HUD-9552).
30. Previous Participation: It is HUD's policy that participants in its housing programs be responsible individuals and organizations that will honor their legal, financial, fair housing and contractual obligations. ("Responsibility" is a term used by HUD to mean business integrity, honesty and capacity to perform). Accordingly, uniform standards are established in HUD regulations for approval, disapproval or withholding of action on principals for projects in which they apply to participate.
31. Previous Participation Certification: Form HUD-2530. The information within this form, in combination with other factors and submitted documentation, will be used to determine whether HUD will approve a bidder to purchase, operate, and/or manage the Project.
32. Principal: Principal means (a) An officer, director, owner, partner, principal investigator, or other person within a participant with management or supervisory responsibilities related to a covered transaction; or (b) A consultant or other person, whether or not employed by the participant or paid with Federal funds, who (1) Is in a position to handle Federal funds; (2) Is in a position to influence or control the use of those funds; or, (3) Occupies a technical or professional position capable of substantially influencing the development or outcome of an activity required to perform the covered transaction. (c) A person who has a critical influence on, or substantive control over, a covered transaction, whether or not employed by the participant. (For complete definition see [24 C.F.R. § 200.215](#) – Principal.)
33. Project: The multifamily apartment project and all real and personal property appurtenant thereto, as presented on the cover of this Invitation.
34. Property at a Glance: Contains information about the Project and contact information for the Realty Specialist – see Attachment A to Invitation.
35. Purchaser: Person or entity receiving HUD approval to purchase the Project.
36. Realty Specialist: HUD staff member to be contacted for additional information concerning the Project or the Foreclosure Sale. Identified on the Property at a Glance.
37. Repairs: see #29 Post-Closing Repairs.
38. Second High Bidder: Second highest, responsive bidder at Foreclosure Sale.
39. Section 8: Section 8 of the United States Housing Act of 1937 and applicable regulations within Title 24 of the Code of Federal Regulations.
40. Statement of Experience: The written statement to be submitted by High Bidder, as part of the qualification process in order to be considered by HUD for approval to purchase the Project.
41. Use Agreement: The Foreclosure Sale Use Agreement in the form attached as Attachment C to this Invitation, which will be executed by Purchaser of the Project at Closing and run with the land to bind the grantee and any permitted successors and assigns.

SECTION 1 - INTRODUCTION AND GENERAL INFORMATION

1. **BID RESPONSIVENESS:** A bid must be responsive to the terms of the Foreclosure Sale. To be considered for award, a bid must comply in all material respects with this Invitation. Each bid on its face shall be firm, unconditional, responsive, fixed in one amount certain, and not in the alternative. Special conditions, alterations, or deletions will render a bid non-responsive. The terms of the Foreclosure Sale are those set out in this Invitation and Attachments. Lack of an Earnest Money Deposit, as required by this Invitation, will be cause for bid rejection.
2. **SALE TO HIGHEST QUALIFIED BIDDER:** Sale of this Project will be awarded to the highest bidder determined to be qualified to purchase the Project. The defaulting owner of the Project, or any affiliate thereof, will not be permitted to bid.
3. **NO REDEMPTION PERIOD:** This Foreclosure Sale is not subject to redemption by the defaulting owner of the Project.
4. **BID ACCEPTANCE OR REJECTION:** At any time prior to Closing, HUD reserves the right to reject any and all bids, to waive any informality in any bid received, and to reject the bid of any bidder HUD determines lacks the experience, ability, or financial responsibility necessary to own and provide management acceptable to HUD.
5. **CANCELLATION OF SALE:** HUD reserves the unconditional right to cancel this Invitation and reject any and all bids at any time prior to the Closing of the Foreclosure Sale.
6. **BIDDER'S DUE DILIGENCE:** Bidders, their agents and advisors should review carefully the information in this Invitation and Attachments, and any additional information made available by HUD, and should undertake their own investigation of the Project to evaluate the risks associated with purchasing the Project.
7. **POST-CLOSING REQUIRED REPAIRS:** Any Repairs that must be completed by Purchaser after Closing, if applicable to this Foreclosure Sale, are included in Attachment E to this Invitation. The required Repairs listed in Attachment E survive the Foreclosure Sale and will be recorded with the Deed. NOTE: The Form HUD-9552 and Exhibits are cost estimates of the required Repairs. Actual costs ultimately incurred by the Purchaser may be more or less than the estimates.
8. **While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character they are interested in purchasing. HUD makes no warranty as to the accuracy of the information. The failure of any bidder to inspect or be fully informed as to the condition of all or any portion of the Project, or any conditions of Foreclosure Sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.**
9. **OUTSTANDING ENCUMBRANCES THAT SURVIVE FORECLOSURE:** By entering its bid, the High Bidder agrees to assume all responsibility for paying all outstanding encumbrances and expenses, including, but not limited to, taxes, assessments, utility bills and any liens not extinguished by the foreclosure. Bidders are advised to determine outstanding expenses, taxes, utilities, assessments, and liens as part of the due diligence process and take them into consideration when bidding.
10. **RECORDATION OF CERTAIN DOCUMENTS:** The Use Agreement, with any riders thereto (if provided herein) and Attachment E with any exhibits and/or attachments thereto (if provided herein) will be recorded with the Deed.
11. **ADDITIONAL INFORMATION:** For further information, please contact the Realty Specialist.

SECTION 2 -PREVIOUS PARTICIPATION CERTIFICATION

FOR PARTICIPANTS IN HUD MULTIFAMILY PROGRAMS

1. **GENERAL:** All bidders, management agents and other participants as required by HUD must file a Previous Participation Certification (Form HUD-2530) in either electronic or paper format. Bidders must comply with all HUD Previous Participation Certification (Form HUD-2530) requirements as outlined in the Acknowledgment (Attachment B.)
2. **ELECTRONIC FILING:** If filing electronically, use [APPS](#) to submit Previous Participation Certification (Form HUD-2530) on HUD's Secure Systems Internet Site. Prior registration is not mandatory in order to bid at the Foreclosure Sale. However, all potential bidders registering for the first time in Secure Systems and/or APPS should do so at least two (2) weeks prior to the Foreclosure Sale because it takes approximately two (2) weeks after registration to receive the User/Coordinator ID. For instructions for registering for both Secure Systems and APPS are located on the [Active Partners Performance System \(APPS\) web site](#).
3. **PAPER FILING:** If filing in paper format, submit the Form HUD-2530, and an Organizational Chart of the proposed ownership entity to the Realty Specialist.
4. **UPDATES:** If a management agent will be participating in the management of the Project, or if bidder is changing principals, adding principals, changing the name of the purchasing entity, or changing tax identification from information already recorded in APPS or on a paper 2530, **it is the High Bidder's**

responsibility to ensure that all required participants register and complete the 2530 process within the prescribed time frames.

- **Failure of any participant to submit a Previous Participation Certification (Form HUD-2530) or other required document(s) within the indicated time frame specified in Section 4 below, may be grounds for rejection of the bid.**
- **The High Bidder's experience, qualifications and capacity to purchase the Project must be approved by HUD in order to purchase the Project. This includes, but is not limited to, 2530 approval.**

SECTION 3 - FORECLOSURE SALE PROCEDURES AND SUBMISSION OF BIDS

1. **GENERAL:** In order to submit a complete, responsive bid to this Invitation, a bidder must submit the items listed in this Section, and the additional items as indicated in Section 4, below.
2. **BIDDING AT THE FORECLOSURE SALE:**
 - a. The Foreclosure Sale is an oral, open bid sale that takes place at the date, time and place indicated on the cover of this Invitation. HUD has designated a Foreclosure Commissioner to conduct the sale of this Project.
 - b. The bidder must either:
 - i. State a bid price orally at the sale, **or**
 - ii. Submit a written bid to the Foreclosure Commissioner two (2) calendar days before the date of the Foreclosure Sale. Written bids, if received, will be read aloud at the Foreclosure Sale before oral bids are accepted. Only the bidder that submitted the written bid, or an agent thereof, may raise a written bid price. Please contact the Realty Specialist identified in the Property at a Glance for details regarding submitting a written bid.
3. **CORRECTIONS:** Any changes or erasures made to information submitted by a bidder in connection with a written bid may be made by the bidder or their agent only and must be initialed by the bidder or agent.
4. **TELEGRAPHIC OR FACSIMILE BIDS:** Emailed, telegraphic or facsimile bids and/or bid modifications will not be considered.
5. **ITEMS THAT MUST BE SUBMITTED AT THE FORECLOSURE SALE:**
 - a. **Earnest Money Deposit:**
 - i. The Earnest Money Deposit, for the amount specified in the Property at a Glance (Attachment A), must be submitted to the Foreclosure Commissioner prior to presenting an oral or written bid, at the start of the Foreclosure Sale.
 - ii. The Earnest Money Deposit must be in the form of a money order, certified funds, or cashier's check payable to: **THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.** No other method of payment is acceptable.
 - iii. A financial organization submitting a bid on its own behalf must have the Earnest Money Deposit drawn on another financial organization.
 - iv. Lack of proper deposit will be cause for rejection of the bid by HUD.
 - v. Immediately following the Foreclosure Sale, the Earnest Money Deposit will be returned to all but the High Bidder.
 - b. **Evidence of bidder eligibility**, if *applicable* (ex: non-profit organization.) See Attachment I, if provided.
6. **NOTIFICATION TO THE HIGH AND SECOND HIGH BIDDER:** The High Bidder and Second High Bidder will be notified orally of their bidding positions by the Foreclosure Commissioner immediately after the Foreclosure Sale.
7. **ACKNOWLEDGMENT BY BIDDER:** Immediately after the Foreclosure Sale, the High Bidder must submit **ONE** (1) signed copy of the Acknowledgment to the Foreclosure Commissioner.

SECTION 4 - POST FORECLOSURE SALE PROCEDURES

1. **CONTINUANCE OF OFFERS:** All bids shall be deemed to be continuing offers from the time of the Foreclosure Sale until bid-rejection by HUD or until Closing.
2. **POST-BID DOCUMENTS SUBMITTALS:** The High Bidder must submit the following items within the timeframes shown below:
 - a. Two (2) Days After Foreclosure Sale:
 - i. Previous Participation Certification:
 - (a) Paper filing:
 - (i) **Form HUD-2530:** A completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; an entity not yet formed cannot be accepted, and
 - (ii) **Organization Chart:** An organization chart, reflecting all principals of the purchasing entity and each principal's percentage of ownership must accompany the completed paper Form HUD-2530.
 - (b) Electronic filing:
 - (i) **Bidders not registered in APPS and Secure Systems:** Submit certification of registration in Secure Systems and APPS.

- (ii) **Electronic Filers registered in APPS and Secure Systems:** Submit evidence of filing in accordance with Section 2 herein.
- ii. Certification of Substantial Compliance: A completed and original, Attachment G to this Invitation. If HUD determines that such projects of the High Bidder, are not in substantial compliance with state and local codes, HUD may determine that the High Bidder is not qualified to purchase the Project. The Earnest Money Deposit may be forfeited.
- b. Five (5) days After Foreclosure Sale: The High Bidder must submit a written Statement of Experience. Instructions for preparing the written Statement of Experience are provided in the Acknowledgment.
- c. Ten (10) days After Foreclosure Sale: The High Bidder must submit the documents checked below:
 - Affirmative Fair Housing Marketing Plan (Form HUD-935.2A)
 - Form HUD-2530 for Purchaser, if different from High Bidder
 - Form HUD-2530 for the Management Agent, if applicable
 - Personal Financial and Credit Statement (Form HUD 92417), for each proposed
 - Management Entity Profile (Form HUD-9832)
 - Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A):
 - OR**
 - Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B):
 - OR**
 - Project Owner's/Borrower's Certification (Form HUD-9839C-for elderly housing project managed by Administrators only)
 - (Only one of these forms A, B or C will be required for management certification.)**
 - Direct Deposit Signup (Standard Form 1199A)
 - Applicant/Recipient Disclosure/Update Report (Form HUD-2880)
- d. Ten (10) days After Foreclosure Sale: Electronic filing of the Form HUD-2530 for the management agent or the High Bidder's ownership entity must be completed and a signed copy provided to the Realty Specialist.

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME MAY BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.

3. QUALIFICATION, ACCEPTANCE, REJECTION OF BID:

a. Required Bidder Qualifications to Purchase Project:

- i. It is the objective of the Department's multifamily foreclosure process to transform troubled and distressed multifamily properties into viable, long-term affordable rental housing resources. To accomplish this objective, the Department will only award a HUD-foreclosed property to a High Bidder that has the financial capacity and demonstrated experience (approximately five (5) years) of successfully owning, managing and transforming distressed and troubled multifamily properties as viable, low-income housing resources.
- ii. The Department has the discretion to evaluate, starting with the High Bidder and proceeding in descending order, if necessary, the bidder's experience, qualifications and capacity to purchase the Project based on a review of the documentation described below, information independently obtained and verified by HUD, and the Post-Bid Document Submittals required herein. The documentation must demonstrate that the bidder owns (or has owned) and is successfully managing and operating (or has successfully managed and operated) properties of similar size and characteristics (including problematic complexities) as the Project being sold. The documentation will be used by HUD to determine whether the bidder has the financial capacity and demonstrated experience to acquire and successfully transform the Project into a long-term, viable rental housing resource.
- iii. HUD may, in its sole discretion, accept or reject any bid submitted for the purchase of the Project. The review and approval of the Previous Participation Certification (Form HUD-2530) is a requirement for the purchase of the Project. However, Previous Participation Certification approval is only one aspect of HUD approval of the bidder's qualifications.
- iv. Based on HUD's review of the documentation submitted, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the bidder has the requisite experience, qualifications and financial capacity to purchase the Project. This determination is within HUD's sole and absolute discretion. If HUD determines that the bidder does not have the experience, qualifications and/or financial capacity to purchase the Project, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation.
- v. In the event that HUD rejects a bid, HUD will return the bidder's earnest money deposit, provided the bidder has not failed to meet time limits required to submit documentation, or made any misrepresentation or material omission(s) in the bidder's submission of documentation. If the bidder fails to properly submit all required documentation within the required time limit or HUD determines that the bidder misrepresented his or her experience, qualifications, or financial capacity, the Earnest Money Deposit will be forfeited and retained as liquidated damages. HUD may seek any and all additional remedies.
- vi. HUD may require the High Bidder to obtain the services of a qualified multifamily project management firm. Management acceptable to HUD (see paragraph 5 below) must be approved prior to Closing.

- b. **Bidder Approval:**
 - i. If HUD determines that the High Bidder is qualified, the High Bidder will be confirmed as and identified as the Purchaser;
 - ii. If the high bid is rejected due to HUD's determination that the High Bidder is not qualified to purchase the Project, HUD will notify the High Bidder in writing;
 - iii. If HUD rejects the High Bidder, HUD may in its sole discretion elect to contact the Second High Bidder, and/or succeeding bidders as bidders withdraw or do not qualify, to purchase the Project. If contacted by HUD, the Second High bidder or succeeding bidder will be offered the opportunity to purchase the Project and will be given twenty-four (24) hours to submit the earnest money deposit and execute the Acknowledgment, and thereby will be deemed as the High Bidder. HUD will review the bidder's Post-Bid Document Submittals, which must be submitted within the same timeframes detailed in Section 4 of this Invitation beginning from the date the Acknowledgment is executed, in order to determine if the bidder is qualified to purchase the Project;
 - iv. HUD's notification of rejection due to lack of qualifications, if applicable, shall be deemed to be given when mailed to the individual that executed the Acknowledgment; and
 - v. The written rejection of the bid will be made as promptly as possible and generally within thirty (30) days after the date of the Foreclosure Sale.
4. **EARNEST MONEY DEPOSIT:** All bidders must submit the Earnest Money Deposit to the Foreclosure Commissioner at the start of the Foreclosure Sale. Immediately following the Foreclosure Sale the Earnest Money Deposit will be returned to all but the High Bidder. Interest will not be paid on Earnest Money Deposits.
 - a. If HUD determines that the High Bidder is qualified to own and manage the Project, its bid is acceptable and the High Bidder complies with the requirements of this Invitation, the Earnest Money Deposit will be credited against the bid price at Closing.
 - b. If the bid amount is unacceptable, the bidder's Earnest Money Deposit will be refunded.
 - c. If, during the review of the High Bidder, it is found that the High Bidder has made any misrepresentation or material omission(s) in the bidder's submission of documentation, the Earnest Money Deposit will be forfeited.
 - d. If the High Bidder is determined not to be qualified to purchase the Project **and** the High Bidder has complied with the requirements of this Invitation the Earnest Money Deposit will be refunded.
 - e. If the High Bidder has failed to comply with the provisions outlined in this Invitation, the Earnest Money Deposit will be forfeited.
5. **REVIEW OF PROJECT MANAGEMENT:** HUD will review the statements and Post-Bid Document Submittals to determine, in its sole discretion, if the proposed management entity has the necessary qualifications to operate, manage, and/or administer the type and nature of the project being offered for sale. HUD may elect to discuss Project management plans after submission of the Post-Bid Document Submittals by the High Bidder. HUD reserves the right to reject the bid of any bidder and retain the Earnest Money Deposit, if the High Bidder does not provide management acceptable to HUD.
6. **CLOSING DATE REQUIREMENT:** The date and place for Closing will be determined by HUD and the Foreclosure Commissioner and occur within the time period specified in the Acknowledgment, (Attachment B).
7. **EXTENSION OF CLOSING:** The right to extend the Closing is expressly reserved by HUD as set forth in the Acknowledgment (Attachment B).

SECTION 5 – CLOSING

1. **EXECUTION OF USE AGREEMENT:** The Purchaser and HUD will execute the Use Agreement at Closing. HUD will have the Deed, Use Agreement and all attachments recorded.
2. **CASH DUE AT CLOSING:** Cash due at Closing is the bid price less the Earnest Money Deposit received, plus any outstanding encumbrance amount that survived foreclosure and/or any pro-rations (see Paragraph 3 below.) All initial deposits to escrows and/or reserve accounts, if applicable, must be made at Closing.
3. **PRORATIONS:**
 - a. Purchaser is responsible for paying all taxes, assessments, liens, and utility bills including but not limited to, water, sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
 - b. If Extension Fees were paid, and the Closing occurs prior to the expiration of an Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period will be credited toward the amount due from Purchaser at Closing.
4. **CLOSING EXPENSES:** Irrespective of local custom, the Purchaser shall pay all Closing expenses, including, but not limited to, all documentary stamp taxes, and any costs in connection with a review of title or title insurance. The fees for the recordation of the HUD Deed and Use Agreement will be paid by HUD.
5. **METHOD OF PAYMENT:** Cash Due at Closing shall be paid in the form of a money order, certified funds, or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.
6. **REPAIR ESCROW:** If Repairs are required as a condition of Closing Purchaser shall provide assurance at Closing that the Repairs will be completed. The Purchaser must submit either a LOC or Cash Escrow, the

choice of which shall be at HUD's sole discretion.

