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Special Attention of:  
Regional Directors  
Multifamily Hub Directors  
Multifamily Program Center Directors  
Supervisory Project Managers  
Project Managers  
Contract Administrators, and  
Owners and Management Agents of projects covered by  
this Handbook.

**Transmittal** for Handbook No.: 4350.3 REV-1,CHG-2  
Issued: June 29, 2007

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1. This Transmits

Handbook 4350.3 REV-1, Change-2, "Occupancy Requirements of Subsidized Multifamily Housing Programs".

- A. Revised Table of Contents
- B. Revised Exhibit Table of Contents
- C. Revised Appendices Table of Contents
- D. Revised Chapter 1
- E. Revised Chapter 2
- F. Revised Chapter 3
- G. Revised Chapter 4
- H. Revised Chapter 5
- I. Revised Chapter 6
- J. Revised Chapter 7
- K. Revised Chapter 8
- L. Revised Chapter 9
- M. Revised Appendices
- N. Revised Glossary

2. Implementation

These changes are effective June 29, 2007. Unlike previous changes, and in response to Multifamily Housing's business partner requests, owners/management agents have 90 calendar days from the effective date, or September 24, 2007, to implement those changes requiring modifications to their TRACS software. The only exception to this would be if there are modifications that cannot be made at this time due to incompatibility with HUD's TRACS system. If this occurs, further guidance will be forthcoming.

3. Explanation of Materials Transmitted

- A. Changes are designated by a double asterisk (\*\*) at the beginning and end of the change.
- B. With the reinstatement of form HUD-50059, all references throughout the Handbook to 50059 data requirements or 50059 facsimiles have been changed to HUD-50059.
- C. Chapter 1, Introduction

Additional clarification or information to existing text:

- Paragraphs 1-1.C and 1-4.B - Changed "Non-performance Based Contract Administrators" to "Traditional Contract Administrators" for consistency with other publications.
- Paragraph 1-1.D - Clarified that Contract Administrators will only perform tasks required under the provisions of their Annual Contributions Contract (ACC).
- Paragraph 1-7.B.9, 10, 11 and 12 - Added the web addresses for the "Inventory of Units for the Elderly and Persons with Disabilities", "HUD User Policy Development and Research Information Service", "Multifamily Rental Housing Integrity Improvement Project (RHIP)" and "Enterprise Income Verification (EIV) System for Multifamily Housing Program Users".

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## D. Chapter 2, Civil Rights and Nondiscrimination Requirements

### Corrected reference:

Paragraph 2-10.A, 2-31.F.3, 2-32.C.2.a, 2-42 Example

### Additional clarification on existing text:

Figure 2-1 - Added "Limited English Proficiency (LEP)" as a Key Term.

Paragraph 2-5.D.1.b - Corrected form number and name to form HUD-935A, Affirmative Fair Housing Marketing AFHM Plan - Multifamily Housing.

Paragraph 2-9.C - Added information on "Improving Access to Services for Persons with LEP".

Paragraph 2-31.F.1.a - Added paragraph references for determining project and program eligibility.

Paragraph 2-33.C - Added "If a tenant household is being moved to a different unit as a reasonable accommodation to a household member's disability, then the owner must pay for the move unless doing so would constitute an undue financial and administrative burden."

## E. Chapter 3, Eligibility for Assistance and Occupancy

### Corrected references or typos:

Paragraph 3-6.F.5, 3-10.C.2, 3-11.A.3, 3-12.B.3 and 4, 3-12.E, 3-12.L.1.c, 3-16 B.3, 3-17, Exhibit 3-1 Situation 6.B.5

### Additional clarification on existing text:

Paragraph 3-3.E - Added as a key regulation the CFR reference on restrictions on eligibility of students for Section 8 assistance.

Paragraph 3-4 - Added reference to paragraphs 3-13 on Determining Eligibility of Students for Assistance and 3-16 on Determining the Eligibility of a Remaining Family Member.

Paragraph 3-6.D.3 - Added Section 202 projects without assistance use the Section 236 low income limits.

Figure 3-3 - Clarified income limits to use for pre-1981 and post-1981 Section 202/8 projects.

Paragraph 3-9.C.2 - Removed paragraph relative to disclosure of social security numbers for individuals who have applied for legalization under the Immigration and Reform Control Act of 1986 as it no longer applies and renumbered remaining paragraphs.

Paragraph 3-12.H.4 - Paragraph removed, the DHS SAVE system manual was removed from Appendix 2 as it is no longer current.

Paragraph 3-12.K.1 - Clarified that the family member determined eligible and family members who have turned in their required documentation in a timely manner are eligible for assistance until final eligibility is determined. If there are family members who did not turn in the required documentation in a timely manner they are not eligible for assistance and assistance must be prorated.

Paragraph 3-12.K Example - Clarified that one family member was eligible at admission. Expanded the example to include what happens after DHS verification is received and there is a change in the immigration status of family members.

Paragraph 3-12.L.2.a - Added instructions for completing and mailing the DHS Form G 845S are found in Appendix 2-B of the handbook. This information is taken from DHS' current Systematic Alien Verification for Entitlements (SAVE) Program Instruction Manual and should be used until such time as the instruction manual is updated by DHS and included in its entirety in Appendix 2-A.

Paragraph 3-12.Q and Exhibits 3-8 and 3-10 - Clarified if the family receiving assistance on June 19, 1995 includes a refugee under section 207 of the Immigration and Nationality Act, or an individual seeking asylum under section 208 of that Act, a deferral can be given to the family and there is no limitation on the deferral period. The 18 month deferral limitation does not apply.

Paragraph 3-13 - Added the requirements for determining eligibility of college students for assistance.

Figure 3-6 - For clarification purposes, removed the family definition.

Paragraph 3-18.A.1 - Added clarification that Section 651 of Title VI, Subtitle D of the Community Development Act of 1992 applies to both insured and non-insured projects that are eligible to implement the elderly preference.

Paragraph 3-18.A.12 - Added that age waivers cannot be issued for Section 515/8 elderly projects. If owners of these projects are experiencing vacancy problems and want to admit underage applicants, they must request RHS re-classify their project from elderly to family.

Paragraph 3-18.B.1.a - Added clarification that Section 658 of Title VI of Subtitle D of the Community Development Act of 1992 applies to both insured and non-insured Section 236 projects.

Paragraph 3-20.H.5 - Revised paragraph to read: There are sufficient subsidized units available in the area to house current project tenants who are willing to move, as well as to house individuals who no longer qualify for the housing because of the changed category.

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Paragraph 3-23.B.2 - Clarified that owners must have written occupancy standards. Also, removed the word "some" in the second sentence. Changed to read "Owners have discretion..."

Paragraph 3-23.E.6.c Note - Added that owners should not count children who are away at school who have established residency at another address as evidenced by a lease agreement.

Paragraph 3-23.G.1 - Added "(see exception for assigning a larger unit to a single person in G.2 below.)"

Paragraph 3-27.C - Added that owners may accept a signed affidavit from the remaining head of household when reasonable efforts to obtain verification have been exhausted.

Paragraph 3-32 - Added a new B to include text on access to services for persons with LEP.

Paragraph 3-33 - Added the requirements for verifying the eligibility of a student for assistance.

Exhibits 3-3 through 3-11 - Changed title of documents to reflect they are sample letters and forms and corrected text in letters and forms and chapter to reflect that all of the documents in the exhibits are samples.

Exhibit 3-5 - Changed the name of the exhibit to "Sample Citizenship Declaration".

Exhibits 3-12, 3-13, 3-14 - Removed MAT field number references.

#### F. Chapter 4, Waiting List and Tenant Selection

Corrected references or typos:

Paragraph 4-7.C.1, 4-11.A, 4-12.C.3,4-14.B.5, 4-24.B.6

Additional clarification on existing text:

Figure 4-2 - Added eligibility of college students to receive Section 8 assistance as a required topic for the Tenant Selection Plan.

Paragraph 4-4.C.1.b - Removed temporary deferral of termination of assistance as a requirement for the Tenant Selection Plan.

Paragraph 4-4.C.6 - Corrected title of paragraph to include "Title VI of The Civil Rights Act of 1964."

Paragraph 4-4.C.8 - Added that the Tenant Selection Plan must include the requirements for determining eligibility of students enrolled at an institution of higher education to receive Section 8 assistance.

.Paragraph 4-5 - Added a note that income targeting does not apply to Section 202 PAC, Section 202 PRAC and Section 811 PRAC.

Paragraph 4-7.B.5 - Added the same criteria established for other applicants when screening for drug abuse and other criminal activity must be applied when screening live-in attendants and new additions to the household.