7. **SECTION 8 HOUSING ASSISTANCE PAYMENTS:** For a Project sold with Project-Based Section 8 assistance (see the Property at a Glance and the Use Agreement,) the Purchaser must execute a HAP Contract at Closing.
 - a. The HAP Contract will be subject to the availability of Section 8 funds. The HAP Contract will initially be funded for a minimum of one (1) month and a maximum of twelve (12) months.
 - b. A sample form of the HAP is attached (Attachment F.)
8. **CONVEYANCE:** Conveyance of the Project shall be by Foreclosure Commissioners Deed ("Deed"). The Deed will not contain any warranties of title.
9. **RECORDATION OF DEED:** HUD shall record the Deed and the Use Agreement.
10. **DOCUMENTS TO BE FURNISHED OR EXECUTED AT CLOSING:**
 Foreclosure Sale Use Agreement **Letter(s) of Credit** **Closing Statement**
 HAP Contract **OR Cash Escrow**

SECTION 6 – POST-CLOSING

1. **TENANT INCOME VERIFICATION/CERTIFICATION:** Purchaser is required to begin tenant income verification/certification immediately upon Closing. Within fifteen (15) calendar days of Closing Purchaser must certify to HUD that all verification/certifications have been completed and submit a Tenant report. See the Project Based Section 8 Rider for information regarding report requirements.
2. **POST-CLOSING REPAIRS:** Repairs required by HUD are included in the Form HUD-9552, Attachment E to this Invitation. The Repair requirements survive the Foreclosure Sale and will be recorded with the Deed.
NOTE: The Form HUD-9552 and Exhibits are **cost estimates**. Actual costs may be more or less than the estimates.
While care has been exercised to assure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character they are interested in purchasing, and HUD makes no warranty as to the accuracy of such information. The failure of any bidder to inspect, or be fully informed as to the condition of all or any portion of the Project being offered, or condition of Foreclosure Sale, will not constitute grounds for any claim, demand, adjustment, or withdrawal of a bid.

SECTION 7 – DISCLAIMERS

1. **DISCLAIMER:**
 - a. This is an "all-cash", "as-is" sale. As stated in paragraph 6 of Section 1 bidders interested in purchasing this Project are expected to perform due diligence to arrive at conclusions as to physical condition, number and occupancy of revenue producing units, estimates of operating costs, repair costs (where applicable), and any other factors bearing upon valuation of the Project. **Any bid submitted shall be deemed to have been made with full knowledge of all the terms, conditions and requirements contained in this Invitation and in any Addendum hereof.**
 - b. While care has been exercised to assure accuracy, all information provided is solely for potential purchasers to determine whether or not the Project is of such type and general character as might interest them in its purchase. **HUD makes no warranty as to the accuracy of such information.** The failure of any bidder to inspect, or be fully informed as to the condition or value of the Project, or conditions of sale, will not constitute ground for any claim, demand, adjustment or withdrawal of a bid.
2. **UNAUTHORIZED ORAL STATEMENT OR MODIFICATIONS:** Any oral statement or representation by any representative of HUD changing or supplementing this Invitation, or any condition hereof, is unauthorized and shall confer no right upon the bidder (Purchaser).
3. **HUD LIABILITY:** HUD's liability shall not exceed the amount of such portion of the bid price that has been paid to HUD.

ATTACHMENTS

- | | |
|--|---|
| <input checked="" type="checkbox"/> ATTACHMENT A - Property at a Glance | <input checked="" type="checkbox"/> ATTACHMENT F – HAP Contract |
| <input checked="" type="checkbox"/> ATTACHMENT B - Terms and Requirements of Foreclosure Sale - Acknowledgment by Bidder | <input checked="" type="checkbox"/> ATTACHMENT G – Certification of Substantial Compliance |
| <input checked="" type="checkbox"/> ATTACHMENT C - Foreclosure Sale Use Agreement | <input checked="" type="checkbox"/> ATTACHMENT H – Protecting Tenants at Foreclosure Act |
| <input checked="" type="checkbox"/> ATTACHMENT D - Letter of Credit (LOC) Sample | <input type="checkbox"/> ATTACHMENT I – Evidence of Bidder Eligibility |
| <input checked="" type="checkbox"/> ATTACHMENT E – Repair Summary and narrative; and Environmental information if available | <input checked="" type="checkbox"/> ATTACHMENT J – DUNS/CCR Registration Certification |
| | <input checked="" type="checkbox"/> ATTACHMENT K - 24 CFR PART 5, Physical Condition Standards |
| | <input checked="" type="checkbox"/> ATTACHMENT L – Post-Closing Inspection Form |

THESE FORMS ARE AVAILABLE AT

http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/forms

OR USE THE URL PROVIDED BELOW TO OBTAIN THE FORM

<input checked="" type="checkbox"/>	Previous Participation Certification (Form HUD-2530) http://www.hud.gov/offices/adm/hudclips/forms/files/2530.pdf
<input checked="" type="checkbox"/>	Personal Financial and Credit Statement (Form HUD-92417) for each proposed principal and/or partner http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_20675.pdf
<input checked="" type="checkbox"/>	Affirmative Fair Housing Marketing Plan (Form HUD-935.2A) http://portal.hud.gov/hudportal/documents/huddoc?id=935-2a.pdf
<input checked="" type="checkbox"/>	Management Entity Profile (Form HUD-9832) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35584.pdf
<input checked="" type="checkbox"/>	Project Owners Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839 A) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35589.pdf
OR <input checked="" type="checkbox"/>	Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity of Interest or Independents Management Agents (Form HUD-9839 B) http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_9839-b.pdf
<input type="checkbox"/>	Project Owner's/Borrower's Certification (Form HUD-9839 C) - For elderly housing projects managed by Administrators only http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_35591.pdf (Only one of these forms, 9839A, B or C, will be required for management certification.)
<input checked="" type="checkbox"/>	Direct Deposit Signup (Standard form 1199-A) http://www.fms.treas.gov/eft/1199a.pdf
<input checked="" type="checkbox"/>	Applicant/Recipient Disclosure/Update Report (Form HUD-2880) http://portal.hud.gov/hudportal/documents/huddoc?id=2880.pdf

FAILURE TO SUBMIT THE REQUIRED DOCUMENTS WITHIN THE INDICATED TIME FRAME SHALL BE GROUNDS FOR REJECTION OF THE BID. HUD RESERVES THE RIGHT TO REJECT THE BID AND RETAIN THE BIDDER'S EARNEST MONEY DEPOSIT.



**Attachment A
PROPERTY AT A GLANCE**

Riverview Apartments FHA #: 092-35566

ADDRESS: **108 Baldwin Street** EARNEST MONEY: **\$25,000** SALES PRICE: **Unstated Minimum**
Granite Falls, MN 56178 TERMS: **"All Cash- As Is"; 30 calendar days to close**
 COUNTY: **Chippewa** LETTER OF CREDIT/CASH ESCROW: **\$69,200** SALE TYPE: **Foreclosure**

PROJECT INFORMATION

Total Units	Residential	Commercial	Foundation:	Concrete/crawl space
40	Revenue 39		Roof:	Flat w/single-ply membrane
	Non-Revenue	1	Exterior:	Concrete/CMU
Building/Site Type	Elevator		Floors/Finish:	Carpet/VCT

Number of Buildings	Stories	Year Built	Rehab Year	Approximate Site Acreage	Approximate Net Rentable Area
1	5	1971	1981		

Mechanical Systems		Utilities		Parking	
Heating:	Air Conditioning	Public Water	<input checked="" type="checkbox"/>	Street	Asphalt
Fuel Gas	None	Gas Main	<input checked="" type="checkbox"/>	Curb	Unknown
System Central	Windows Insulated	Electric	<input checked="" type="checkbox"/>	Sidewalk	Concrete
Hot Water:		Sanitary Sewer	<input checked="" type="checkbox"/>	Parking Lot	Asphalt
Fuel Gas		Storm Sewer	<input type="checkbox"/>	Parking	1 Lot
System Central		Septic Tank	<input type="checkbox"/>	Spaces	48

Apartment Features		Community Features		Owner Expense		Tenant Expense	
<input type="checkbox"/>	Air Conditioning	<input type="checkbox"/>	Garage	Water		A/C Unit	
<input type="checkbox"/>	Dishwasher	<input type="checkbox"/>	Covered Parking	Electric			
<input type="checkbox"/>	Microwave	<input checked="" type="checkbox"/>	Laundry Facility				
<input type="checkbox"/>	Garbage Disposal	<input type="checkbox"/>	Cable/Sat Hookup				
<input checked="" type="checkbox"/>	Refrigerator	<input type="checkbox"/>	Playground				
Elec	Range/Oven	<input type="checkbox"/>	Pool				
<input type="checkbox"/>	Drapes/Blinds	<input type="checkbox"/>	Community Space				

OCCUPANCY

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	45%	45%	50%	50%	50%							
2011	45%	45%	47%	47%	50%	53%	55%	55%	50%	45%	45%	45%

ESTIMATED ANNUAL RENTAL INCOME and EXPENSE:

# of Units	Type (# of Bdrs)	Approx Square Feet	Current Gross Rent (Contract Rent plus UA)	Estimated Utility Allowance (UA)	After Sale Contract Rent (excluding UA)	Total After Sale Contract Rent (excluding UA)
38	1 Bdr	440-552	\$513		\$513	\$19,494
1	2 Bdr	736	652		652	652
*1	1 Bdr		0			
Estimated/Possible Monthly Total						\$20,146

Total Estimated/Possible Annual Income	
Rent	\$241,752
Commercial	
Parking	
TOTAL	\$241,752
Estimated Annual Expenses	
Administrative	\$44,000
Utilities	50,000
Operating	25,000
Taxes/Insurance	36,000
Reserve/Replace	11,700
Total	\$166,700

COMMENTS CONCERNING PROJECT INFORMATION:

* This is currently a non-revenue unit and not used in determining the income and expense estimates.

A Housing Payment Contract (HAP) will be provided to the High Bidder prior to Closing. Project based assistance is predicated on the availability of funds.

In 2007 Minnesota made significant changes to the Elevator Code including a number of retroactive codes. Please check the following sources for information: www.dli.MN.gov/CCLD/elevator.asp & www.dps.state.MN.US/vmarshal.html. State Fire Marshal phone numbers 651-248-5005 & 800-342-5354. You may want to contact the Granite Falls Fire Marshal regarding these requirements. Potential investors should also check the Minnesota Department of Public Safety Carbon Monoxide Alarm Requirement and potential needs as related to this property. The Repair Requirements listed on the HUD 9552 & Write-up do not address repairs that may be required for compliance with the Elevator Code or the Carbon Monoxide Alarm Requirements.

Due diligence should be performed in advance of submitting a bid. While care has been exercised to ensure accuracy, all information provided is solely for the purpose of permitting parties to determine whether or not the Project is of such type and general character as to interest them in its purchase. HUD makes no warranty as to the accuracy of such information.

USE RESTRICTIONS

20 Years affordable rental housing.

Two-year rent protection for eligible residents.

PROJECT BASED SECTION 8

A Housing Payment Contract (HAP) will be provided to the Purchaser prior to Closing. Predicated on the availability of funds, assistance will be available for eligible residents in 39 units at the Project. Bidders are cautioned that payments under the HAP Contract may start for qualifying units immediately after Closing. However, HAP units must meet HUD's Physical Condition Standards within 180 calendar days of Closing. HUD will inspect these units to ensure of compliance. Bidders are urged to review the Project Based Section 8 Assistance Rider, the HAP Contract and Use Agreement and Riders to obtain a complete understanding of the requirements and conditions of the Foreclosure Sale. Prior to receipt of the subsidy payments, Purchaser may not charge eligible tenants, who are slated to receive Section 8, more than the amount of Total Tenant Payment the tenant would be required to pay under Section 8 program. In addition, some tenants may have to be temporarily relocated due to HUD required repairs. HUD has already accounted for these and other costs in this Project's disposition process. Therefore, HUD is not obligated to make any monetary adjustments to cover any costs that may be incurred by the Purchaser. Bidders should compute their bids accordingly.

TERMS OF SALE

- This is an "All-Cash" – "As-Is" sale. HUD is not providing financing for this sale. Payment of the full bid price must be presented at Closing.
- No consideration will be given to a bid submitted by any party currently suspended or debarred from participating in HUD programs. As provided for in 24 C.F.R. Part 27, the defaulting mortgagor, or any principal, successor, affiliate, or assignee on the mortgage at the time of default shall not be eligible to bid on or otherwise purchase this Project. ("principal" and "affiliate" are defined at [24 C.F.R. § 200.215](#).)
- Bids for this Project will only be considered for acceptance if properly submitted by following the bidding instructions which includes but is not limited to submitting the Earnest Money Deposit, forms and statements as required in the Invitation. High Bidder will be reviewed to determine if qualified to purchase, own and manage the Project.
- The High Bidder must certify to HUD that any/all projects that are owned by the bidder or its affiliates and are located in the same jurisdiction (City or Town) where the Project is located are in substantial compliance with applicable state and local housing statues, regulations, ordinances and codes. See Attachment G, Certification of Substantial Compliance.
- High Bidder has the option to file the required Previous Participation Certification (Form HUD-2530) in electronic or paper format. **For questions concerning APPS contact the Multifamily Housing Systems Help Desk at 1-800-767-7588. For questions concerning Secure Systems contact the REAC Help Desk at 1-888-245-4860.**
- Repairs estimated at \$276,671 must be completed to HUD's satisfaction within 12 months of Closing. Refer to the Use Agreement, Rider "Required Rehabilitation", for more information.
- Closing is to be held thirty (30) calendar days after HUD notifies the High Bidder that they are qualified to purchase the Project being offered.
- If HUD approves an extension of the Closing, the Purchaser must pay a fee which is the greater of 1.5% of the bid price or HUD's holding costs of \$ 40.80 per unit per calendar day for each thirty (30) calendar day period.
- The Use Agreement will include the following Riders: Required Rehabilitation; Affordability of Units; Nondiscrimination Against Section 8 Voucher and Certificate Holders; Relocation; Project-Based Section 8; Reserve Fund for Replacement; Environmental Hazards; Enforcement.

PROSPECTIVE BIDDERS SHOULD READ AND THOROUGHLY UNDERSTAND ALL INFORMATION PROVIDED HEREIN AND IN THE BID KIT PRIOR TO SUBMITTING A BID.

INFORMATION AND BID KIT

INFORMATION and BID KIT may be viewed or printed at [the Property Disposition web site](#).

You may also sign up for our [electronic mailing](#) list. If you do not have access to the internet or cannot download a PDF file, you may contact the Realty Specialist identified below to obtain a copy of the bid kit.

Bids for Riverview Apartments:

MUST BE PRESENTED ON: July 10, 2012

At: 11:00 am (local time)

Location of Foreclosure Sale:

Sheriff's Office
Chippewa County Courthouse
Front Entrance
629 North 11th Street
Montevideo, MN 56265

HUD Office and Contact Information for submission of documents:

Fort Worth HUD Office
Multifamily Property Disposition Center, 6AHLAT
801 Cherry Street, Unit # 45, Suite 2500
Fort Worth, TX 76102

Realty Specialist: Brigette Banks
Phone: (817) 978-5815
Fax: (817) 978-6019
Email: brigette.l.banks@hud.gov

INSPECTION OF PROJECT

HUD does not own or operate this facility and cannot grant access for viewing. Viewing is at the discretion of the current owner. No Open House has been scheduled for this sale.

ATTACHMENT B

TERMS AND REQUIREMENTS OF FORECLOSURE SALE - ACKNOWLEDGMENT BY BIDDER

PART I

BID PRICE - The Undersigned, _____, (the "High Bidder") submits a bid of _____ dollars (\$) at the Foreclosure Sale of Riverview Apartments (the "Project"), the legal description of which is included as Exhibit A, to be paid as follows:

1. EARNEST MONEY: \$ 25,000 in the form of a money order, certified funds, or cashier's check, as the Earnest Money Deposit, which has been submitted at the Foreclosure Sale to the Foreclosure Commissioner, and which shall not earn interest, **and**
2. BALANCE OF THE BID PRICE: \$ _____, to be paid by the High Bidder at Closing, in the form of a money order, certified funds, or cashier's check in accordance with the Acknowledgment. The Closing will be held at a place, date and time established in accordance with Part II, paragraph 4 below.
3. CLOSING COSTS, DEPOSITS, REPAIR ESCROW: In addition to the above, the High Bidder will be required to pay at Closing all Closing costs, regardless of local custom, and, where applicable, deposits to reserve accounts, Letters of Credit, and/or Cash Escrow, as described in Riders incorporated herein, the Invitation, the Use Agreement and the HAP.
4. PRORATIONS:
 - a. High Bidder is responsible for paying all taxes, assessments, liens, and utility bills including, but not limited to, water/sewer, gas and electric, and any other encumbrances not extinguished by the foreclosure. These amounts will not be prorated.
 - b. If Extension Fees were paid, and the Closing occurs prior to the expiration of the Extension Period, the prorated amount of the Extension Fees for the unused portion of the Extension Period shall be credited against the amount owed by the High Bidder at Closing.

PART II

The High Bidder, by executing this document, acknowledges the following requirements as conditions of purchasing the Project:

1. ACKNOWLEDGMENT OF TERMS: High Bidder affirms to have full knowledge of all the terms, conditions and requirements contained in herein, including the Use Agreement and Invitation, which are incorporated by reference in this Acknowledgment.
2. EXECUTION OF USE AGREEMENT: Without limiting the foregoing, at Closing High Bidder will, in addition to any other related documents, execute the Use Agreement and all of the Exhibits to the Use Agreement as contained in the Invitation. Such documents will control the use of the Project for a specified period, be recorded with the Deed, and run with the land.
3. SUBMISSION OF POST-BID DOCUMENTS BY HIGH BIDDER:
 - a. Two (2) Days After Foreclosure Sale:
 - i. Previous Participation Certification:
 - (a) Paper Filers:
 - (i) Form HUD-2530: The completed paper Form HUD-2530(s), with original signatures, for the purchasing entity and all principals. Proposed ownership must have established tax identification or social security number; an entity "to be formed" will not be accepted, and
 - (ii) Organization Chart: an organization chart, reflecting all principals of the purchasing entity and each principal's percentage or ownership must accompany the completed Form HUD-2530.
 - (b) Electronic Filers:
 - (i) Bidders not registered in APPS and Secure Systems: Submit certification, evidence of registration in APPS and Secure Systems.
 - (ii) Electronic Filers registered in APPS and Secure Systems: Submit evidence of filing.
 - ii. Certification of Substantial Compliance: Complete, original certification (Attachment G). The High Bidder must certify to HUD that any/all projects that are owned by the High Bidder or its affiliates and are located in the same jurisdiction (city or town) where the Project is located are in substantial compliance with applicable state and local housing statutes, regulations, ordinances and codes.

NOTE: If HUD determines that such projects of the High Bidder are not in substantial compliance with state and local codes, HUD may refuse to sell the Project to the High Bidder and retain its Earnest Money Deposit.
 - b. Within Five (5) Days of the Foreclosure Sale: The High Bidder must submit a written Statement of Experience demonstrating approximately five (5) years of experience in successfully owning and managing properties similar to the Project. The written Statement of Experience shall provide the following information for all properties similar to the Project being sold, not to exceed three (3) specific examples. The written Statement of Experience should not exceed five (5) pages per property:
 - The location of other owned multifamily properties.
 - The number of units and construction type (garden, walk-up, high-rise) for each property.

- Identify type of management.
- Identify properties that have government assistance and type of assistance, i.e., project-based assistance, tenant-based voucher assistance, etc.
- Identify the initial physical needs of each property and how they were addressed.
- Identify the social needs of each property and how they were addressed.
- Identify the economic needs of each property and how they were addressed.

For the Project being sold, describe how you will:

- Satisfy conditions of the sale, i.e., repair program, income and rent limitations, etc.
- Implement a sound financial and physical management program for the Project.
- Respond to the needs of the tenants and work cooperatively with resident organizations.
- Provide adequate organizational staff and financial resources to the Project.
- Provide services, maintenance and utilities to the Project.
- In addition, disclose whether other government assistance will be utilized in conjunction with the Section 8 assistance if HUD is providing project-based Section 8 assistance.