Paragraphs 4-7.E.6 and 4-28.B - Added If the applicant is a person with disabilities, the owner must consider extenuating circumstances in the screening process where this would be required as a matter of reasonable accommodation.

Paragraph 4-9.C.2.c - Added that the applicant rejection notice must state that persons with disabilities have the right to request reasonable accommodations to participate in the informal hearing process.

Paragraph 4-11.A and Paragraph 4-12 - Corrected form number for the Affirmative Fair Housing Marketing Plan to HUD-935.2A.

Paragraph 4-12.D.4 - Added that the owner's responsibility to market projects to those least likely to apply includes marketing to the LEP population in the community.

Paragraph 4-12.F - Added guidance on updating the Affirmative Fair Housing Marketing Plan.

Paragraph 4-14.A.1 - Added in addition to providing applicants the opportunity to complete applications at the project site, owners may also send out and receive applications by mail or make reasonable accommodations for persons with disabilities, if requested.

Paragraph 4-14.A.3 - Added when applicants do not complete the race and ethnicity form owners should place a notation in the tenant file that the applicant chose not to provide the race and ethnicity certification.

Paragraph 4-16.A.1 - Added upon receipt of an application the owner must indicate the date and time received by either using a date and time stamp or writing and initialing the date and time on the application.

Paragraph 4-21 - Added as an example the applicant did not respond to information or updates because of a disability.

Paragraph 4-22.E - Added new paragraph stating the applicant's or tenant's file should be available for review by the applicant or tenant upon request or by a third party who provides signed authorization for access from the applicant or tenant.

Paragraph 4-22.F - Added new paragraph stating the owner must dispose of applicant and tenant files and records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

Paragraph 4-25.C - Added for example, an initial certification processed to move a tenant from Section 236 assistance to Section 8 assistance is counted for income targeting.

Paragraph 4-27.C.2.f - Added "for lease violations" after previous evictions.

Paragraph 4-27.D - Added unless the owner has established a geographic radius within which home visits are made (see paragraph 4-7 E.5).

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Paragraph 4-27.E.6 - Added new paragraph stating the notification requirements if an applicant is denied admission because the criminal background check reveals he/she provided false information.

Paragraph 4-28.B.1 - Added if the applicant is a person with disabilities, the owner must consider extenuating circumstances where this would be required as a matter of reasonable accommodation (see Chapter 2, Subsection 4 for information on Reasonable Accommodation.)

Paragraph 4-31.A.5 - Added noncitizen requirements do not apply to Section 202 projects with units not receiving assistance under the Rent Supplement or Section 8 programs to be consistent with paragraph 3-12.F.

Paragraph 4-31.B.2 - Clarified that prorated assistance would be provided for the family members who submitted their immigration documentation in a timely manner.

## G. Chapter 5, Determining Income and Calculating Rent

### Corrected erroneous references or typos:

Paragraph 5-6.A.3.d, 5-6.K.1, 5-6.K.3, 5-10.A.4, 5-12.A.3, 5-15.D.1, 5-25, Figure 5-5

### Additional clarification on existing text:

Paragraph 5-5.A.2 - Removed "and divide by 12" in two places in the paragraph.

Figure 5-2 - changed Note to read the earned income of a full-time student 18 years old or older who is a dependent is excluded to the extent that it exceeds \$480.

Paragraph 5-6.C - Added text to correctly reflect the treatment of income and deductions for a permanently confined family member. Also added the owner should consider extenuating circumstances for obtaining the signature of the permanently confined member on the HUD-50059.

Paragraph 5-6.D - Included text stating when student financial is included in annual income for students applying for or receiving Section 8 assistance.

Paragraph 5-6.H - Added new paragraph providing guidance on the inclusion of periodic social security payments in annual income.

Paragraph 5-6.K .4 - Added information on the treatment of Federal government pension funds paid to a former spouse.

Paragraph 5-6.O - Removed periodic payment from an asset is not income until the amount invested is recouped.

Removed the examples "Documenting That Amounts Withdrawn Are Reimbursement of Amounts Invested." Clarified when to count withdrawals as assets and when to count as income.

Paragraph 5-6.Q.3 Example - Removed the last bullet in the example relating to student financial assistance.

Paragraph 5-7.G.2.b(2) - Removed the amount the holder invested in the annuity will not be counted as income along with the example.

Paragraph 5-7.G.2.c(1) - Deleted "If total net assets exceed \$5,000" as the cash value of an annuity must be calculated regardless of the total of the net assets.

Paragraph 5-7.G.5 - Added a new paragraph on treatment of Federal Government Pensions and renumbered the remaining subparagraphs in this section.

Paragraph 5-7.G.6.b - Changed to read the cash value of the asset for mortgage or deed of trust is the unpaid principal as of the effective date of the certification.

Paragraph 5-10.C.1.- Removed the phrase (including the member who is a person with disabilities) as this was a duplicative statement within the sentence.

Paragraph 5-10.D.6 - Added past one-time nonrecurring medical expenses that have been paid in full are not applicable when calculating anticipated medical expenses at move-in.

Paragraph 5-10.D.8.k - Added see Sample Certification for Qualified Long-Term Care Insurance Expenses in Exhibit 5-4.

Paragraph 5-13.C.1.a - Added when third party verification is not possible refer to paragraph 5-19.E for documenting the file.

Paragraph 5-13.C.1.b - Removed the sentence the owner may resort to a review of documents before the two week date if the owner determines and documents that third party verification cannot or will not be obtained.

Paragraph 5-13.C.3.b - Changed to read four to six pay stubs.

Paragraph 5-13.D - Added "or signed affidavit".

Paragraph 5-15.A, B.1 and B.2 - Added that the forms must be signed at move-in and at each annual recertification.

Paragraph 5-16 - Removed the reference to Exhibit 5-8 as the exhibit has been removed. The EIV System User Manual for Multifamily Housing Program Users should be referred to for information relative to using EIV for verification of social security benefits. A future Handbook 4350.3 REV-1 update will include necessary references related to use of the EIV system.

Paragraph 5-17.B.1 - Changed to reflect that verifications are valid for 120 days.

Paragraph 5-17.B.2 - Paragraph removed regarding updating verification requests orally with a 3<sup>rd</sup> party source and renumbered the remaining paragraphs.

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Paragraph 5-23.C - Added new paragraph stating a tenant's file should be available for review by the tenant upon request or by a third party who provides signed authorization for access from the tenant.

Paragraph 5-23.E - Added new paragraph stating owners must dispose of applicant and tenant files and records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

Paragraph 5-24 Added Key Regulation 24 CFR 5.661 Section 8 project-based assistance programs: Approval for police or other security personnel to live in project.

Paragraph 5-26.C - Added reference to paragraph 9-13 for information on utility reimbursements.

Paragraph 5-26.D - Added note that minimum rent does not apply to Section 202 PAC, Section 202 PRAC or Section 811 PRAC projects.

Paragraph 5-28 - Clarified calculating rent and assistance payments for Section 811 double occupancy units, corrected calculations in examples and added new examples.

Paragraph 5-31.C - Added that the certification statements are provided on the form HUD-50059 in Appendix 7-B and removed Figure 5-8.

Paragraph 5-31.F - Added required signatures must be obtained on the HUD-50059 prior to submitting the information to CA or HUD. Also added that the owner may consider extenuating circumstances when an adult family member is not available to sign the HUD-50059.

Exhibit 5-1 - Income Inclusions (4) - Corrected language to clarify the examples are types of periodic payments included in annual income and are not income exclusions. Also included new provision (9) for inclusion in annual income of financial assistance in excess of tuition for persons enrolled as students at an institution of higher education and added under Income Exclusion (6) "see income inclusions 9), above, for students receiving Section 8 assistance.

Exhibit 5-2.A.10.d - Changed to calculate the imputed income using the cash value of the asset as of the effective date of the certification. Changed the example to agree with the text.

Exhibit 5-3 - Changed title to read "Examples of Medical Expenses That Are Deductible and Nondeductible".

Exhibit 5-3 - Cosmetic surgery - Added "However, if medical complications, e.g., infections, etc., occur as a result of the procedure that requires medical treatment, the medical treatment expenses would be treated as a medical expense deduction."

Exhibit 5-3 - Nutritional supplements and Non-prescription medicines - Changed to read in order to be eligible as a medical expense, it must be recommended in writing by a licensed health care provider that the drug is treatment for a specific condition diagnosed by a physician or health care provider.

Exhibit 5-3 - Personal use items section - Added incontinence supplies as an example.

Exhibit 5-4 - Changed title to reflect it is a sample certification form for qualified long-term care insurance expenses.

Exhibit 5-8 - exhibit removed and replaced with Exhibit 5-9.