Based on the required documentation set forth above, as well as any additional information independently obtained and verified by the Department, HUD will determine whether the High Bidder has the requisite experience, qualifications and financial capacity to purchase the Project. This determination is a matter within HUD's sole and absolute discretion. If HUD determines that the High Bidder does not have the experience, qualifications and/or financial capacity to purchase the Project, HUD will reject the bid and proceed to the next highest bidder pursuant to the terms of the Invitation to Bid.

- c. Within Ten (10) Days of Foreclosure Sale: The High Bidder must, if checked below, submit the additional post-bid documents:
- Affirmative Fair Housing Marketing Plan (Form HUD-935.2A)
 - Form HUD-2530 for Purchaser, if different from High Bidder (See paragraph 3 above)
 - Form HUD-2530 for the Management Agent, if applicable (See paragraph 3 above)
 - Personal Financial and Credit Statement (Form HUD-92417), for each proposed principal/general partner
 - Management Entity Profile (Form HUD-9832)
 - Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A)
- OR**
- Project Owner's/Management Agent's Certification for Multifamily Housing Projects for Identity-of-Interest or Independent Management Agents (Form HUD-9839B)
- OR**
- Project Owner's/Borrower's Certification (Form HUD-9839C) for elderly housing project managed by Administrators only
- (Only one of the forms, 9839 A, B or C, will be required for management certification)**
- Direct Deposit Signup – Standard form 1199A
 - Applicant/Recipient Disclosure/Update Report (Form HUD-2880).

- d. Within Ten (10) Days of Foreclosure Sale: If the management agent or the High Bidder's ownership entity registered Form HUD-2530 electronically (e2530), the High Bidder and/or management agent must subsequently electronically file the e2530 after registration has been completed.

NOTICE: It is the High Bidder's responsibility to ensure compliance with form and document submission as required in this Invitation to Bid and the Acknowledgment by Bidder. Failure to submit or comply with any requirements of the Invitation or Acknowledgment may result in High Bidder being declared ineligible to purchase the Project. In such case the Bidder shall forfeit the earnest money deposit and any extension fees paid.

All forms and instruments referred to in this Acknowledgment are standard HUD forms and instruments prepared by HUD, used by HUD in the jurisdiction in which the Project is located and contain any additional covenants and conditions required by the Invitation.

4. ESTABLISHMENT OF CLOSING DATE, TIME AND PLACE:

- a. Time is of the essence.
- b. If HUD approves the High Bidder as being qualified, the High Bidder will be confirmed, identified as the Purchaser and notified in writing of the approval. Approval to purchase is subject to review and approval of bidder's Post Bid Document Submittals as required in Section 4 (Post Foreclosure Sales Procedures) of the Invitation, and in Acknowledgment, specifically Part II, paragraph 3. The Closing **shall be within thirty (30) calendar days of such notification**, unless extended pursuant to paragraph 10 below.
- c. The Closing date and place will be determined by the Foreclosure Commissioner and/or HUD and will take place within the time period specified above in paragraph 4.b. The Purchaser will be notified of said date and place by HUD and the Foreclosure Commissioner.

5. PROJECT-BASED SECTION 8 ASSISTANCE AND OTHER GOVERNMENT ASSISTANCE:

- a. HAP Contract:
 - i. HUD and the Purchaser shall execute a HAP Contract which shall be effective upon the date of Closing and cover the number of units specified by HUD. Execution of the HAP contract by HUD is subject to the availability of funds and no Closing will occur if these funds are not available. In

which case, HUD may rescind this sale and return the Earnest Money Deposit paid under Part I, paragraph 1, and any Extension Fees paid under Part II, paragraph 10. Sending the notice of rescission and returning any fees to the Purchaser, or the tender thereof, shall release HUD from any and all obligations and liabilities to the Purchaser.

- ii. Payments will be made in accordance with the provisions of the HAP Contract and the Project-Based Section 8 Assistance Rider.
 - iii. Purchaser must obtain a DUNS number and have an active, valid registration in CRR and must submit certification (Attachment J) to the local HUD office prior to the implementation of vouchering for HAP payments. For more information on the registration requirements see [Notice H 2011-01](#).
 - iv. Tenant certification/recertification and verification of income must be reviewed by Purchaser within 15 calendar days of Closing. The Purchaser will be required to submit a tenant report within 15 calendar days of Closing (see Rider 5, Project Based Section 8 Assistance for report requirements.) Tenant certification/recertification is subject to the 24 C.F.R. Parts 5 and 908 and requires owners and agents to access the Enterprise Income Verification (EIV) system via HUD's internet site. Information concerning the system and instructions for access application is provided at: <http://www.hud.gov/offices/hsg/mfh/rhiip/eiv/eivhome.cfm>.
- b. Adjustment in Section 8 Assistance pursuant to other Government assistance:
- i. High Bidder must disclose within ten (10) days of Foreclosure Sale by submitting the Applicant/Recipient Disclosure/Update Report (Form HUD-2880) :
 - (a) Federal, state or local governmental assistance, other than the Section 8 assistance provided by the Secretary, that it will receive or reasonably expects to receive prior to, or during the term of the HAP Contract; **and**
 - (b) In cases where the High Bidder will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available to the Project. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or other form of direct or indirect governmental assistance.
 - ii. Within thirty (30) calendar days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affects the accuracy of such disclosure, the Purchaser shall submit to HUD a revised Applicant/Recipient Disclosure/Update Report (Form HUD-2880). HUD shall reduce the amount of Section 8 assistance provided for the Project to compensate in whole or in part, as HUD deems appropriate, for any increases in other assistance.
6. CLOSING, CLOSING EXPENSES AND TRANSFER OF POSSESSION:
- a. The sale shall be effective upon Closing.
 - b. Purchaser shall pay all Closing costs and expenses, excluding fees for recording the Deed and Use Agreement, irrespective of local custom. Recording fees for the HUD Deed and Use Agreement shall be paid by HUD.
 - c. Transfer of title and possession of the Project shall become effective as of the Closing date.
7. PAYMENT OF BID PRICE AT CLOSING: The Purchaser shall pay the balance of the bid price at Closing and, where applicable, make the deposits to escrows and reserve accounts, in the form of a money order, certified funds or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

8. REPAIR ESCROW: At Closing the Purchaser shall submit to HUD, either a:
- LETTERS OF CREDIT (LOCS): A minimum of two (2), and a maximum of four (4) unconditional, irrevocable and non-documentary Letter of Credits (LOCs):
 - a. which total \$ 69,200, and
 - b. which shall remain in effect and may be drawn on by HUD for at least eighteen (18) months, six (6) months past the deadline for repairs stated above, from the date of this Use Agreement, **and**
 - c. at least one (1) of the LOC's (the final LOC) must be equal to ten percent (10%) of the total amount of the LOC requirement, or two and one-half percent (2.5%) of the total estimated repair cost identified on the 9552.

Each LOC must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months. LOCs may be returned as the Grantee completes repairs and HUD has inspected and accepted the repairs, with the exception of the final LOC, which will be held for six (6) months past the deadline for the completion for repairs; **OR**

- A Cash Escrow in the amount of **\$69,200**, to be held by HUD in a non-interest bearing escrow account. The Cash Escrow will be returned to the Purchaser after Repairs have been satisfactorily completed, except for ten percent (10%) which will be held for an additional six (6) months to ensure the integrity of Repairs.

9. LIQUIDATED DAMAGES: Should the High Bidder/Purchaser fail or refuse to perform all obligations hereunder for any reason including, but not limited to, failure to establish the legal entity that is to take title in a timely manner that permits Closing within the deadline set forth in paragraph 4, the Earnest Money Deposit and any Extension Fees, paid under Section 10, HUD reserves the right to retain the Earnest Money Deposit.

10. EXTENSION FEES: The granting of extensions of time to close the sale is within the sole and absolute discretion of HUD. Any extension, if granted, will be on the following conditions:

- a. A written request, which clearly states the reason for the Purchaser's inability to close the sale on or before the prescribed Closing date, or any Extension Period, must be received within fifteen (15) calendar days prior to the prescribed Closing date, or within any Extension Period. The request **must be accompanied by the payment** of the required Extension Fee and sent to the following address:

Fort Worth Multifamily PD Center
Attn: Scott R. Bearden, Director
801 Cherry Street, Unit # 45, Suite 2500
Fort Worth, TX 76102

- b. Extensions shall be for thirty (30) calendar days.
- c. For each thirty (30) calendar day period requested by Purchaser and approved by HUD, Extension Fees shall be equal to;
 - i. \$ ~~40.80~~, per unit, per calendar day, which is \$ ~~1,632~~ daily, a cost of \$ **48,960**, which covers the 30-calendar day period (the holding cost for such period), **or**
 - ii. one and one-half percent (1.5%) of the bid price, whichever is greater.
- d. The Extension Fees are not credited against the amount due from Purchaser at Closing. However, if the Closing is held prior to the expiration of an Extension Period, the prorated amount of the Extension Fee, for the unused portion of the Extension Period, shall be credited toward the amount due from the Purchaser at Closing.
- e. The granting of one or more extensions shall not obligate HUD to grant additional extensions.
- f. If any form or instrument required by HUD is not submitted within sufficient and reasonable time for HUD's review or processing and such delay necessitates an extension of the Closing deadline, an Extension Fee must be paid for this period.
- g. Extension fees must be submitted by money order, certified funds or cashier's check made payable to:

THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

11. BIDDER RESTRICTIONS:

- a. No Member of/or Delegate to Congress, resident commissioner, or local elected official, shall be admitted to any share or part of this Foreclosure Sale ("Sale"), or to any benefit arising from it. However, this provision does not apply to this Sale to the extent that this Sale is made with a corporation for the corporation's general benefit.
- b. If bidder is, or becomes suspended, debarred, or temporarily denied from participating in HUD programs prior to Closing, this Sale shall be terminated. In addition, if such suspension, debarment or temporary denial of participation occurs either before or after bidder's execution of this Acknowledgment, any Extension Fees paid under paragraph 10 shall be retained by HUD as liquidated damages.
- c. Pursuant to 24 C.F.R. Part 27.20(f), the defaulting mortgagor, or any principal, successor, affiliate, or assignee thereof, on the multifamily mortgage being foreclosed, shall not be eligible to bid on, or otherwise acquire, the Project being foreclosed by the Department under this subpart or any other provision of law. A "principal" and an "affiliate" are defined as provided at 24 C.F.R. § 200.215.

12. AS-IS SALE; NO REPRESENTATIONS:

- a. Purchaser shall accept the Project "as is." HUD makes no representations or warranties concerning the physical condition of the Project. In addition, HUD does not represent or warrant the number and occupancy of revenue producing units, or any factor bearing upon the value of the Project or otherwise.
- b. High Bidder acknowledges that the bid price set forth in this Acknowledgment is based on its own evaluation of the Project and not upon any representations by HUD. High Bidder's failure to inspect, or to be fully informed as to any factor bearing upon the valuation of the Project, shall not affect the liabilities, obligations or duties of HUD, nor be a basis for termination of this Foreclosure Sale or for the return of any Earnest Money Deposit or Extension Fees paid to HUD.

13. RISK OF LOSS AND RIGHTS OF RESCISSION: In the event of any substantial damage to the Project prior to Closing by any cause including, but not limited to, fire, flood, earthquake, tornado and significant vandalism other than willful acts or neglect, HUD, in its sole discretion, may negotiate with the High Bidder for a reduction in the bid price corresponding to the estimated amount of damages. Such amount shall be added to the Repair requirements, Form HUD-9552, included in the Invitation. If a bid price reduction cannot be negotiated or if the High Bidder and HUD are unable to agree on the amount by which the bid price should be reduced or on the amendment to the Repair requirements, High Bidder may withdraw the bid. In such case, the Earnest Money Deposit and any Extension Fees paid will be returned, *unless* there is cause to retain the Earnest Money Deposit based on breach of the Invitation and/or Acknowledgment.

14. SECURITY DEPOSITS:

Notwithstanding state or local law, the High Bidder will receive only those security deposits which are on hand at the Project and made available to HUD on the date of Closing. The High Bidder will assume all liability under state and local law with respect to security deposits.

15. **LIMITATION OF LIABILITY:** In no event shall HUD's liability exceed the portion of the bid price that has been paid to HUD.
16. **ANTI-COLLUSION CERTIFICATION:**
- a. The High Bidder certifies:
 - i. The bid price in this offer was arrived at independently, without (for the purposes of restricting competition) any consultation, communication, or agreement with any other bidder relating to:
 - (a) the bid price;
 - (b) the intention to submit a bid price; or
 - (c) the methods or factors used in calculating the bid price offered.
 - ii. The bid price in this offer has not been and will not be knowingly disclosed by the bidder, directly or indirectly, to any other bidder or competitor before or during the actual time of the bid event, unless otherwise required by law; **and**
 - iii. No attempt has been made or will be made by the bidder to induce any other bidder to submit or not to submit a bid price for the purpose of restricting competition.
 - b. If the bid procedure requires or permits written bids, each signature on the offer is considered to be certification by the signatory that the signatory:
 - i. Is the person in the High Bidder's organization responsible for determining the bid price being offered in this bid and that the signatory has not participated and will not participate in any action contrary to paragraph a. above; **or**
 - ii. Has been authorized, in writing, to act as agent for the following principals in certifying that those principals have not participated, and will not participate in any action contrary to paragraph a., above;

Name: _____

Title: _____

Organization responsible for determining price _____

(a) As an authorized agent, does certify that the principals named in the above have not participated, and will not participate, in any action contrary to paragraph 16 a. above; **and**

(b) As agent, has not personally participated, and will not participate, in any action contrary to paragraph a. above.

17. **FAILURE TO COMPLY:** Upon the failure or refusal of the High Bidder to comply with any of the requirements listed above or elsewhere in this Invitation, HUD may declare the High Bidder ineligible to purchase the Project. In which case the High Bidder shall forfeit the Earnest Money Deposit and any Extension Fees paid.

HUD reserves the right to review, approve or reject the proposed management. If HUD determines that the High Bidder is not qualified to self-manage the Project, HUD, in its sole discretion, may either reject the bid or require the High Bidder to obtain the services of a property management firm satisfactory to HUD. If HUD chooses the later, the High Bidder must provide HUD with evidence that a qualified property management firm has been retained prior to Closing. HUD must approve form and type of management prior to Closing and throughout the term of the Use Agreement. If the High Bidder does not meet this obligation, HUD reserves the right to reject the bid and retain the High Bidder's Earnest Money Deposit and any Extension Fees paid.

18. **SEVERABILITY:** If for any reason one or more of the provisions contained in the Invitation, including this Acknowledgment, the Use Agreement, or any other attachments or exhibits thereto, shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision(s) of the Invitation, but the Invitation shall be construed as if such invalid, illegal or unenforceable provision(s) had never been included therein.

19. **ASSIGNMENT:** The High Bidder may not assign its rights and responsibilities under this Acknowledgment without the prior written approval of HUD.

20. **CONFLICTING TERMS:** In the event that there are terms or conditions herein that conflict with terms or conditions contained in the Invitation incorporated herein by reference, the terms or conditions of this Acknowledgment shall control.

21. **REQUIRED STATEMENTS AND FORMS:**

The High Bidder acknowledges the receipt of the Use Agreement applicable to this Project's Foreclosure Sale and the inclusion of the following Riders to that Use Agreement:

- Required Rehabilitation
- Affordability of Units
- Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
- Relocation
- Project-Based Section 8 Assistance

- Reserve Fund for Replacement
- Environmental Hazards
- Enforcement

22. EXECUTION

- By signature below, High Bidder indicates acknowledgment of and agreement to the terms and requirements of this Foreclosure Sale.
- In the case of a bid submitted by an agent or representative of the High Bidder, the signatory attests to be duly authorized to submit the bid on behalf of the High Bidder and to execute this Acknowledgment.

WARNING: It is a crime to knowingly make false statements to the United States in this document or any other document related to this sale. Penalties upon conviction can include a fine or imprisonment. For details see: Title 18 U.S. Code, Section 1001 and Section 1010.

Executed by the Bidder on the _____ day of _____, 20____.

Witness: _____

By: _____

Typed Name: _____

Typed Name: _____

Address: _____

City, ST Zip: _____

Phone No. with Area Code: (____) _____ - _____

ATTACHMENT C
FORECLOSURE SALE USE AGREEMENT

This Agreement is entered into by _____ ("Grantee") and the Secretary of Housing and Urban Development ("Secretary" or "HUD").

WHEREAS, pursuant to the provisions of the Multifamily Mortgage Foreclosure Act, 12 U.S.C. Sections 3701 et seq. (the "Act"), and the Department of Housing and Urban Development's regulations thereunder at 24 C.F.R. Part 27, the Secretary has elected to exercise the nonjudicial power of sale provided under the Act, or pursuant to a judicial foreclosure the Secretary has elected to apply Section 367(b) of the Act, with respect to Riverview Apartments, HUD Project No. 092-35566, (the "Project") a legal description of which is attached as Exhibit "A"; **and**

WHEREAS, pursuant to the Act and to provisions of 12 U.S.C. Section 1715z-11a, the Secretary has authority to impose certain use restrictions, as set forth in this Agreement, on the Project subject to a mortgage held by the Secretary that is sold at foreclosure to a purchaser other than HUD; **and**

WHEREAS, by Deed executed this ___ day of _____, 20___, by _____, the Project has been conveyed to the Grantee; **and**

NOW THEREFORE, in consideration of the mutual promises set forth herein and in further consideration of the sale of the Project to the Grantee, the parties agree as follows:

1. **TERM OF AGREEMENT:** This Agreement shall be in effect for twenty (20) years from the date of this Agreement (the "Restricted Period".) During the Restricted Period the Project must be maintained as affordable rental housing.
2. **CONVEYANCE:** During the term of this Agreement, any Conveyance of the Project must have the prior written approval of HUD, or such Conveyance will be deemed to be null and void, and a default will exist under this Agreement. Conveyance is defined as any sale, assignment, transfer, creation of a leasehold estate in excess of one (1) year, or any other legal or equitable conveyance or transfer of the Project or an interest therein, or any legal or equitable transfer of an interest in the Grantee or any entities that may comprise the Grantee. Without limiting the foregoing and not intending to be all inclusive, a merger, conversion, share exchange, or exchange of corporate or partnership interests is deemed to be a Conveyance, which requires the prior written approval from HUD.

The preceding provisions shall be applicable and in full force and effect notwithstanding that any applicable statutory law or case decision provides that any such merger or conversion or share (or interest) exchange, or leasehold estate transaction or other type of Conveyance does not constitute or involve the occurrence of a "transfer" or "assignment" of the Project, any of the assets related thereto, or an interest in the Grantee

Any request for HUD's approval of Conveyance must include the entity and all principals obtaining Previous Participation Certification approval (clearance), submission of a signed Certification of Substantial Compliance, and a signed Agreement to Abide by Deed Restrictions. HUD's approval of a Conveyance will be based on information provided in written statements of how the Grantee, or any subsequent Grantee, in consideration of any and all existing use restrictions, will:

- a. Implement and/or continue to comply with all existing use restrictions;
- b. implement sound financial and physical management program;
- c. respond to the needs of the residents and work cooperatively with resident organizations;
- d. provide adequate organizational staff and resources to manage the Project; and
- e. provide evidence of a minimum of five (5) years' substantive experience owning and managing subsidized multifamily properties with project-based Section 8 assistance.

The approval of a Conveyance is within the sole discretion of HUD.

3. **CONDITION OF UNITS:** The Grantee shall comply with the Physical Condition Standards and inspection requirements of 24 CFR Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the Grantee shall comply with HUD's Physical Condition Standards of Multifamily Property of 24 CFR Part 200, Subpart P, including any changes in the regulation and related Directives.
4. **RENTAL RATES:** A Housing Assistance Payment (HAP) Contract was executed on the date of this Agreement for 39 units (HAP units). The HAP Contract shall govern the rent schedule, the amount of the Section 8 to be paid, and eligibility requirements for HAP units during the term of the HAP, of any extension thereof, until such time as HUD elects not to renew the HAP due to budget appropriations or

default with the terms of the HAP Contract by the Owner. If HUD elects not to renew the HAP due to budget appropriations, the rent schedule and tenant eligibility will be controlled by the Affordability of Units provision, Rider 2.

For Projects where less than 100% of the units are to be covered by the HAP Contract, the rent schedule and tenant eligibility for units not covered by a HAP Contract are controlled by the Affordability of Units provision attached to this Agreement.

5. **PROJECT MANAGEMENT:** HUD reserves the right to approve management for the Project during the term of this Agreement. Any proposed property manager must demonstrate a minimum of five (5) years substantive experience managing multifamily properties of similar size and complexity. If the Project has project-based Section 8 assistance, any proposed property manager must demonstrate a minimum of five (5) years' experience managing multifamily properties with project-based Section 8 assistance.

Any change in management of the Project must have HUD's prior written approval. Any request for HUD's approval of the proposed Grantee's/owner's management of the Project must include the entity and all principals obtaining Previous Participation Certification approval (clearance) and the proposed management agent for the Project must submit for HUD's review and approval the following documents/forms:

- Management Entity Profile (Form HUD-9832),
- Project Owner's Certification for Owner-Managed Multifamily Housing Projects (Form HUD-9839A) **or**
- Project Owner's/Management Agents Certification for Multifamily Housing Projects for Identity-of-Interest (Form HUD-9839B), **or**
- Project Owner's/Borrower's Certification - for elderly housing project managed by Administrators only (Form HUD-9839C).

(Only one of the forms 9839 A, B or C will be required for management certification.)

6. **SUBJECT TO EXAMINATION:** The Project shall at all times,
- a. Be maintained in decent, safe and sanitary condition and in good repair to the greatest extent possible,
 - b. Maintain full occupancy to the greatest extent possible,
 - c. Be maintained as rental housing for the term of this Agreement,
 - d. Be subjected to periodic HUD inspections or inspections under REAC protocol (24 C.F.R. parts 5 and 200).

The Owner will be obligated to provide audited annual financial statements to HUD (24 C.F.R. parts 5 and 200.)

At the request of the Secretary, Grantee must supply evidence by means of occupancy reports, physical condition reports, reports on operations, or any evidence as requested to ensure that the above requirements are being met.

7. **UNIT NUMBER OR USE CHANGE:** Changes to the use, number, size, or configuration of residential units in the Project; e.g., apartment units, beds in a care facility, from the use as of the date of this Agreement, must receive the written prior approval of HUD.
8. **NON-DISCRIMINATION REQUIREMENTS:** The Grantee will comply with the provisions of all federal, state, or local laws prohibiting discrimination in housing.
9. **HAZARD INSURANCE:** Hazard insurance shall be maintained in an amount to ensure that the Grantee is able to restore the Project so that it meets the rental housing requirements described in this Agreement after restoration.
10. **DESTRUCTION OF PROJECT:** In the event that any, or all, of the Project is destroyed or damaged by fire or other casualty, the money derived from any insurance on the Project shall be applied to rebuild or replace the Project destroyed or damaged, unless the Secretary gives written approval to use insurance proceeds for other purposes.
11. **DEMOLITION OF PROJECT:** The Grantee will not demolish any part of the Project or withdraw any part of the Project from use (except as temporarily necessary for routine repairs), without the prior written approval of HUD.

12. **REMEDIES FOR NONCOMPLIANCE:** Upon any violation of any provision of this Agreement by the Grantee, HUD may give written notice thereof to the Grantee by registered or certified mail, to the address stated in this Agreement, or such other address as subsequently, upon appropriate written notice thereof to the Secretary may be designated by the Grantee as its legal business address. If such violation is not corrected to the satisfaction of the Secretary within thirty (30) calendar days after the date such notice is mailed or within such further time as HUD reasonably determines is necessary to correct the violation, without further notice, HUD may declare a default under this Agreement and may apply to any court, state or federal, for specific performance of this Agreement, for an injunction against any violation of this Agreement, for the appointment of a receiver to take over and operate the Project in accordance with the terms of this Agreement, and/or such other relief as may be appropriate, since the injury to the Secretary arising from a default of the terms of the Agreement would be irreparable and the amount of damage would be difficult to ascertain. The availability of any remedy under the Agreement shall not preclude the exercise of any other remedy available under any provision of the law, nor shall any action taken in the exercise of any remedy be considered a waiver of any other rights or remedies. Failure to exercise any right or remedy shall not be construed as a waiver of the right to exercise that or any other right or remedy at any time.
13. **SUCCESSORS AND ASSIGNS:** This Agreement is binding upon the Grantee's heirs, successors and assigns. If HUD approves a Conveyance during the term of this Agreement, it may be conditioned upon, among other things, the grantee assuming in writing Grantee's obligations under this Agreement.
14. **RESTRICTIONS:** No Member of Congress or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of the benefits of the Use Agreement, but this provision shall not be construed to extend to this Agreement if the Agreement is made with a corporation for its general benefit.
15. **CONTRADICTORY AGREEMENTS:** The Grantee certifies that it has not, and agrees that it will not, execute any other Agreement with provisions contradictory of, or in opposition to, the provisions of this agreement, and that, in any event, the requirements of this Agreement are paramount and controlling as to the rights and obligations set forth herein and supersede any other provisions or requirements in conflict with this Agreement.
16. **SEPARABILITY:** The invalidity of any provision of this Agreement shall not affect the validity of the remaining provisions hereof.
17. **AMENDMENT:** This Agreement may be amended by the mutual written consent of the parties, except those provisions required by statute.
18. **RIDERS TO THE USE AGREEMENT:** The Riders checked and initialed by the parties are attached to and incorporated into this Use Agreement and will be placed in the Deed to run with the land. Capitalized terms used but not defined in a Rider shall have the meaning ascribed to such term in this Agreement. The use of the term Grantee in a Rider shall be deemed to mean the Purchaser.
 - Required Rehabilitation
 - Affordability of Units
 - Nondiscrimination Against Section 8 Certificate Holders and Voucher Holders
 - Relocation
 - Project-Based Section 8 Assistance
 - Reserve Fund for Replacement Account
 - Environmental Hazards
 - Enforcement
19. **PRIORITY:** This Agreement shall be recorded against the Project in a superior position to any post foreclosure liens or mortgage debts.

IN WITNESS WHEREOF: The Grantee has executed this Use Agreement this _____ day of _____, 20____.

WITNESS:

GRANTEE:

 By: Signature

 Typed Name of Grantee

 Street Address

 City, State, Zip Code

Signatures Continue on Next Page

The U.S. Department of Housing and Urban Development (HUD) has executed this Use Agreement this _____ day of _____, 20_____.

WITNESS:

FOR: THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

BY: _____

Official's Typed Name

Title

Exhibit A
Legal Description

RIVERVIEW APARTMENTS

That part of Block Eleven (11) of the Original Plat of the Town (now City) of Granite Falls, described as follows: Beginning at the Northeast Corner of Subdivision of South 1/2 of Block 11 and Block 4, Pillsbury's 1st Addition to City of Granite Falls, Minnesota; thence North Eighty (80) degrees West along the North line of said Subdivision a distance of One Hundred Seventy (170) feet; thence North Ten (10) degrees East One Hundred Forty (140) feet; thence North Eighty (80) degrees West One Hundred Thirty (130) feet to the bank of the Minnesota River; thence South Fifty-Six (56) degrees, Twenty-Two (22) minutes West One Hundred Fifteen (115) feet along said river bank; thence South Thirty-Seven (37) degrees Thirty-Eight (38) minutes East Two Hundred Thirty-Eight (238) feet; thence South Eighty (80) degrees East Two Hundred Eight (208) feet; thence North Ten (10) degrees East One Hundred (100) feet to the point of beginning, according to the duly recorded plat thereof on file and of record in the office of the Register of Deeds in and for Chippewa County, Minnesota.

LEGAL DESCRIPTIONS ARE PROVIDED AS INFORMATION ONLY. INTERESTED PARTIES MUST ASCERTAIN LEGAL DESCRIPTIONS THROUGH THEIR OWN DUE DILIGENCE.

RIDER 1 OF 8
REQUIRED REHABILITATION

The Use Agreement shall contain the following provision:

1. The Grantee covenants that the Property will be rehabilitated within twelve (12) months from the date of this Use Agreement in accordance with all applicable state and local laws, codes, ordinances and regulations, Physical Conditions Standards pursuant to 24 CFR Part 5, and if applicable, Post Closing Repair Requirements (Form HUD 9552), and/or other requirements set forth in any repair summaries and narratives, attached hereto.
 - a. If the Grantee cannot complete the repairs within the required time, thirty (30) calendar days prior to the expiration of the time allowed, the Grantee shall submit a written request for an extension to HUD stating the reason for the Grantee's inability to complete the repairs.
 - b. Extensions of time to complete repairs are within HUD's sole and absolute discretion.
 - c. The granting of one or more extensions shall not obligate HUD to grant additional extensions.
2. HUD will monitor the progress of the rehabilitation as required by this provision. Grantee must submit quarterly reports to HUD on the status of the repairs as required by HUD (Post-Closing Repair Report, Attachment L.) The report must include:
 - a. the number and type of units completed,
 - b. a list of major repairs and percentage completed,
 - c. a narrative describing:
 - i. any special circumstances which may, or have delayed the repairs,
 - ii. the status of the planned rehabilitation, i.e. are repairs ahead of, on schedule, or behind on the original rehabilitation schedule.

All work required under this Section will not be considered complete until such time as HUD or its designee has inspected the work and HUD has accepted the work.

3. The Grantee covenants not to increase the rent for any unit, from the rent HUD is requiring a tenant to pay on the Closing date, until such unit meets all the requirements set forth in paragraph 1, above. Rents for units to be covered by a Housing Assistance Payment Contract may be increased only pursuant to and following execution of such Contract.
4. If temporary or permanent relocation is necessary because of repairs required under this provision, Grantee covenants to comply with the Relocation provision of this Use Agreement.
5. REPAIR ESCROW: To ensure completion of required repairs that are to be completed by the Grantee, at Closing the Grantee shall deliver to HUD:
 - a. LETTERS OF CREDIT (LOCS): A minimum of two (2), and a maximum of four (4) unconditional, irrevocable and non-documentary Letter of Credits (LOCs):
 - i. which total \$69,200, and
 - ii. which shall remain in effect and may be drawn on by HUD for at least eighteen (18) months, six (6) months past the deadline for repairs stated above, from the date of this Use Agreement, **and**
 - iii. at least one (1) of the LOC's (the final LOC) must be equal to ten percent (10%) of the total amount of the LOC requirement, or two and one-half percent (2.5%) of the total estimated repair cost identified on the 9552.

Each LOC must have an expiration date that extends beyond HUD's repair completion date by at least six (6) months. LOCs may be returned as the Grantee completes repairs and HUD has inspected and accepted the repairs, with the exception of the final LOC, which will be held for six (6) months past the deadline for the completion for repairs; **OR**
 - b. CASH ESCROW: A cash escrow in the amount of \$69,200, to be held by HUD in a non-interest bearing escrow account. The cash escrow will be returned to the Grantee after repairs have been satisfactorily completed, except for ten (10) percent which will be held for an additional six (6) months.
6. In the event an extension for completion of repairs is granted, the Grantee shall extend expiration of the LOCs, or Cash Escrow accordingly.
7. NONCOMPLIANCE: If Grantee fails to complete the repair requirement within the prescribed timeframe, and no extension by written agreement has been granted by HUD, HUD and any/all successors in office, in its sole discretion, shall be entitled to:
 - a. Enter and terminate the estate hereby conveyed, or
 - b. Cash any LOC, or withdraw remaining funds in the Cash Escrow account and seek remedies provided in the Enforcement provision of this Use Agreement, as HUD deems appropriate.

If HUD cashes the Grantee's LOC, or withdraws Cash Escrow funds, HUD may apply the funds to complete the repairs, correct latent defects in the completed repairs, retain the funds as liquidated damages, or for such other project purposes as HUD deems appropriate.

These rights and remedies may be exercised separately or in combination with the rights and remedies set forth in the Enforcement provision of this Use Agreement.

8. If the Grantee fails to repair the Property in accordance with this Use Agreement, HUD will not exercise the remedies as described in paragraph 7 above, if any lender holding a lien or security interest on the Property:
 - a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the repairs, and
 - b. Completes such repairs within thirty (30) calendar days of the notice or within such longer periods as HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

RIDER 2 OF 8
AFFORDABILITY OF UNITS

The Use Agreement shall contain the following provision:

Eligibility Requirement at Initial Occupancy

1. The Grantee will affirmatively market 39 of the units to families with adjusted gross annual income that does not exceed the percentages of Area Median Income (AMI) as designated in the chart below:

Income Limit	Number of Units
Very – Low Income: 50% of AMI	12
Low – Income: 80% of AMI	27

2. If the Grantee is temporarily unable to lease all of the specific number of dwelling units to very low-income families, one or more units may be leased to families who are low-income but not very low-income, only with HUD's prior written approval. In requesting such approval, the Grantee must demonstrate that:
 - a. reasonable steps have been taken to attract very-low income families, including using marketing activities most likely to attract such eligible applicants, **and**
 - b. has leased or is making good-faith efforts to lease the units to eligible and otherwise acceptable families, including taking all feasible actions to fill vacancies by renting to such families, **and**
 - c. has not rejected any such applicants except for reasons acceptable to HUD.

The Grantee will not unreasonably refuse to lease units to, or otherwise discriminate against, very low-income families.

Maintenance of Rents at Affordable Levels for Units

Affordable is defined as:

1. For very low-income tenants, the unit rent may not exceed the lesser of:
 - a. thirty percent of fifty percent (30% of 50%) of AMI, or
 - b. the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; or
 - c. Market Rent in the immediate area established by a rent comparability study prepared, at the Grantee's (Owner's) expense, in accordance with HUD requirements.
2. For low-income tenants, the unit rent may not exceed the lesser of:
 - a. thirty percent of eighty percent (30% of 80%) of AMI, or
 - b. the Section 8 Voucher Payment Standard less the utility allowance established by the voucher provider; or
 - c. Market Rent in the immediate area established by a rent comparability study prepared, at the Grantee's (Owner's) expense, in accordance with HUD requirements.

Annual certification

The Grantee shall certify to HUD annually that the requirements in the above paragraphs have been fulfilled. The Grantee shall provide upon request by the HUD, copies of all tenant certifications of income, recertification's, calculations of permitted income ranges regarding the Property, and such other documentation as may reasonably be required to evaluate the Owner's compliance with the terms of the Use Agreement.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

RIDER 3 OF 8

NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS AND VOUCHER HOLDERS

The Use Agreement shall contain the following provision:

1. In order to comply with Section 204 of the Housing and Community Development Amendments of 1978, 12 USC §1701z-12, as amended, the Grantee, for self, successors and assigns, shall not unreasonably refuse to lease a dwelling unit offered for rent, refuse to offer or sell cooperative stock, or otherwise discriminate in the terms of tenancy or cooperative purchase and sale because any tenant or purchaser is the holder of a Certificate of Family Participation or a Voucher under Section 8 of the United States Housing Act of 1937 (42 USC §1437f), or any successor legislation hereinafter referred to as "Section 8". This provision is limited in application, for tenants or applicants with Section 8 Certificates or Vouchers, to those units, which rent for an amount not greater than one-hundred and twenty percent (120%) of the Section 8 fair market rent for a comparable unit in the area as determined by HUD.
2. This restriction shall bind the Grantee, any/all successors, assigns and Grantees for value, for a period equal to the Restricted Period, which is twenty (20) years from the date of this Use Agreement. In the event of a breach or a threatened breach of this covenant, HUD, any/all successors in office and/or one or more third-party beneficiaries, shall be entitled to institute legal action to enforce performance and observance of such covenant and to enjoin any acts which are in violation of such covenant. For the purposes of this restriction, a third-party beneficiary shall be any person who holds a Certificate of Family Participation or a Voucher under Section 8 or any equivalent document under successor legislation.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee _____

HUD _____

RIDER 4 OF 8
RELOCATION

The Use Agreement shall contain the following provision:

1. Grantee covenants that it shall comply with Section 203(f) of the Housing and Community Development Amendments of 1978, as amended, 12 USC §1701z-11(j), and any subsequent legislation affecting relocation of tenants. Additionally, Grantee covenants it will comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, 42 USC §4601, and the regulations thereunder, 49 C.F.R. Part 24, when Project-based Section 8 assistance is provided by HUD (collectively the "Act and Regulations"). Grantee shall comply with the Act and Regulations, notwithstanding any contractual obligations with third parties to comply with the Act and Regulations. Grantee shall provide a report on a quarterly basis to HUD which demonstrates compliance with the Acts and Regulations throughout the Repair or Redevelopment Period.
2. Grantee covenants that if the Deed requires rehabilitation or hazard remediation such work shall be performed in accordance with all applicable federal, state and local laws, codes, ordinances and regulations, and HUD's Physical Condition Standards ("PCS").
3. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will provide advance written notice of the expected displacement to the tenants. The notice shall be provided as soon as feasible, describe the assistance and the procedures for obtaining the assistance, and contain the name, address and phone number of an official responsible for providing the assistance.
4. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will assist tenants in locating a decent, safe and sanitary dwelling/housing unit which, to the extent feasible, shall be in a location not generally less desirable than the Property, and reimburse tenants for:
 - a. Expenses of moving and any net increase in monthly housing cost (rent and reasonable utility costs) during the temporary displacement period; and
 - b. Expenses of returning to a repaired unit at the Property.
HUD will not provide Grantee with any funds or subsidy with which to make the payments required by this paragraph.
5. If temporary or permanent relocation is necessary because of such rehabilitation and/or hazard remediation, if required, Grantee covenants that it will provide assistance, as described below, to tenants, as may be appropriate:
 - a. Advisory services necessary to locate decent, safe and sanitary and affordable replacement housing which, to the extent feasible, shall be in a location not generally less desirable than the Property; and
 - b. Reimbursement for reasonable moving expenses, which need not exceed an amount determined by HUD to be reasonable considering the size of the household and the circumstances surrounding the move.
HUD will not provide Grantee with any funds or subsidy with which to make the payments required by this paragraph.
6. Grantee covenants not to increase the rent for any unit, from the rent the tenant pays on the Closing date, until such unit meets all the rehabilitation and/or hazard remediation requirements of this Deed are completed by Grantee, and inspected and accepted by HUD. In addition, rents for units to be covered by a Housing Assistance Payment (HAP) Contract may be increased only pursuant to and following execution of such HAP Contract.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee _____

HUD _____

RIDER 5 OF 8
PROJECT-BASED SECTION 8 ASSISTANCE

The Use Agreement includes the following provision:

The Grantee, successor and assigns ("Grantee" or "Owner") agree(s) to rehabilitate/repair the property to make the project units decent, safe and sanitary as defined by HUD and to complete the work in accordance with the HUD approved work write up and cost estimates. Upon the acceptable completion of the project, the Owner may bill the Department for housing assistance payments for those low (household income does not exceed eighty percent (80%) of area median income, adjusted for family size) and very low income persons (household income does not exceed fifty percent (50%) of area median income, adjusted for family size) occupying the units assisted under the Housing Assistance Payments (HAP) Contract.