## H. Chapter 6, Lease Requirements and Leasing Activities

Corrected erroneous references or typos:

6-3.A.4, 6-5 E.1 and 2, 6-25.F.2.b,

Additional clarification on existing text:

Paragraph 6-4.A - Note added advising that leases may need to be conveyed in languages other than English for LEP persons.

Paragraphs 6-4.B.2 and 6-5.A.3 - Added paragraphs covering recertification, termination of assistance and fraud penalties found in the model lease for subsidized programs must be added to the occupancy agreements for coops.

Figure 6-2 - Added Rent Supplement and Rental Assistance Payment (RAP) to the programs that use the Model Lease for Subsidized Programs.

Paragraph 6-4.D, 6-5.C.2, 6-12.B.2, 6-12.C.1,2 and 3 - Added contract administrators can approve lease modifications. (See paragraph 1-1 regarding CAs responsibilities.)

Paragraph 6-5.C.1 - Added Rental Assistance Payment (RAP) and Rent Supplement.

Paragraph 6-5.F.2 - Added RHS Section 515/8 projects must use the HUD Model Lease for Subsidized Programs. Also added that the owner must prepare and have approved a lease addendum containing the additional requirements required by RHS.

Paragraph 6-9.A.2 - Clarified that contract administrators review or approval of house rules is not required.

Paragraph 6-9.B.5 - Added contract administrators may address issues related to House Rules and revised to read "that house rules circumvent or conflict with HUD requirements (including civil rights and Fair Housing)."

Paragraph 6-10.A.4 - Added "to see Glossary" for definition of assistance animals.

Paragraph 6-11.B.4 - Added the HUD-50059 must be filed in the tenant file to reflect the correct gross rent and assistance payment.

Paragraph 6-12.B.1 - Clarified lease changes provided by HUD Headquarters must be incorporated into the lease

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and do not require approval by the HUD Field Office or Contract Administrator.

Paragraph 6-14.B.2 - Added Contract Administrator.

Paragraph 6-15.H - Removed the reminder regarding the security deposit and special claims as it no longer applies.

Paragraph 6-19 - Added as a Key Regulation, 24 CFR 2.278 Mandatory Meals in Multifamily Rental or Cooperative Projects for the Elderly or Handicapped.

Paragraph 6-23.B - Added new paragraph stating owners cannot charge tenants for late payment of rent in Section 202/8, Section 202 PAC, Section 202 PRAC and Section 811 PRAC projects. Renumbered the remaining paragraphs.

Paragraph 6-25 - Rearranged the order of this paragraph.

Paragraph 6-25.A - Changed to read "an owner may charge tenants for allowable charges identified under subparagraphs B, C, D and E below."

Paragraph 6-25.B.3 - Added a Note stating owners cannot charge tenants for returned checks for insufficient funds at Section 202/8, Section 202 PAC, Section 202 PRAC and Section 811 PRAC projects.

Paragraph 6-27.B.2 - Added Exhibit 6-6 provides "examples of" more detailed information that may be provided to the tenant during the briefing.

Paragraph 6-27.C.2 - Added when conducting the briefing of new tenants, the information may also have to be conveyed in languages other than English for LEP persons, in accordance with HUD guidance.

Paragraph 6-29.C.3 - Added the inspection form must include the statement "The unit is in decent, safe and sanitary condition."

Exhibit 6-2 - Removed the addendum to RHS lease requirements and added the Required RHS 515 Section 8 Lease Provisions - RHS 515/8 projects must now use the HUD Model Lease for Subsidized Programs.

Exhibit 6-6 - Changed the name of the exhibit to reflect that the exhibit is examples of tenant briefing topics. Added under Annual/Interim Recertification "Failure to recertify for Section 202 PRAC and Section 811 PRAC may result in termination of tenancy"; under General Rules added "No" installation of washers; and added in the introductory language this information may have to be conveyed in languages other than English for LEP persons, in accordance with HUD guidance.

## I. Chapter 7, Recertification, Unit Transfers, and Gross Rent Changes

Corrected erroneous references or typos:

7-6.B, 7-6.D, 7-7.B, 7-7.B.2.b(7), 7-8.B.1, 7-8.D.3.c, 7-11-A.2, 7-11.A.4, 7-16.A.1, 7-16.A.2 Note, Figure 7-2 Recertification Steps changed to Figure 7-3, Figure 7-3 Recertification Notice Due Dates changed to Figure 7-4

Additional clarification on existing text:

Paragraph 7-4.A.3 - Added tenants must sign consent forms and asset declaration forms.