SECTION ONE

1. Significant Dates, Contents, and Scope of the HAP Contract.
 - a. Effective Date of the HAP: Upon Closing
 - b. Date for Commencement of Work: - Not later than 30 calendar days after the effective date of this Rider.
 - c. Time for Completion of Project: - Not later than **180** calendar days (not to exceed 6 months unless previously approved) after the date for commencement of work.
 - d. Final Inspection. HUD (or its designee) shall perform the final inspection of the completed units upon receipt of evidence of completion submitted by the owner.
2. HUD Assurance. The acceptance of this Rider by HUD is an assurance by HUD to the Owner that:
 - a. The faith of the United States is solemnly pledged to the payment of housing assistance payments pursuant to the Contract, and
 - b. HUD has obligated funds for these payments.
3. Owner's Failure to Comply with Rider. In addition to other remedies available to HUD for a default by the owner, the Owner and HUD agree that if the Owner fails to comply with the requirements of this Rider;
 - a. HUD may rescind the sale of the project,
 - b. abate the HAP contract and relocate the tenants, and/or
 - c. take other appropriate remedial action in accordance with its authority.

4. Definitions:

<input type="checkbox"/>	Family and Elderly Family	<input type="checkbox"/>	Person With Disabilities
<input type="checkbox"/>	Elderly Family	<input type="checkbox"/>	Disabled Household
<input type="checkbox"/>	Disabled Family	<input type="checkbox"/>	Disabled (Handicapped) Family
<input checked="" type="checkbox"/>	Family	<input type="checkbox"/>	

SECTION TWO

1. Schedule of Completion.
 - a. Timely Performance of Work. The Owner agrees to begin work within the time indicated in Section One of this Rider. The Grantee/Owner shall report, within three business days, to the Multifamily Property Disposition (PD) Center the date work has commenced and shall thereafter furnish the PD Center with periodic progress reports (monthly unless more frequent reporting is required by the Center). In the event the work is not commenced, diligently continued, or completed as required under this Rider, the CA, HUD AND/OR PBCA at the direction of the PD Center where the CA AND/OR PBCA is the Public Housing Agency, reserves the right to take such action as it determines appropriate and within its authority.
 - b. If completion is in multiple releases, a minimum of ten (10) % of the units not approved at time of contract execution must be included in each partial release except for the final release. If units are determined acceptable but the number is insufficient to meet the 10% requirement, the Grantee/Owner may not bill for the units until they have been approved on a partial release. The effective date for the units will be the date of the last inspection of the units added to the partial release.
 - c. The work is defined as "the repair and/or replacements necessary to bring the property into compliance with 24 CFR Part 5 Physical Condition Standards." The work may not be inclusive of the total HUD repair requirement for the project (additional repairs may be required under the Post closing Repair Requirements) and may not result in the release of any or all letter(s) of credit required under the Post Closing Repair Rider.
2. Construction or Rehabilitation Period.
 - a. Inspections. Inspections will be limited to no more than 1 per month. Upon written notification from the Grantee/Owner that the property or individual units are in compliance with Physical

Condition Standards, HUD will order an inspection of the units. If partial releases have been approved, the signature block for the first partial release shall be executed in accordance with 1b above. (The first integral release will be provided to the Grantee at closing, if any units are determined to meet HUD standards at the time of sale.) The form will reflect the unit numbers and unit types.

The chargeable rents will be the rents reflected in an Exhibit to the Housing Assistance Payments (HAP) Contract signed at closing. The Owner may begin billing for HAP payments upon receipt of the partial release from HUD for occupied units. Payments may be retroactive to the effective date on the release for occupied units. The effective date for each release will be the inspection date for the last unit added to the partial release. No retroactive payments will be made on vacant units. The Owner will be able to bill on a vacant unit after it has been added to an integral release and becomes occupied. The Owner may not bill for units that have not been inspected by HUD and approved for billing under the HAP. At no time may payments be made for units that do not meet HUD's Physical Condition Standard.

- b. Increases in Contract Rents or Utility Allowance. Increases in contract rents or utility allowances during the construction or rehabilitation period are permitted only with HUD approval consistent with HUD regulations.
3. Project Completion.
 - a. The project shall be rehabilitated in accordance with the Physical Condition Standards 24 CFR Part 5. The owner shall be solely responsible for rehabilitation of the project.
 - b. The project shall be in good and tenantable condition.
 - c. The project shall be rehabilitated in accordance with applicable zoning, building, housing and other codes, ordinances or regulations, as modified by any waivers obtained from the appropriate officials.
 4. Review and Inspection.
 - a. Upon receipt of the "Certification of Completion" from the Owner, HUD shall order an inspection or notify the Owner if additional evidence of completion is required.
 - b. A HUD representative (or its designee) shall inspect the project in a manner sufficient to enable the inspector to report that he or she has inspected the observable elements and features of the project in accordance with professional standards of care and judgment and that, on the basis of the inspection
 - i. The project or portion thereof been completed in accordance with this Rider, and that
 - ii. There are no observable conditions inconsistent with the certification of the Owner. If the inspection disclosed defects or deficiencies, the inspector shall report these in detail and HUD will notify the Owner of the items that must be corrected.
 - c. Unconditional Acceptance. If HUD determines from the review and inspection that the project (or on those units if partial releases are previously approved) has been completed in accordance with this Rider, the Owner and the HUD Field Office (having jurisdiction over the property) shall be promptly notified of the units deemed acceptable and the effective date of the integral release.
 - d. Notification of Non-acceptance. If HUD determines that, based on the review of the Owner's certification of completion and/or HUD's inspection report, the project or portion thereof cannot be accepted, the Owner shall be promptly notified of this decision with a statement of the reasons.
 - e. Contract Rents. The Contract Rents by unit size, amounts of housing assistance payments, and other applicable terms and conditions are specified in the Housing Assistance Payments Contract. The initial Contract Rents shall be the amounts established by HUD and published for the sale.
 5. Defaults. Any default under this Rider constitutes a default under the Housing Assistance Payments (HAP) Contract even in the event no funds have been requested and/or paid from said Contract. Any or all remedies outlined in the HAP Contract and the Use Agreement are the remedies that are applicable to a default under this Rider.
 6. Assignments, Sale or Foreclosure.
 - a. The Owner agrees that the ownership entity has not made and shall not make any sale, assignment, conveyance or transfer, of the HAP Contract or the subject property or any of its interest in them, without the prior written consent of HUD (and the PHA where it is the CA and/or PBCA); however, in the case of an assignment as security for the purposes of obtaining financing of the project, HUD (and the PHA where it is the CA and/or PBCA) shall consent in writing if HUD has approved the terms of such financing.
 - b. The Owner agrees to notify HUD (and the PHA where it is the CA and/or PBCA) promptly of any proposed action covered by 6(a) above. The Owner further agrees to request the prior written consent of HUD (and the PHA where it is the CA and/or PBCA).

- c. Definitions:
- i. For the purposes of this part, a sale, assignment, conveyance, or transfer includes but is not limited to one or more of the following:
 - (a) Transfer by the owner, in whole or in part.
 - (b) A transfer by a party having a substantial interest in the Ownership.
 - (c) Transfers by more than one party of interest aggregating a substantial interest in the Ownership,
 - (d) Any significant change in the ownership of interest or in the relative distribution of interest by any other method or means, and
 - (e) Any refinancing of the project.
 - ii. An assignment by the Owner to a limited partnership, in which no limited partner has twenty-five percent (25%) or more interest and of which the Owner is the sole general partner, shall not be considered an assignment, conveyance, or transfer that affects the HAP. An assignment by one or more general or limited partners of a limited partnership interest to a limited partner, who will have no more than a twenty-five percent (25%) interest, shall not be considered an assignment, conveyance, or transfer that affects the HAP.
 - iii. The term "substantial interest" means any interest of a general partner, corporate officer or Director, any limited partner having a twenty-five percent (25%) or more interest in the organization or any stockholder having a ten percent (10%) or more interest in the organization.
 - iv. Notwithstanding the foregoing, a merger, conversion, share exchange, extended lease interest, or interest exchange of corporate or partnership interest will be considered a transfer of the property and require the approval of HUD if property is sold with an Equity Participation Rider.
- d. The Owner and the party executing this Rider on behalf of the Grantee/Owner certify that he/she has the requisite authority to bind the ownership and to execute this rider on behalf of the Purchasing Entity.
- e. Except where otherwise approved by HUD, this Rider and the HAP Contract shall continue in effect in the event:
- i. Of assignment, sale, or other disposition of the project, or this Rider or the HAP Contract,
 - ii. Of foreclosure of any mortgage note secured by the subject property,
 - iii. Assignment of the mortgage or Deed in lieu of foreclosure of the subject property, or
 - iv. The PHA or HUD takes over possession, operation or ownership of the subject property.

SECTION THREE

1. Review of Tenant Income Verification/Certification

Review of Tenant Income Verification/Certification. Promptly after Closing, Grantee shall review every Project leasing file and within fifteen (15) days after Closing provide a report to the Multifamily Property Disposition Center, which contains the following information for each HAP Unit:

- Unit number,
- Unit type, i.e. 1 bedroom, 2 bedroom, etc...
- Name(s) of lease holders,
- Date of lease,
- HAP Contract rent amount,
- Date of income certification/verification
- Number of family members residing in unit.

Every thirty (30) days thereafter, during the period as described in Section One, paragraph 1 and without request, Grantee shall provide the Multifamily Property Disposition Center with a report that reflects all intervening (a) eligibility determinations made by Grantee with respect to new tenants, with supportive verification documents attached, (b) annual verifications and recertifications of family composition and income, including notices to tenant(s) in anticipation thereof, (b) interim recertifications, (c) unit transfers, and (d) gross rent changes, if any, in accordance with all statutory, regulatory, and administrative requirements, including, without limitation, Chapter 7 of the HUD Multifamily Occupancy Handbook, 4350.3 REV-1.

2. Project-based Section 8 Assistance.

- a. A Housing Assistance Payments (HAP) Contract will be executed at closing. The HAP Contract will cover 39 units in the Property, as specified by HUD. The HAP Contract will initially be funded for a minimum of one (1) month and a maximum of twelve (12) months prior to closing. **The Grantee/Owner agrees to accept the Project Based Section 8 Housing Assistance Payments Contract.**

- b. The HAP Contract shall provide that, when a vacancy occurs in any unit in the property requiring project-based Section 8 assistance, Owner shall rent the unit to a family that is eligible for said Section 8 assistance under the HAP Contract.
 - c. The Owner agrees that, for any property formerly insured under Section 221(d)(3) or 236 of the National Housing Act, or for which a direct loan under Section 202 of the Housing Act of 1959 was made, any unit in the Property that does not receive project-based Section 8 assistance shall remain available and affordable for a period of 20 years under the terms of the Affordability of Units Rider.
 - d. The Owner agrees that at anytime the HAP Contract expires, is terminated or not renewed, the Affordability of Units Rider will become applicable to the units previously covered under the HAP Contract. The Owner may reduce the term of the Affordability of Units Rider for such units by the collective term(s) of the HAP Contract and any subsequent renewals effective after this sale.
3. The Owner cannot voucher for Section 8 HAP payments until HUD has inspected the units and determined that they meet the Physical Condition Standards (PCS) of the HAP Contract. Section 8 assistance payments will not be made retroactive to the date of closing. Retroactive payments will not be made on vacant units. Assistance/subsidy will only be paid on occupied units from the effective date on the partial release (or final release if partial releases were not approved) reflecting that the unit(s) was determined to meet the Physical Condition Standards (as per Section 2 Provisions 2 and 4).
 4. Prior to receipt of subsidy payments, Owner shall not charge Section 8 eligible tenants more than the amount of the Total Tenant Payment (per the Form HUD-50059) the tenant would be required to pay under the Section 8 program.
 5. Other Government Assistance and Adjustments in Project-Based Section 8 Assistance.
 - a. In order to comply with Section 102 of the Department of Housing and Urban Development Reform Act of 1989, and the regulations thereunder, 24 CFR Part(s) 4.9 and 4.11, Owner covenants that it will disclose to Seller:
 - i. Any Federal, State or local governmental assistance, other than the Section 8 assistance provided under the terms of this Deed, that it will receive or reasonably expects to receive prior to or during the term of the Section 8 HAP Contract.
 - ii. In cases where the Owner will receive or reasonably expects to receive such other assistance, the expected sources and uses of all funds that are to be made available for the Property. Such other assistance includes any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, tax benefit, or any other form of direct or indirect governmental assistance.
 - b. In order to comply with this requirement, the Owner, within ten (10) Federal Government business days after receiving notice that he/she has been selected to purchase the Property, must complete and execute a Certification of Disclosure.
 - c. Within 30 calendar days of any changes in circumstances occurring at any time before or during the term of the Section 8 HAP Contract that affect the accuracy of the Certification of Disclosure, the Grantee/ Owner shall submit to HUD a revised Certification. HUD may reduce the amount of Section 8 assistance provided for the Property to compensate in whole or in part, as the Department deems appropriate, for any increases in other assistance.
 6. Affordability and Availability of Project-based Section 8 Units. In order to assure compliance with 12 USC §1715z-11a(a), the Secretary of HUD, pursuant to a HAP Contract, will provide housing assistance under Section 8 of the United States Housing Act of 1937 (42 USC §1437f) for the Property predicated on the availability of funds. During the term of the HAP Contract, the Owner shall maintain all dwelling units covered thereby after the date of this Deed in accordance with the requirements of the HAP Contract and the Section 8 Housing Assistance Payments Program. The Owner shall not remove any existing tenant solely due to the tenant's ineligibility for Section 8 assistance, so long as the tenant remains in good standing. However, if an existing Section 8 ineligible tenant moves/relocates from the property, the Owner shall rent the unit to an eligible income family, if the unit is assisted under the HAP Contract. This provision shall be enforceable by the HUD, Eligible Families or any other tenants on the Property.
 7. The Owner agrees to request and accept project-based Section 8 assistance or any other subsequent rental assistance offered by HUD and shall execute a Housing Assistance Payments Contract at closing. Should HUD elect not to extend future Section 8 assistance or not renew the HAP Contract or any subsequent rental assistance offered by HUD, the Affordability of Units Rider would control rent and income eligibility.

Should the Owner elect not to accept or renew the HAP contract, current or future residents who are or would be eligible for the project based assistance shall not be required to pay rent in excess of the amount that would have been required if the assistance was in place. All units that were assisted under the HAP

Contract(s) are restricted for the term of the Use Agreement to occupancy by eligible families in accordance with HUD requirement under the HAP Contract and this Rider and rent payments by these families shall not exceed 30% of adjusted monthly income or the contract rent, whichever is less.

8. The following is a list of units that HUD will release for billing under the HAP contract after HUD has determined that the units have been rehabilitated to meet the Physical Condition Standards in 24 CFR Part 5:

Unit Number	Type (Eff., 1, 2 Bdr)	Unit Number	Type (Eff., 1, 2 Bdr)	Unit Number	Type (Eff., 1, 2 Bdr)
101	2 Bdr	302	1 Bdr	408	1 Bdr
102	1 Bdr	304	1 Bdr	410	1 Bdr
104	1 Bdr	305	1 Bdr	411	1 Bdr
106	1 Bdr	307	1 Bdr	413	1 Bdr
201	1 Bdr	308	1 Bdr	501	1 Bdr
202	1 Bdr	310	1 Bdr	502	1 Bdr
204	1 Bdr	311	1 Bdr	504	1 Bdr
205	1 Bdr	313	1 Bdr	505	1 Bdr
207	1 Bdr	401	1 Bdr	507	1 Bdr
208	1 Bdr	402	1 Bdr	508	1 Bdr
210	1 Bdr	404	1 Bdr	510	1 Bdr
211	1 Bdr	405	1 Bdr	511	1 Bdr
301	1 Bdr	407	1 Bdr	513	1 Bdr

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee _____

HUD _____

RIDER 6 OF 8
RESERVE FUND FOR REPLACEMENT ACCOUNT

The Use Agreement shall contain the following provision:

The Grantee shall deposit at Closing \$ 11,700 into a Reserve Fund for Replacement account. After completion of all repairs, the Grantee shall deposit \$ 11,700 annually into the Reserve Fund for Replacement account (reserve account), payable monthly in an amount of \$ 975 per month, commencing the first day of the first month following completion of all repairs required by HUD on Form HUD-9552. If the terms of the sale do not require completion of specific repairs on Form HUD-9552, payments shall commence the second month the Grantee vouchers for Section 8 assistance.

1. The Grantee shall open an interest-bearing bank account insured by the Federal Deposit Insurance Corporation. The reserve account shall aid in funding extraordinary maintenance and repair and replacement of capital items. Such items include, but are not limited to: appliances, heating and cooling equipment, new floor covering, structural repairs, and roofs.
2. The reserve account shall be subject to the control of HUD and disbursements from such funds may be made only with the written consent of HUD. Grantee may request the release of funds from the reserve account for reimbursement of major capital expenditures.
3. Within sixty (60) calendar days following the end of each fiscal year, Grantee shall submit to HUD a complete annual financial report including deposits and withdrawals from the reserve account based upon an examination of the books and records of the Grantee/Owner prepared in accordance with the requirements of HUD, prepared and certified to by a Certified Public Accountant.
4. The Grantee shall comply with HUD's rules and regulations concerning replacement reserves.
5. The requirements of this Section will terminate if the Housing Assistance Payments Contract is terminated or expires and is not renewed or twenty (20) years from the date of this Use Agreement, whichever occurs first.
6. The fiscal year for audit purposes is: December 31.
7. The Grantee, any/all successors, assigns or Grantees for value shall comply with HUD's rules and regulations concerning residual receipts, replacement reserves, and surplus cash.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee _____

HUD _____

RIDER 7 OF 8
ENVIRONMENTAL HAZARDS

The Use Agreement shall contain the following provision:

Grantee covenants to:

1. Investigate and test the Property for substances, chemicals and waste (collectively "Hazardous Substances") and perform cleanup, remedial, removal or restoration work required by any governmental authority ("Inspect and Remediate Requirements").
2. Certify to HUD (in a form acceptable to HUD) that the Inspect and Remediate Requirements have been performed in accordance with this provision.
3. Indemnify, defend, and hold HUD harmless from any liability arising from Grantee's failure to satisfactorily perform the Inspect and Remediate Requirements. Grantee acknowledges that HUD's acceptance of the work is not a warranty that all Hazardous Substances have been eliminated from the Property and does not relieve Grantee of its ongoing responsibility to comply with appropriate governmental authorities.

Grantee shall comply with Inspect and Remediate Requirements checked and any additional Hazardous Substances it becomes aware of concerning:

- ASBESTOS: 29 CFR 1926 and any subsequent regulations(s) including, but not limited to, all federal, state and local laws regarding detection, abatement, containment and removal of asbestos containing materials.
- LEAD-BASED PAINT: 42 USC 4821-4886 and the regulations thereunder, 24 CFR Part 35. Grantee shall inspect, test and abate any lead-based paint. Grantee shall comply with Section 35.88 "Disclosure Requirements for Sellers and Lessors" and Section 35.92 "Certification and Acknowledgment of Disclosure" of 24 CFR, *Lead Based Paint Poisoning Prevention in Certain Residential Structures*.
- RADON: All federal, state and local laws, and EPA guidelines regarding detection and abatement of radon.
- MOLD: All federal, state and local laws, and EPA guidelines regarding detection and abatement of mold.
- TOXIC AND HAZARDOUS SUBSTANCES: 29 CFR 1926 subpart Z (where a list of applicable substances can be found).

Operations and Maintenance Plan:

1. Grantee shall develop and maintain on the site at all times an Operations and Maintenance Plan (O&M Plan) that complies with EPA guidelines for Operations and Maintenance Programs. The O&M Plan shall:
 - a. identify areas where Hazards exist;
 - b. establish guidelines for maintenance work and repairs and employee training;
 - c. establish tenant notification systems; and
 - d. monitoring, job-site controls, work practices, record keeping, and worker protection.
2. Grantee shall submit a copy of the O&M Plan for HUD review and approval within thirty (30) days after the date of this Use Agreement.

Remedies:

1. If Grantee fails to comply with this provision, HUD may exercise one or more the remedies listed below:
 - a. Enter and terminate the estate hereby conveyed,
 - b. Cash Grantee's LOC(s),
 - c. Withdraw remaining funds in the Cash Escrow account;
2. If HUD cashes the Grantee's LOC(s), or withdraws Cash Escrow funds as a remedy for the Grantee's default under this provision, HUD may apply the funds to perform the Inspect and Remediate Requirements, retain the funds as liquidated damages, or for such other project purposes as HUD deems appropriate.

3. HUD shall not exercise its available remedies if any lender holding a lien or security interest on the Property:
 - a. Gives written notice to HUD within the period provided for repairs, that it intends to complete the Inspect and Remediate Requirements, and
 - b. Completes the Inspect and Remediate Requirements within thirty (30) days of the notice or within such extended period that HUD may approve in writing.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee _____

HUD _____

RIDER 8 OF 8
ENFORCEMENT

The Use Agreement shall contain the following provision:

1. The restrictive covenants set forth in this Agreement shall run with the land hereby conveyed and, to the fullest extent permitted by law and equity, shall be binding for the benefit and in favor of and enforceable by the HUD and any/all successors in office.
2. Without limiting any other rights and remedies available to HUD, the HUD shall be entitled to:
 - a. institute legal action to enforce performance and observance of these covenants,
 - b. enjoin any acts which violate these covenants,
 - c. exercise any other legal or equitable right or remedy with respect to these covenants.
3. In addition, the restrictive covenants, if any, set forth in this Use Agreement relating to Section 8 assistance shall be enforceable by any tenant or applicant eligible for assistance under the Section 8 program.

By initialing hereunder the parties acknowledge that this Rider is incorporated into and is part of the Use Agreement.

Grantee_____

HUD_____

ATTACHMENT D
LETTER OF CREDIT (LOC) SAMPLE

(ISSUING BANK'S LETTERHEAD)

IRREVOCABLE UNCONDITIONAL LETTER OF CREDIT NO. _____
_____, 20____

U.S. Department of Housing and Urban Development
801 Cherry Street, Unit # 45, Suite 2500
Fort Worth, TX 76102

Attention: Mr. Jack Stark
6AC - 28th Floor

Dear Sir:

For the account of _____
(name of account party/customer)
we hereby authorize you to draw on us at sight up to an aggregate amount of U.S. \$ _____,
effective immediately and expiring on _____, 20____.

This Letter of Credit is irrevocable and unconditional.

Funds under this Credit are available to you against your sight draft(s) on us, substantially in the form attached as Exhibit A, for all or any part of this Credit.

This Letter of Credit sets forth in full the terms of our obligations to you, and such undertaking shall not in any way be modified or amplified by any agreement in which this letter is referred to or to which this letter of credit relates, and any such reference shall not be deemed to incorporate herein by reference any agreement.

We will promptly honor all drafts in compliance with the terms of this credit if received on or before the expiration date at

(bank's address)

This Credit is governed by the laws of _____.

Sincerely,

(Issuing Bank)

By: _____

SAMPLE SIGHT DRAFT

(HUD LETTERHEAD)

(Name and address of bank) _____
_____, 20____
(City, State)

Pay to the order of the U.S. Department of Housing and Urban Development the sum of
\$_____. This draft is drawn under your Irrevocable Letter of
Credit NO._____.

U.S. Department of Housing and Urban Development

By:_____

**U. S. Department of Housing and Urban
Development**
Office of Housing – Federal Housing Commissioner

Post Closing Repair Requirements

Project Name Riverview Apartments	Project Number 092-35566	Location Granite Falls, MN
--------------------------------------	-----------------------------	-------------------------------

The Grantee must repair the Project to meet the following requirements within the time frame noted in the Contract of Sale or Terms and Requirements of Foreclosure Sale – Acknowledgement by Bidder:

- Applicable state and local codes Physical Condition Standards (set forth in 24 CRF Part 5) Additional repairs required by HUD

HUD will monitor to ensure compliance. Repairs shall be considered complete only after: (1) Grantee provides written certification that repairs are completed; (2) Grantee requests final inspection by HUD, and (3) HUD verifies in writing completion and compliance with the requirements stated herein.

Trade Item Cost Breakdown: HUD’s estimate of repairs is broken out by trade item. Detailed descriptions of repairs are stated in exhibits to this form. Unless checked as **Mandatory** on this form, repairs may begin upon conveyance. For repair items checked

on this form as **Mandatory**, the Grantee, prior to beginning work, must submit specifications for approval to the HUD office with jurisdiction over this Project.

The repairs listed herein represent HUD’s estimate of the Project’s repair needs. These repairs may not represent all repairs needed to satisfy HUD’s requirements and/or requirement other than HUD’s. HUD does not warrant that the list is either comprehensive or sufficient. The Grantee accepts responsibility for: (1) developing independent repair cost estimate, (2) determining what, if any, repairs are needed in excess of those listed herein, and (3) providing funding for such repairs.

Item	Mandatory	Estimated Cost	Item	Mandatory	Estimated Cost
Repairs to Residential Structures (including commercial areas)					
1 Concrete	<input type="checkbox"/>		17 Wood Flooring	<input type="checkbox"/>	
2 Masonry	<input type="checkbox"/>		18 Resilient Flooring	<input type="checkbox"/>	6,950
3 Metals	<input type="checkbox"/>		19 Painting and Decorating	<input type="checkbox"/>	27,897
4 Rough Carpentry	<input type="checkbox"/>	40	20 Specialties	<input type="checkbox"/>	6,415
5 Finish Carpentry	<input type="checkbox"/>		21 Special Equipment	<input type="checkbox"/>	33,000
6 Waterproofing	<input type="checkbox"/>	2,692	22 Cabinets	<input type="checkbox"/>	1,994
7 Insulation	<input type="checkbox"/>	110	23 Appliances	<input type="checkbox"/>	3,073
8 Roofing	<input type="checkbox"/>		24 Blinds and Shades	<input type="checkbox"/>	
9 Sheet Metal	<input type="checkbox"/>		25 Carpets	<input type="checkbox"/>	12,588
10 Doors	<input type="checkbox"/>	5,000	26 Special Construction	<input type="checkbox"/>	5,000
11 Windows	<input type="checkbox"/>	175	27 Elevators	<input type="checkbox"/>	8,000
12 Glass	<input type="checkbox"/>	113	28 Plumbing and Hot Water	<input type="checkbox"/>	35,609
13 Lath and Plaster	<input type="checkbox"/>		29 Heat and Ventilation	<input type="checkbox"/>	30,015
14 Drywall	<input type="checkbox"/>	240	30 Air Conditioning	<input type="checkbox"/>	
15 Tile Work	<input type="checkbox"/>		31 Electrical	<input type="checkbox"/>	33,250
16 Acoustical	<input type="checkbox"/>		Residential Structures Subtotal		212,161
Repairs to Accessory Structures (community, maintenance, mechanical, garages, carports, etc.)					
32 Accessory Structure	<input type="checkbox"/>		34	<input type="checkbox"/>	
33	<input type="checkbox"/>		Accessory Structures Subtotal		
Site Work					
35 Earth Work	<input type="checkbox"/>		39 Lawns and Plantings	<input type="checkbox"/>	
36 Site Work	<input type="checkbox"/>		40 Unusual Site Conditions	<input type="checkbox"/>	3,500
37 Roads and Walks	<input type="checkbox"/>		41	<input type="checkbox"/>	
38 Site Improvements	<input type="checkbox"/>		Site Work Subtotal		3,500
Environmental Mitigation					
42 Testing Eng/Radon	<input type="checkbox"/>	9,500	44 Asbestos/Mold	<input type="checkbox"/>	24,358
43 O&M Plan	<input type="checkbox"/>	2,000	Environmental Mitigation Subtotal		35,858
Totals					
Units not inspected:					
Estimated Total Hard Cost					251,519
Contingency = Hard Cost X =					25,152
Overhead/General Requirements = Hard Cost X =					
Estimated Total Repair Cost					276,671

COMPREHENSIVE REPAIR SURVEY WORK WRITE UP

For units and common areas that were inspected and work tasks listed, the work items are the minimum required repairs and are not inclusive. The work required in units may be more extensive than the work tasks listed.

Note: Regardless of the work tasks listed, the purchaser must rehabilitate every unit (and common areas) to (1) meet applicable state and local codes, and (2) Physical Conditions Standards as enumerated in 24 CFR Part 5 Subpart G.

GENERAL REQUIREMENTS

ADMINISTRATIVE

Provide an Operations and Maintenance (O&M) Manual for the complex. O&M Manual must provide instructions for management & maintenance staff dealing with suspected lead-based paint, asbestos, and radon.

EXTERIOR - SITE WORK AND IMPROVEMENT

Replace walks and parking areas, seal cracks, and restripe parking areas as needed. (During site investigation snow conditions prevented inspection of the grounds, parking areas and drives.)

BUILDING EXTERIOR

Registered Engineer must investigate cracked concrete masonry units, building foundation and soil conditions on the north side of the building. Make repairs according to engineer's report and recommendation to prevent further building movement and damage.

Replace all standard exterior electrical outlets with GFCI protected electrical outlets.

Replace all exterior doors and hardware - new installations must meet ADA standards.

BUILDING INTERIOR

Registered Environmental Engineer must test and investigate for radon hazards. Perform remediation according to engineer's report and recommendation.

Upgrade elevator to meet current codes.

Abate/remediate mold in common areas and in units as necessary.

Install smoke detectors in common areas and each unit to current code.

Install carbon monoxide detectors in common areas and in each unit to current code.

Replace all standard exterior electrical outlets with GFCI protected electrical outlets where required by code.

Perform the following at all apartment units:

Install ARC fault breakers in each unit to current code.

Replace all standard exterior electrical outlets with GFCI protected electrical outlets in kitchens and baths.

SPECIFIC REQUIREMENTS

BUILDING EXTERIOR:

Repair parking lot light fixture.

Replace one building mounted light fixture lens.

Repair roof mounted exhaust fan.

Investigate possible moisture intrusion at east exterior wall between 2nd and 4th floors. Make required repairs to prevent future moisture intrusion and interior damage.

BUILDING INTERIOR:

FIRST FLOOR

Dining/Common Room

Replace kitchen sink disposal.

Corridor

Repair north stair light fixture.

Mechanical Room

Replace original 4184 MBh (125 H.P.) steam boiler and all original accessories including but not limited to piping, gauges, valves, pumps, bypass feeder, shell and tube heat exchanger and controls.

Replace original 950 MBh (28.4 H.P.) backup steam boiler and all original accessories including but not limited to piping, gauges, valves, pumps, bypass feeder, shell and tube heat exchanger and controls.

Pressure test all building piping system during installation of new boilers.

Provide and install filter cover panel for make-up air handler.

Repair make-up air handler to maintain proper supply air temperature and building pressurization.

Abate/remediate asbestos in the boiler room in connection with boiler replacement.

SECOND FLOOR

Corridor

Provide south stair light fixture lens.

FIFTH FLOOR

Corridor

Repair smoke detector.

Repair south stair light fixture.

Trash / Janitor's Closet

Repair mop sink faucet.

APARTMENTS (1 Bedroom & 1 Bath except as noted)

FIRST FLOOR

Apartment 101 (2 Bedroom/1 Bath)

Entire Unit:

Replace carpet.

Replace VCT.

Paint entire unit.

Bathroom:

Replace toilet seat.

Kitchen:

Provide light fixture lens.

Provide electrical outlet cover plate.

Apartment 102

Entire Unit:

Replace carpet.

Kitchen:

Repair base cabinet back wall.

Provide refrigerator.

Replace kitchen sink faucet.

Apartment 104

Entire Unit:

Ensure this apartment is a part of the radon testing

Replace carpet.

Paint entire unit.

Kitchen:

Repair base cabinet back wall.

Apartment 106

Living/Dining Room:

Repair walls.

Paint walls.

SECOND FLOOR

Apartment 201

Entire Unit:

Paint entire unit.

Apartment 202

Entire Unit:

Replace carpet.

Apartment 204

Living Room:

Repair window latches.

Apartment 205

Entire Unit:

Replace carpet.

Bedroom:

Install sealant at window jamb to wall joint.

Apartment 207

Kitchen:

Repair base cabinet back wall.

Apartment 208

Living/Dining Room:

Repair walls.

Paint all walls.

Apartment 210

Entire Unit:

Replace Carpet Replace VCT. Paint entire unit.

Living/Dining Room:

Replace window glass.

Replace lost window sealant/insulation.

Bathroom:

Repair walls.

Repair toilet.

Install lavatory and faucet to make operational.

Repair tub/shower faucet.

Kitchen:

Repair cabinet base back wall.

Install appliances.

Bedroom:

Repair walls.

Provide light fixture globe.

Apartment 211

No deficiencies found.

Apartment 213

Tenant complained of mold. Remediate mold and ensure this unit is inspected during Engineer's structural investigation (see "GENERAL REQUIREMENTS, BUILDING EXTERIOR").

Entire Unit:

Replace Carpet.

Replace VCT.

Paint entire unit.

Living/Dining Room:

Replace walls and ceilings to eradicate mold.

Kitchen:

Replace walls and ceilings to eradicate mold.

Replace base cabinets where mold has developed.

Replace countertop.

Bedroom:

Replace walls and ceilings to eradicate mold.

THIRD FLOOR

Apartment 301

Entire Unit:
Paint entire unit.
Kitchen:
Repair base cabinet back wall.

Apartment 302

Living/Dining Room:
Repair walls.
Paint walls.
Provide window screen.
Bathroom:
Provide shower head.
Kitchen:
Repair cabinet base back wall.
Replace stove/range. Provide refrigerator.
Bedroom:
Provide window screen.

Apartment 304

Entire Unit:
Replace carpet.
Paint entire unit.
Replace smoke detector.
Living/Dining Room:
Repair walls.
Kitchen:
Repair cabinet base back wall.

Apartment 305,

No deficiencies found.

Apartment 307

Entire Unit:
Paint entire unit.
Bedroom:
Repair walls.

Apartment 308,

No deficiencies found.

Apartment 310

Entire Unit:
Replace carpet.

Apartment 311

Bathroom:
Provide shower head.
Kitchen:
Provide caulking at cabinets and countertops.
Provide refrigerator.

Apartment 313

Apartment was under renovation at time of inspection.
Entire Unit:
Replace carpet
Replace VCT.
Paint entire unit.
Bathroom:
Repair tub/shower drain. Kitchen:
Replace stove/range.
Replace kitchen sink faucet.

FOURTH FLOOR

Apartment 401

Entire Unit:
Paint entire unit.
Kitchen:
Repair base cabinet back wall.

Apartment 402

Entire Unit:
Paint entire unit.

Apartment 404

Entire Unit:
Paint entire unit.
Bathroom:
Caulk at cabinets.
Replace lavatory faucet drain.
Kitchen:
Repair base cabinet back wall.
Bedroom:
Repair walls.

Apartment 405

Entire Unit:
Paint entire unit.
Kitchen:
Repair cabinet base back wall.
Repair cabinet drawers.
Bedroom:
Repair light fixture.

Apartment 407

Entire Unit:
Paint entire unit.

Apartment 408

Entire Unit:
Paint entire unit.

Apartment 410

Entire Unit:
Paint entire unit.
Replace carpet.
Bedroom:
Replace window screen.

Apartment 411

Entire Unit:
Replace carpet.
Living/Dining Room:
Repair walls.
Paint walls.

Apartment 413

Entire Unit:
Paint entire unit.
Living/Dining Room:
Repair leak above window at exterior wall.

FIFTH FLOOR

Apartment 501

- Entire Unit:
 - Replace carpet.
- Living/Dining Room:
 - Provide curtain rods.

Apartment 502

- Entire Unit:
 - Replace carpet.
- Bathroom:
 - Repair lavatory faucet drain.

Apartment 504

- Entire Unit:
 - Paint entire unit.

Apartment 505

- Entire Unit:
 - Paint entire unit.

Apartment 507

- Kitchen:
 - Replace countertops.

Apartment 508

- Living/Dining Room:
 - Provide curtain rods.
- Bathroom:
 - Repair walls.
 - Paint walls.
 - Provide shower head.

Apartment 510

- Entire Unit:
 - Paint entire unit.

Apartment 511

- No deficiencies found.

Apartment 513

- Entire Unit:
 - Paint entire unit.
- Bathroom:
 - Provide shower head.
- Kitchen:
 - Provide stove/range.

General Notes For All Work:

All work shall be performed in a workmanlike manner and in accordance with good usage and accepted practices. All materials shall be made and installed so they perform in accordance with their intended purposes.

Materials installed shall be of such kind and of quality to ensure that the dwelling will provide acceptable durability, economy of maintenance and adequate resistance to weather, moisture, corrosion, and fire.

All work shall comply with local and state building, mechanical, electrical, and plumbing codes.

ENVIRONMENTAL INFORMATION

1.1.4 Other Services

ACM Sampling Program

ATC performed a limited asbestos survey of the site. A total of 21 samples were collected from various apartment units and common areas. Of the 21 samples collected, 12 were considered to be positive for asbestos. The positive samples were identified as ceiling surfacing, joint compound, vinyl flooring backing, plaster, thermal system insulation, sink undercoat, vinyl floor tile and transite.

Fungal Growth Sampling Program

ATC did not directly observe evidence of fungal growth during the site reconnaissance; therefore, no samples were collected for laboratory analysis. However, following completion of the site visit, the building manager and maintenance supervisor notified ATC of the presence of potential mold growth in Room #213 within the building. ATC was provided with photographs, which indicate potential mold growth in this room. No other areas of the building were identified with potential mold growth by the building representatives.

Limited Lead Based Paint

ATC took a number of readings from the interiors of various apartment units and various exterior surfaces. A total of 288 readings were collected in these various locations. No readings that were collected indicated positive results for lead based paint.

Radon Sampling Program

A limited radon screening was performed at the site by ATC to check radon gas levels in the building. A total of three samples were collected from various first floor rooms. The samples were collected on activated charcoal and were submitted to an independent laboratory for analysis. Radon analytical results were below the EPA action level of 4.0pCi/L, with the exception of 4.7 pCi/L detected in the canister that was placed in Room # 104.

1.2 Recommendations

The following Recommendations apply to the Findings listed above:

ACM Identified

ATC recommends that ACM's identified in this report be managed under an Operations & Maintenance (O&M) Plan until renovation or demolition requires the removal and/or abatement of these materials. Note that a limited survey was conducted, and a comprehensive ACM inspection would be necessary to more fully evaluate the presence of ACM throughout the site structure prior to any future renovation and/or demolition activities for this site. Such activities should be undertaken by licensed personnel in accordance with applicable federal, state and local rules and regulations.

Fungal Growth Assessment

Areas that were identified as containing fungal growth will be required to be removed and replaced during renovation activities. Although ATC attempted to observe reasonably accessible areas for fungal growth, please be advised that all areas of the building were not accessed during the site reconnaissance.

Radon Detected

Radon was detected at 4.7 pCi/L in the canister that was placed in Room # 104. This radon level is above the EPA action level of 4.0 pCi/L. ATC recommends re-testing Room #104 to confirm the levels of radon in this room.

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

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SECTION 8
PROJECT-BASED RENTAL ASSISTANCE

HOUSING ASSISTANCE PAYMENTS CONTRACT

PREPARATION OF HAP CONTRACT

Instructions on preparation of the HAP Contract are attached at the end of the HAP contract text. Superscripts 1 through 10 in the text of section 1 of the contract correspond to notes at the end of the HAP Contract text.

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SECTION 8
PROJECT-BASED RENTAL ASSISTANCE
**HOUSING ASSISTANCE PAYMENTS CONTRACT
PART 1 OF HAP CONTRACT**

1. CONTRACT INFORMATION¹

A. Property

Section 8 Project Number 092-35566

Section 8 Project Number of prior HAP contract for property MN46M000056

FHA Project Number (if applicable) 092-35566

Property Name Riverview Apartments

Property Description² _____

A total of 40 units in 5 story buildings, with 39 Project Based Section 8 HAP units, located at the following address: 108 Baldwin Street, Granite Falls, MN (See Exhibit C "Legal Description.)

B. Contents of contract

C. Contract exhibits

EXHIBIT A: SITE PLAN, LEGAL DESCRIPTION, OR OTHER DESCRIPTIVE INFORMATION³

EXHIBIT B: ANY ADDITIONAL INFORMATION DESCRIBING PHYSICAL CONDITION, LOCATION, AND/OR PLANS OF THE CONTRACT UNITS.⁴

EXHIBIT C:⁵

D. Effective date and term of HAP Contract

i. Effective date: Date of Closing

ii. Length of contract term: 1 year

iii. Anniversary date: 1 year from date of closing

E. Funding of HAP Contract

- i. The HAP Contract shall be funded first from any budget authority remaining under the prior HAP contract for the Property identified in paragraph 1.a. If any such budget authority remains as of the date of execution of the HAP Contract, HUD will use that amount to provide housing assistance payments under the HAP Contract. HUD will not obligate any additional funding until such time as the amount of remaining budget authority is depleted and additional funding is needed to provide housing assistance payments under the HAP Contract. If there is no such remaining budget authority as of the date of execution of the HAP

Contract, funding shall be provided subject to the availability of sufficient appropriations for the renewal of expiring or terminating section 8 project-based rental assistance contracts in accordance with subparagraph iii.

- ii. Execution of the HAP Contract by the Contract Administrator is an obligation by HUD of \$ _____⁶, an amount sufficient to provide housing assistance payments for approximately _____⁷ months of the first annual increment of the Renewal Contract term.
- iii. HUD will provide additional funding for the remainder of the first annual increment and for subsequent annual increments, including for 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 period of time within the Renewal Contract term to which it will be applied.

EXECUTION OF HAP CONTRACT

UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)

By: _____
Signature of authorized representative

Name and official title (Print)

Date _____

OWNER

Name of Owner (Print)

By: _____
Signature of authorized representative

Name and title (Print)

Date _____

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SECTION 8
PROJECT-BASED RENTAL ASSISTANCE

**HOUSING ASSISTANCE PAYMENTS CONTRACT
PART 2 OF HAP CONTRACT**

2. DEFINITIONS

CA. Contract administrator. The agency that has entered into the HAP contract with the owner. The agency is HUD or a public housing agency as defined in the United States Housing Act of 1937 (42 U.S.C. 1437a(b)(6)).

Central Contractor Registration (CCR). As required by [Notice H 2011-01](#), the owner is required to obtain and register a Dun and Bradstreet Numbering Systems Number (DUNS) number. HUD has established a regulation at 24 C.F.R. Part 5 Subpart K that requires for each obligation of funds, the recipient to have DUNS number and a valid registration in the Central Contractor Registration.

Contract rent. The total monthly rent payable to the owner for a contract unit, including the tenant rent. Contract rent includes payment for any housing services, maintenance and utilities to be provided by the owner in accordance with the HAP Contract.

Contract units. The housing units covered by this HAP contract. The contract units are described in Exhibit A by unit size (number of bedrooms) and applicable initial contract rents.

Enterprise Income Verification (EIV). A computerized income verification system as required under 24 C.F.R. Parts 5 and 908.

Family. The persons approved by the CA to reside in a contract unit with assistance under the program.

HAP Contract. This housing assistance payments contract between the CA and the owner. The contract consists of Part 1, Part 2, and the contract exhibits (listed in paragraph 1.c of the HAP contract).

HUD. U.S. Department of Housing and Urban Development.

HUD requirements. HUD requirements are issued by HUD headquarters as regulations, [Federal Register](#) notices, or other binding program directives.

PHA. A public housing agency (as defined and qualified in accordance with the United States Housing Act of 1937, 42 U.S.C. 1437 et seq.).

Physical condition standards (PCS). The HUD physical condition standards for HUD housing that is decent, safe and sanitary and in good repair (DSS/GR) as defined at; [24 CFR Part 5 Subpart G \(5.703\)](#).

Premises. The building or complex in which a contract unit is located, including common areas or grounds.

Principal or interested party. This term includes a management agent and other persons or entities participating in property management, and the officers and principal members, shareholders, investors, and other parties having a substantial interest in the HAP contract, or in any proceeds or benefits arising from the HAP contract.

Property. The housing designated in paragraph 1a of the HAP contract.

Section 8. Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

Tenant rent. The portion of the contract rent payable by the family, as determined by the CA in accordance with HUD requirements. The CA is not responsible for paying any part of the tenant rent.

3. PURPOSE

- 1) This is a HAP contract between HUD and the owner. The HAP contract is entered pursuant to Section 8.
- 2) The contract units are located in a multifamily property. HUD has conveyed the property to the owner. Prior to HUD acquisition of the property, occupancy of the contract units had been assisted by project-based rental assistance payments under Section 8.

- 3) The purpose of the HAP contract is to provide housing assistance payments on behalf of eligible families who lease and occupy contract units that comply with the HUD PCS. Housing assistance payments will only be paid to the owner for contract units occupied by eligible families who lease contract units from the owner in accordance with statutory requirements, and with all HUD regulations and other HUD requirements.
- 4) Both at the beginning of the contract term and at all times thereafter during the contract term, housing assistance payments will only be paid for contract units that comply with the PCS. Housing assistance payments will not be paid for any period when the contract units do not comply with the PCS.
- 5) If HUD is the CA, HUD may, at HUD's discretion, transfer administration of the HAP contract to a public housing agency acting as the CA under an annual contributions contract (ACC) with HUD.
- 6) The CA must make housing assistance payments to the owner in accordance with the HAP contract for contract units leased and occupied by eligible families during the HAP contract term.

4. OCCUPANCY AND PAYMENT

A. Payment for occupied unit

During the term of the HAP contract, the CA shall make housing assistance payments to the owner for the months during which a contract unit is leased to and occupied by an eligible family, as determined in accordance with HUD requirements. If an assisted family moves out of a contract unit, the owner may keep the housing assistance payment for the month when the family moves out.

B. Occupancy by eligible families

During the contract term, the owner shall lease all of the contract units to eligible families. Eligibility shall be determined in accordance with HUD requirements.

C. Vacancy payment

- 1) The owner may receive housing assistance payments for so much of the month in which the family moves out of a contract unit as the contract unit remains vacant.
- 2) If the unit remains vacant after the move-out month, the owner may receive a housing assistance payment in the amount of eighty percent (80%) of the contract rent for a vacancy period not to exceed an additional month after the month when the family moves out. However, if the owner collects any of the tenant rent for this month, the payment for the vacancy period must be reduced to an amount which, when added to the family's payments, does not exceed eighty percent (80%) of the contract rent.
- 3) The owner shall not receive any vacancy payment under this paragraph c, unless the owner:
 - a) Immediately upon learning of the vacancy, has notified the CA of the vacancy, or prospective vacancy, and the reason for the vacancy,
 - b) Takes all feasible actions to fill the vacancy, including contacting applicants on the owner's waiting list, conducting appropriate outreach for eligible families, and advertising the availability of the unit; and
 - c) Has not rejected any eligible applicant, except for good cause acceptable to the CA.

5. CONTRACT RENT; HOUSING ASSISTANCE PAYMENTS

A. Amount of initial contract rent

The initial contract rent for each contract unit is stated in Exhibit A of the HAP contract. At the beginning of the HAP contract term, and until the contract rent is adjusted in accordance with section 6 of the HAP contract, the contract rent for each bedroom size (number of bedrooms) shall be the initial contract rent amount listed in Exhibit A.

B. HUD rent requirements

Notwithstanding any other provision of the HAP contract, the contract rent may in no event exceed the amount authorized in accordance with HUD requirements.

C. CA payment to owner

- 1) Each month the CA must make a housing assistance payment to the owner for a unit under lease to and occupied by an eligible family in accordance with the HAP contract.
- 2) The monthly housing assistance payment to the owner for a contract unit is equal to the amount by which the contract rent exceeds the tenant rent.
- 3) Payment of the tenant rent is the responsibility of the family. The CA is not responsible for paying any part of the tenant rent, or for paying any other claim by the owner against a family. The CA is only responsible for making housing assistance payments to the owner on behalf of a family in accordance with the HAP contract.
- 4) The owner will be paid the housing assistance payment under the HAP contract on or about the first day of the month for which payment is due.
- 5) To receive housing assistance payments in accordance with the HAP contract, the owner must comply with all the provisions of the HAP contract. Unless the owner complies with all the provisions of the HAP contract, the owner does not have a right to receive housing assistance payments.
- 6) If the CA determines that the owner is not entitled to the payment or any part of it, the CA, in addition to other remedies, may deduct the amount of the overpayment from any amounts due the owner, including amounts due under any other housing assistance payments contract.
- 7) The owner must notify the CA promptly of any overpayment or any change of circumstances that would affect the amount of the monthly housing assistance payment, and must return the amount of any overpayment.

6. ADJUSTMENT OF CONTRACT RENT

A. Determination of adjusted rent

- 1) During the term of the HAP contract, the CA shall annually, on the anniversary date, adjust the amount of the monthly contract rents in accordance with HUD requirements by using an OCAF (operating cost adjustment factor).
- 2) The owner shall not receive any other adjustment of the contract rent.

B. Maximum rent

Contract rent for each contract unit, as adjusted annually by the CA in accordance with section 6 of the HAP contract, may at no time exceed reasonable rent, as determined by the CA, charged for comparable units in the private unassisted market.

C. Owner compliance with HAP contract

The CA shall not approve, and the owner shall not receive, any increase of contract rent unless all contract units are in accordance with the PCS, and the owner has complied with the terms of the assisted leases and the HAP contract.

D. Notice of rent adjustment

Contract rent shall be adjusted by written notice by the CA to the owner in accordance with this section. Such notice constitutes an amendment of the rents specified in Exhibit A.

7. OWNER RESPONSIBILITY

- A. The owner is responsible for:
 - 1) Performing all management and rental functions for the contract units.
 - 2) Selecting tenants.
 - 3) Determining tenant eligibility.
 - 4) Performing an initial examination and reexamination of family income; verifying family income utilizing EIV systems.

- 5) Calculating the amount of the tenant rent and the housing assistance payment in accordance with the HAP contract and HUD requirements.
- 6) Entering a lease with each assisted tenant.
- 7) Enforcing tenant obligations under the lease.
- 8) Paying for utilities and housing services (unless paid by the tenant in accordance with the HAP contract).
- 9) Collecting from the tenant:
 - a) Any security deposit.
 - b) The tenant rent.
 - c) Any charge for unit damage by the family.
- 10) Paying the family any applicable utility reimbursement for tenant-paid utilities (where the amount of the utility allowance exceeds the amount of the tenant rent).
- 11) Submitting monthly requests for payment in the form and manner required by HUD and the CA.
- 12) Maintaining and accounting for the replacement reserve.

B. The owner shall perform all owner responsibilities in accordance with HUD requirements.

8. OWNER CERTIFICATION

The owner certifies that at all times during the term of the HAP contract:

- 1) All contract units for which the owner is receiving housing assistance payments are in good and tenable condition, and in accordance with the PCS. The owner is maintaining the premises and all contract units in accordance with the PCS.
- 2) The owner is providing all the services, maintenance and utilities as agreed to under the HAP contract and the leases with assisted families.
- 3) Each contract unit for which the owner is receiving housing assistance payments is leased to an eligible family, and the lease is in accordance with the HAP contract and HUD requirements.
- 4) To the best of the owner's knowledge, the members of an eligible family reside in each contract unit for which the owner is receiving housing assistance payments, and the unit is the family's only residence.
- 5) The owner (including a principal or other interested party) is not the parent, child, grandparent, grandchild, sister, or brother of any member of a family residing in a contract unit.
- 6) The amount of any housing assistance payment requested or received by the owner is the correct amount due under the HAP contract.
- 7) Except for the housing assistance payment and the tenant rent as provided under the HAP contract, the owner has not received and will not receive any payments or other consideration (from the family, the CA, HUD, or any other public or private source) for rental of the contract unit.
- 8) The family does not own, or have any interest in the contract unit. If the owner is a cooperative, the family may be a member of the cooperative.

9. CONDITION OF UNITS

A. Owner maintenance and operation

- 1) The owner shall comply with the Physical Condition Standards and inspection requirements of 24 C.F.R. Part 5, Subpart G, including any changes in the regulation and related Directives. In addition, the owner shall comply with HUD's Physical Condition Standards of Multifamily Properties of 24 C.F.R. Part 200, Subpart P, including any changes in the regulation and related Directives. This obligation shall apply both during the current term of the HAP contract and during each successive renewal term.

- 2) The owner must maintain and operate the contract units and premises to provide decent, safe and sanitary housing in accordance with the PCS, including performance of ordinary and extraordinary maintenance.
- 3) Both at the beginning of the contract term, and at all times thereafter during the contract term, the owner shall not request payment for or receive any housing assistance payment for any unit during any period when the unit or premises are not in accordance with the PCS.
- 4) If the premises or any contract unit is not in compliance with the PCS at the beginning of the contract term, the owner must promptly perform any ordinary or extraordinary maintenance necessary to bring the unit into compliance with the PCS. However, the owner shall not request or receive any housing assistance payment with respect to a contract unit for any period when the premises or the unit are not in accordance with the PCS.
- 4) The owner must provide all the services, maintenance and utilities set forth in Exhibit B, and in the lease with each assisted family.

B. CA inspection

The CA may inspect the contract units and the premises annually, and any time the CA deems necessary to assure that the contract units and premises are in accordance with the PCS, and that the owner is providing the maintenance, utilities, and other services in accordance with the leases and the HAP contract. The CA shall give the owner reasonable notice of the annual inspection.

C. Violation of PCS

- 1) If the CA determines that a contract unit is not in accordance with the PCS, the CA may exercise any of its remedies under the HAP contract for all or any contract units. Such remedies include termination, suspension or reduction of housing assistance payments, and termination of the HAP contract. The CA may exercise any contractual remedy respecting a contract unit even if the family continues to occupy the unit.
- 2) If the CA determines that the owner has failed to maintain one or more units in decent, safe and sanitary condition, and has abated the housing assistance payments to the owner for such units, the CA may use amounts otherwise payable to the owner pursuant to this Contract, or any Renewal Contract, for the purposes of relocating or rehousing assisted residents in other housing.
- 3) The CA shall not make any housing assistance payment for a dwelling unit that fails to meet the PCS. If a defect is life threatening, the owner must correct the defect within no more than 24 hours. For other defects, the owner must correct the defect within no more than 30 calendar days (or any CA-approved extension). The owner shall not request or receive any housing assistance payment for a dwelling unit for any period prior to the correction of any defect.

D. Maintenance and replacement -- owner's standard practice

Maintenance and replacement (including redecoration) must be in accordance with the standard practice for the building concerned as established by the owner.

10. LEASING CONTRACT UNITS

- A. During the term of the HAP contract, the owner must lease all contract units to eligible families.
- B. The owner must determine family eligibility in accordance with HUD requirements.
- C. The contract unit leased to each family must be appropriate for the size of the family as determined in accordance with HUD requirements.
- D. If a contract unit was occupied by an eligible family on the effective date of the HAP contract, the owner must offer the family the opportunity to lease the same or another appropriately sized contract unit with assistance under the HAP contract.
- E. The owner is responsible for screening and selecting tenants.

11. TENANCY

A. Lease

The lease between the owner and each assisted family must be in accordance with HUD requirements. The lease must include word-for-word all provisions required by HUD.

B. Termination of tenancy

- 1) The owner may only terminate a tenancy in accordance with the lease and HUD requirements.
- 2) The owner must give the CA a copy of any owner eviction notice to the tenant at the same time that the owner gives notice to the tenant. Owner eviction notice means a notice to vacate, or a complaint or other initial pleading used to commence an eviction action under state or local law.

C. Family payment

- 1) The portion of the monthly contract rent payable by the family ("tenant rent") will be determined by the owner in accordance with HUD requirements. The amount of the tenant rent is subject to change during the term of the HAP contract.
- 2) The amount of the tenant rent as determined by the owner in accordance with HUD requirements is the maximum amount the owner may charge the family for rent of a contract unit, including all housing services, maintenance and utilities to be provided by the owner in accordance with the HAP contract and the lease.
- 3) The owner may not demand or accept any rent payment from the tenant in excess of the tenant rent as determined by the owner in accordance with HUD requirements. The owner must immediately return any excess tenant rent payment to the tenant.
- 4) The family is not responsible for payment of the portion of the contract rent covered by the housing assistance payment under the HAP contract. The owner may not terminate the tenancy of an assisted family for nonpayment of the CA housing assistance payment.
- 5) The owner is responsible for computing, in accordance with HUD requirements, the amount of the housing assistance payment and the tenant rent for each assisted family.

D. Other owner charges

The owner may not charge the tenant or family members extra amounts for items customarily included in rent in the locality or provided at no additional cost to an unsubsidized tenant in the premises.

E. Security deposit

- 1) The owner may collect a security deposit from the family.
- 2) The owner must comply with HUD and CA requirements regarding security deposits from a tenant.
- 3) When the family moves out of the contract unit, the owner, subject to state and local law, may use the security deposit, including any interest on the deposit, in accordance with the lease, as reimbursement for any unpaid tenant rent, damages to the unit or other amounts which the family owes under the lease. The owner must give the family a written list of all items charged against the security deposit and the amount of each item. After deducting the amount used as reimbursement to the owner, the owner must promptly refund the full amount of the balance to the family.
- 4) If the security deposit is not sufficient to cover amounts the family owes under the lease, the owner may seek to collect the balance from the tenant.

12. RESERVE FOR REPLACEMENTS

The owner must establish and maintain a replacement reserve for the property, in the amount required by HUD, to pay for extraordinary maintenance and repair, and for replacement of capital items. The owner must establish, maintain and account for the replacement reserve in accordance with HUD requirements.

13. OVERCROWDED AND UNDEROCCUPIED UNITS

If a contract unit is not decent, safe and sanitary because of an increase in the family size which causes the unit to be overcrowded, or if a contract unit is larger than appropriate for the size of the family, the owner must offer the family

a suitable unit as soon as one becomes vacant and ready for occupancy, and the owner must require the family to move.

14. PROHIBITION OF DISCRIMINATION

- A. The owner may not refuse to lease contract units to, or otherwise discriminate against any person or family in leasing of a contract unit, because of race, color, creed, religion, sex, national origin, disability or familial status (i.e., because the family includes children).
- B. The owner must comply with the following requirements:
- 1) The Fair Housing Act (42 U.S.C. 3610 - 3619) and implementing regulations at 24 C.F.R. parts 100, et seq.;
 - 2) Executive Orders 11063, 12259, and 12892 (Equal Opportunity in Housing) and implementing regulations at 24 C.F.R. part 107;
 - 3) Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d - 2000d-4) (prohibition of discrimination in Federally-assisted programs) and implementing regulations at 24 C.F.R. part 1;
 - 4) The Age Discrimination Act of 1975 (42 U.S.C. 6101 - 6107) and implementing regulations at 24 C.F.R. part 146;
 - 5) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) (prohibition of discrimination because of disability) and implementing regulations at 24 C.F.R. part 8;
 - 6) Executive Orders 11625, 12138, and 12432 (promoting minority and women's business enterprise);
 - 7) Title II of the Americans with Disabilities Act (42 U.S.C. 12101, et seq.) (prohibition of employment discrimination because of disability); and
 - 8) The fair housing advertising poster guidelines at 24 C.F.R. part 110.
- C. The CA and the owner must cooperate with HUD in the conducting of compliance reviews and complaint investigations pursuant to all applicable civil rights statutes, Executive Orders, and implementing regulations.

15. REDUCTION OF CONTRACT UNITS

If the owner fails for a continuous period of six months to have all of the contract units leased or available for leasing by eligible families, the contract administrator may, on thirty calendar days notice, reduce the number of contract units to not less than the number of units under lease to eligible families.

16. OWNER DEFAULT AND CA REMEDIES

A. Owner default

Any of the following is a default by the owner under the HAP contract:

- 1) The owner has failed to comply with any obligation under the HAP contract, including the owner's obligations to maintain all contract units in accordance with the PCS.
- 2) The owner has violated any obligation under any other housing assistance payments contract under Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).
- 3) The owner has committed any fraud or made any false statement to the CA or HUD in connection with the HAP contract.
- 4) The owner has committed fraud, bribery or any other corrupt or criminal act in connection with any Federal housing assistance program.
- 5) If the property is subject to a lien or security interest securing a HUD loan or a mortgage insured by HUD:
 - a) The owner has failed to comply with the regulations for the applicable mortgage insurance or loan program, with the mortgage or mortgage note, or with the regulatory agreement, or

b) The owner has committed fraud, bribery or any other corrupt or criminal act in connection with the HUD loan or HUD-insured mortgage.

6) If the owner has engaged in any drug-related criminal activity or any violent criminal activity.

B. CA remedies

- 1) If the CA determines that a breach has occurred, the CA may exercise any of its rights or remedies under the HAP contract.
- 2) The CA must notify the owner in writing of such determination. The notice by the CA to the owner may require the owner to take corrective action (as verified by the CA) by a time prescribed in the notice.
- 3) The CA's rights and remedies under the HAP contract include recovery of overpayments, termination or reduction of housing assistance payments, and termination of the HAP contract.
- 4) If the CA determines that the owner has failed to maintain one or more units in decent, safe and sanitary condition, and has abated housing assistance payments to the owner for such units, the CA may use amounts otherwise payable to the owner pursuant to this Contract, or any Renewal Contract, for the purposes of relocating or rehousing assisted residents in other housing.

C. CA remedy is not waived

The CA's exercise or non-exercise of any remedy for owner breach of the HAP contract is not a waiver of the right to exercise that remedy or any other right or remedy at any time.

17. OWNER DUTY TO PROVIDE INFORMATION AND ACCESS REQUIRED BY HUD OR CA

A. Required information

The owner must prepare and furnish any information pertinent to the HAP contract as may reasonably be required from time to time by the CA or HUD. The owner shall furnish such information in the form and manner required by the CA or HUD.

B. Central Contractor Registration (CCR)

The owner must complete the requirements outlined in Notice H 2011-01. This requires the owner to obtain a DUNS number and register with the Central Contractor Registration. HUD will not issue HAP payments to the owner until this requirement is met and the local HUD office has received DUNS number and CCR registration certification.

C. CA and HUD access to premises

The owner must permit the CA or HUD or any of their authorized representatives to have access to the premises during normal business hours, and, for the purpose of audit and examination, to have access to any books, documents, papers and records of the owner to the extent necessary to determine compliance with the HAP contract, including the verification of information pertinent to the housing assistance payments or the HAP contract.

D. Annual Financial Statements

The owner shall comply with the Uniform Financial Reporting Standards of 24 C.F.R. Part 5, Subpart H, including any changes in the regulation and related Directives or any subsequent systems. The annual financial statements must be prepared in accordance with generally accepted accounting principles (GAAP), owner certified and submitted electronically no later than 90 calendar days after the end of the owner's fiscal year in accordance with the requirements of 24 C.F.R. Part 5. This obligation shall apply during the term of the HAP contract and for each successive renewal term.

18. CA AND OWNER RELATION TO THIRD PARTIES

A. Injury because of owner action or failure to act

The CA has no responsibility for or liability to any person injured as a result of the owner's action or failure to act in connection with the implementation of the HAP contract, or as a result of any other action or failure to act by the owner.

B. Legal relationship

The owner is not the agent of the CA. The HAP contract does not create or affect any relationship between the CA and any lender to the owner or any suppliers, employees, contractors or subcontractors used by the owner in connection with the implementation of the HAP contract.

C. Exclusion of third party claims

Nothing in the HAP contract shall be construed as creating any right of a family or other third party (other than HUD) to enforce any provision of the HAP contract, or to assert any claim against HUD, the CA or the owner under the HAP contract.

D. Exclusion of owner claims against HUD

Nothing in the HAP contract shall be construed as creating any right of the owner to assert any claim against HUD.

19. CONFLICT OF INTEREST

A. Prohibited interest

- 1) No covered individual or entity may have any direct or indirect interest in the HAP contract.
- 2) Direct or indirect interest includes the interest of an immediate family member.

B. Definitions

- 1) "Immediate family member" means the spouse, parent, child, grandparent, grandchild, sister, or brother of any covered individual.
- 2) "Covered individual or entity" means an individual or entity that is a member of any of the following classes:
 - a) A member, officer or director of the CA, or any other CA official with administrative functions or responsibility concerning contract administration under the ACC.
 - b) If the CA is an instrumentality of a governmental body:
 - i) A member, officer or director of such governmental body.
 - ii) A member, officer or director of any entity that holds a direct or indirect interest in the instrumentality entity.
 - c) An employee of the CA.
 - d) A CA contractor, subcontractor or agent with administrative functions or responsibility concerning contract administration under the ACC, or a principal or other interested party of such contractor, subcontractor or agent.
 - e) An individual who has administrative functions or responsibility concerning contract administration under the ACC, including an employee of a CA contractor, subcontractor or agent.
 - f) A public official, member of a governing body, or state or local legislator, who exercises functions or responsibilities concerning contract administration under the ACC.

C. Disclosure

- 1) A covered individual or entity must disclose his, her or its interest or prospective interest in the HAP contract, or any other contract, subcontract or other arrangement in connection with contract administration under the ACC to the CA and HUD.
- 2) The owner certifies that it has fully disclosed to the CA and HUD any interest that would be a violation of the conflict of interest requirements, and that it will fully and promptly update such disclosures.

D. HUD waiver

- 1) HUD may waive the conflict of interest requirements for good cause.
- 2) Any covered individual or entity for whom a waiver is granted may not execute any contract administration functions or responsibility concerning a HAP contract under which such individual is or may be assisted, or with respect to a HAP contract in which such individual or entity is a party or has any interest.

E. Interest of member of Congress

No member of or delegate to the Congress of the United States of America or resident commissioner shall be admitted to any share or part of the HAP contract or to any benefits, which may arise from it.

20. EXCLUSION FROM FEDERAL PROGRAMS

A. Federal requirements

The owner must comply with and is subject to requirements of 24 C.F.R. Part 24, concerning debarment, suspension, and limited denial of participation.

B. Disclosure

The owner certifies that:

- 1) The owner has disclosed to the CA the identity of the owner and any principal or interested party.
- 2) Neither the owner nor any principal or interested party is listed on the U.S. General Services Administration list of parties excluded from Federal procurement and nonprocurement programs; and none of such parties are debarred, suspended or subject to a limited denial of participation under 24 C.F.R. part 24.

21. TRANSFER OF THE CONTRACT OR PROPERTY

A. When consent is required

- 1) The owner agrees that the HAP contract may not be transferred without the advance written consent of the CA in accordance with HUD requirements.
- 2) The owner agrees that the property may not be transferred without the advance written consent of the CA in accordance with HUD requirements.
- 3) "Transfer" includes:
 - a) An assignment or other transfer of ownership, in any form, of the HAP contract or the property;
 - b) An assignment or other transfer of the right to receive housing assistance payments that may be payable pursuant to the HAP contract;
 - c) The creation of a security interest in the HAP contract or the property;
 - d) Foreclosure or other execution on a security interest; or
 - e) A creditor's lien, or a transfer in bankruptcy.
- 4) If the owner is a corporation, partnership, trust or joint venture, the owner is not required to obtain advance consent of the CA pursuant to this paragraph a of the HAP contract for transfer of a passive and non-controlling interest in the ownership entity (such as a stock transfer or transfer of the interest of a limited partner), if any interests so transferred cumulatively represent less than half the beneficial interest in the HAP contract or the property. The owner must obtain advance consent pursuant to paragraph a of the HAP contract to transfer any interest of a general partner.

B. Transferee assumption of HAP contract

No transferee (including the holder of a security interest, the security holder's transferee or successor in interest, or the transferee upon exercise of a security interest) shall have any right to receive any payment of housing assistance payments pursuant to the HAP contract, or to exercise any rights or remedies under the HAP contract, unless the CA

has consented in advance, in writing, to such transfer, and the transferee has agreed in writing, in a form acceptable to the CA in accordance with HUD requirements, to assume the obligations of the owner under the HAP contract, and to comply with all the terms of the HAP contract.

C. Effect of consent to transfer

- 1) The creation or transfer of any security interest in the HAP contract is limited to amounts payable under the HAP contract in accordance with the terms of the HAP contract.
- 2) The CA's consent to transfer of the HAP contract does not change the terms of the HAP contract in any way, and does not change the rights or obligations of the CA or the owner under the HAP contract.
- 3) The CA's consent to transfer of the HAP contract to any transferee does not constitute consent to any further transfers of the HAP contract, including further transfers to any successors or assigns of an approved transferee.

D. When transfer is prohibited

The CA will not consent to the transfer if any transferee, or any principal or interested party is debarred, suspended or subject to a limited denial of participation under 24 C.F.R. part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

22. OWNER DISCLOSURE OF OTHER GOVERNMENT ASSISTANCE

A. Owner disclosure

The owner must disclose to the CA, in accordance with HUD requirements, information regarding any assistance from the Federal Government, a state, or a unit of general local government, or from any agency or instrumentality thereof, that is available or expected to be available with respect to the contract units ("covered assistance"). Covered assistance includes, but is not limited to, any loan, grant, guarantee, insurance, payment, rebate, subsidy, credit, or tax benefit, or any other form of direct or indirect assistance.

B. Limit of payments

Housing assistance payments under the HAP contract must not be more than is necessary, as determined in accordance with HUD requirements, to provide affordable housing after taking account of any covered assistance. The CA will adjust, in accordance with HUD requirements, the amount of the housing assistance payments to the owner to compensate in whole or in part for any covered assistance.

23. OWNER LOBBYING CERTIFICATIONS

- A. The owner certifies, to the best of owner's knowledge and belief, that:
 - 1) No Federally appropriated funds have been paid or will be paid, by or on behalf of the owner, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the HAP contract.
 - 2) If any funds other than Federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress, in connection with the HAP contract, the owner must complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- B. This certification by the owner is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. 1352.

24. NOTICES AND OWNER CERTIFICATIONS

- A. Where the owner is required to give any notice to the CA pursuant to the HAP contract, such notice must be in writing, and must be given in the form and manner required by the CA.
- B. Any certification or warranty by the owner pursuant to the HAP contract shall be deemed a material representation of fact upon which reliance was placed when this transaction was made or entered into.

25. HUD REQUIREMENTS

The HAP contract shall be interpreted and implemented in accordance with all statutory requirements, and with all HUD requirements, including amendments or changes in HUD requirements during the term of the HAP contract. The owner agrees to comply with all such laws and HUD requirements.

26. ENTIRE AGREEMENT

The HAP contract, including the exhibits, is the entire agreement between the CA and the owner. No changes in the HAP contract may be made except in writing signed by both the owner and the CA

INSTRUCTIONS

PREPARATION OF HAP CONTRACT

The HAP contract consists of Part 1, Part 2, and the contract exhibits. The exhibits are listed in paragraph 1.c of Part 1.

This form of HAP contract must be used word-for-word, and may not be modified. Part 1 contains section 1 of the HAP contract. Part 2 contains sections 2 to 26 of the HAP Contract.

Part 1 includes fill-in items, and a list of the contract exhibits. Fill out part 1 to prepare the HAP contract for execution.

The form of HAP contract must be used word-for-word, and may not be modified.

CONTRACT EXECUTION

Part 1 must be signed by the CA and by the owner of the housing.

ENDNOTES

¹ Enter all contract information.

² Enter a description of the housing that will be covered by the HAP contract. The description must clearly identify the property by providing the property's name, street address, city, county, state and zip code, block and lot number (if known), and any other information necessary to clearly designate the covered property.

³ If necessary, attach as Exhibit A a site plan, legal description or other descriptive information.

⁴ If required by the CA, attach as Exhibit B any additional information describing the physical condition, location, and/or plans of the contract units.

⁵ List in the space provided and attach at the back of the contract any additional exhibits, beginning with Exhibit C.

⁶ Enter the amount of funding obligated.

⁷ Enter a whole number of months

Schedule A: All projects owned by _____ or affiliates.

List each project name	List name of principal or affiliate with ownership of project.	List project address

PROTECTING TENANTS AT FORECLOSURE ACT OF 2009

Applicable to all foreclosure sales taking place from May 21, 2009, through December 31, 2012

In the case of foreclosure involving any multifamily residential dwelling, the purchaser at foreclosure shall be subject to the following:

1. Any bona fide tenant occupying a unit as of the date of the notice of foreclosure must be given 90 calendar days prior notice to vacate the unit; and
2. Any tenant retains all of its rights as of the date of the notice of foreclosure. These rights include:
 - (A) Any tenant who, on or after the date of the notice of foreclosure, is under a lease agreement entitling the tenant to occupy the premises until the end of the remaining term of the lease, will continue to maintain his/her rights under the lease agreement, except that a purchaser at foreclosure *who will occupy a unit as a primary residence* may, terminate a tenant's lease for that unit, effective on the date of sale, by issuing notice of the termination of tenancy to the tenant at least 90 calendar days prior to the effective date of the notice.
 - (B) Any tenant who is a tenant at will under state law or occupies the unit without a lease retains all of its rights regarding occupancy of the unit, except such tenant may be required by a purchaser at foreclosure to vacate the unit provided that the tenant is given 90 calendar days prior notice by the purchaser at foreclosure.
 - (C) Nothing contained in paragraphs 1 and 2 herein shall affect the requirements for termination of any federal or state subsidized tenancy or of any state or local law that provides longer time periods or additional protections for tenants, those rights will be retained by the tenant.
3. If the tenant holds a Section 8 voucher and has a lease agreement, the purchaser at foreclosure may terminate the tenancy effective as of the date of the transfer of ownership to the purchaser if (1) the purchaser will occupy the unit as a primary residence and (2) provides the tenant with a notice to vacate at least 90 calendar days before the effective date of the notice.
4. The purchaser at foreclosure will assume its interest in the property subject to: (1) the existing leases between the prior owner and the current tenants; and (2) the existing Housing Assistance Payments contract between the prior owner and the public housing agency for any occupied unit, except that requirements contained in this paragraph 4 and in paragraph 3 shall not affect any state or local law that provides longer time periods or other additional protections for tenants.

Attachment J

DUNS Number and CCR Registration Certification

This is to certify that:

(Owner Name and DUNS Number)

(Global Parent Owner Name and DUNS Number)

(Global Parent Legal Business Name)

(CCR Legal Business Name)

(Doing Business As)

In conjunction with the following Section 8 or Project Rental Assistance Contract, as of _____, 20____

has received CCR registration and the following DUNS number in accordance with [Notice H 2011-01](#):

Section 8 Project Based Contract Number: _____

Project Rental Assistance Contract Number: _____

DUNS Number: _____

I certify that the information contained herein was examined by me and to the best of my knowledge and belief is true, correct and complete. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802.)

(Signature and Title of Project Owner)

(Date)

Attachment K - 24 CFR Part 5

§ 5.703 Physical condition standards for HUD housing that is decent, safe, sanitary and in good repair (DSS/GR).

These standards address the major areas of the HUD housing: the site; the building exterior; the building systems; the dwelling units; the common areas; and health and safety considerations.

- (a) *Site*. The site components, such as fencing and retaining walls, grounds, lighting, mailboxes/project signs, parking lots/driveways, play areas and equipment, refuse disposal, roads, storm drainage and walkways must be free of health and safety hazards and be in good repair. The site must not be subject to material adverse conditions, such as abandoned vehicles, dangerous walks or steps, poor drainage, septic tank back-ups, sewer hazards, excess accumulations of trash, vermin or rodent infestation or fire hazards.
- (b) *Building exterior*. Each building on the site must be structurally sound, secure, habitable, and in good repair. Each building's doors, fire escapes, foundations, lighting, roofs, walls, and windows, where applicable, must be free of health and safety hazards, operable, and in good repair.
- (c) *Building systems*. Each building's domestic water, electrical system, elevators, emergency power, fire protection, HVAC, and sanitary system must be free of health and safety hazards, functionally adequate, operable, and in good repair.
- (d) *Dwelling units*.
 - (1) Each dwelling unit within a building must be structurally sound, habitable, and in good repair. All areas and aspects of the dwelling unit (for example, the unit's bathroom, call-for-aid (if applicable), ceiling, doors, electrical systems, floors, hot water heater, HVAC (where individual units are provided), kitchen, lighting, outlets/switches, patio/porch/balcony, smoke detectors, stairs, walls, and windows) must be free of health and safety hazards, functionally adequate, operable, and in good repair.
 - (2) Where applicable, the dwelling unit must have hot and cold running water, including an adequate source of potable water (note for example that single room occupancy units need not contain water facilities).
 - (3) If the dwelling unit includes its own sanitary facility, it must be in proper operating condition, usable in privacy, and adequate for personal hygiene and the disposal of human waste.
 - (4) The dwelling unit must include at least one battery-operated or hardwired smoke detector, in proper working condition, on each level of the unit.
- (e) *Common areas*. The common areas must be structurally sound, secure, and functionally adequate for the purposes intended. The basement/garage/carport, restrooms, closets, utility, mechanical, community rooms, day care, halls/corridors, stairs, kitchens, laundry rooms, office, porch, patio, balcony, and trash collection areas, if applicable, must be free of health and safety hazards, operable, and in good repair. All common area ceilings, doors, floors, HVAC, lighting, outlets/switches, smoke detectors, stairs, walls, and windows, to the extent applicable, must be free of health and safety hazards, operable, and in good repair. These standards for common areas apply, to a varying extent, to all HUD housing, but will be particularly relevant to congregate housing, independent group homes/residences, and single room occupancy units, in which the individual dwelling units (sleeping areas) do not contain kitchen and/or bathroom facilities.
- (f) *Health and safety concerns*. All areas and components of the housing must be free of health and safety hazards. These areas include, but are not limited to, air quality, electrical hazards, elevators, emergency/fire exits, flammable materials, garbage and debris, handrail hazards, infestation, and lead-based paint. For example, the buildings must have fire exits that are not blocked and have hand rails that are undamaged and have no other observable deficiencies. The housing must have no evidence of infestation by rats, mice, or other vermin, or garbage and debris. The housing must have no evidence of electrical hazards, natural hazards, or fire hazards. The dwelling units and common areas must have proper ventilation and be free of mold, odor (e.g., propane, natural gas, methane gas), or other observable deficiencies. The housing must comply with all requirements related to the evaluation and reduction of lead-based paint hazards and have available proper certifications of such (see 24 CFR part 35).
- (g) *Compliance with state and local codes*. The physical condition standards in this section do not supersede or preempt state and local codes for building and maintenance with which HUD housing must comply. HUD housing must continue to adhere to these codes.