Paragraph 7-4.A.4 - HUD fact sheets for determining rent are to be provided to the tenant at annual recertification.

Paragraph 7-4.A.5 - Added information on conducting criminal background checks on current tenants.

Paragraph 7-4.A.6 - Removed "including those tenants not receiving rental assistance."

Paragraph 7-4.D and 7-4.E - Separated paragraph 7-4.D into two paragraphs in order to clarify the restriction of occupancy of adult children after initial occupancy in Section 202/8, Section 202 PRAC and Section 811 PRAC projects.

Figure 7-2 - New comparison chart for Live-in Aide and Adult Child in 202/8 and 202 PRAC projects.

Paragraph 7-6.A - Added when assistance payments are terminated after 15 months for past due recertifications, the owner must follow the guidance in paragraph 7-8 for determining the effective date for changes in the TTP, tenant rent and assistance payment when the recertification is delayed.

Paragraph 7-7.B - Added new sentence to the Reminder Notices must also be conveyed in languages other than English for LEP persons in accordance with HUD guidance.

Paragraph 7-8.B.2 Example - Added Owner sends tenant Second Reminder Notice on 6/1.

Paragraph 7-8.D.3.b - Added a note stating Section 236 tenants must pay the Section 236 market rent and in a BMIR project the tenant must pay the BMIR market rent when the tenant responds for recertification after the recertification anniversary date.

Paragraph 7-8.D.4 - Added If the applicant is a person with disabilities, the owner must consider extenuating circumstances where this would be required as a matter of reasonable accommodation.

Paragraph 7-10.A.2 Note - Changed paragraph to reference paragraphs 7-4.D and E for eligibility of adult children after initial occupancy in Section 202/8, Section 202 PRAC and Section 811 PRAC projects.

Paragraph 7-11.B - Added a new paragraph and examples addressing processing interim recertifications when a tenant reports an increase in income that does not increase the household's cumulative income by \$200 or more a month.

Paragraph 7-15.C - Added a new paragraph addressing in the case of a unit transfer, both the change in rent and assistance payment are effective on the day that the tenant actually occupies the new unit.

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Paragraph 7-15.D - Changed to owners must develop policies.

Paragraph 7-15.E - Changed to owners are obligated to transfer tenants as a reasonable accommodation.

Paragraph 7-16.B - Added that owners must pay the costs of a unit transfer if the tenant is being transferred as a reasonable accommodation unless doing so would be an undue financial and administrative burden for the owner.

Paragraph 7-16.C - Added owners are required to describe the unit transfer policies in their Tenant Selection Plan and added references to chapter 4 regarding these requirements.

Paragraph 7-17.B - changed the reference for comment and posting to 24 CFR 245.

Paragraph 7-17.E. - Added a copy of the HUD-50059 that reflects any change to the tenant rent, utility reimbursement, total tenant payment or assistance payment must be placed in the tenant file.

Paragraph 7-17.F - Added change in utility reimbursement requires the tenant's signature.

Exhibits 7-1, 7-2, 7-3 and 7-4 - Changed the title of the exhibits to reflect they are sample Notices and the language in the exhibits to meet the requirements in the text of Chapter 7.

Exhibits 7-5, 7-6, 7-7 and 7-8 - Changed the title of the exhibits to reflect they are sample documents

## J. Chapter 8, Termination

Corrected erroneous references or typos:

Paragraph 8-5.E, 8-13.A.3.c

Additional clarification on existing text:

Paragraph 8-5.E Note - Added citizenship requirements do not apply to Section 202 PAC and Section 221(d)(3) BMIR.

Paragraph 8-5.F - Added assistance must be terminated if a student enrolled at an institution of higher education does not meet the eligibility requirements for Section 8 assistance.

Paragraph 8-6.A.3.e - To be in compliance with the lease, added the notification sent to the tenant when terminating assistance should include the tenant has a right to request, within 10 calendar days from the date of the notice, a meeting with the owner to discuss the proposed termination of assistance.

Paragraph 8-6.A.4 - Changed the word "must" to "should".

Paragraph 8-13.B.2.c.(5) Added new paragraph stating the termination notice must advise that persons with disabilities have the right to request reasonable accommodations to participate in the hearing process.

Paragraph 8-14.B - Added NOTE: Owners should be careful to implement consistently all criminal background checks and decision-making procedures. Owners are required to have their procedures included as part of their Tenant Selection Plan (see Chapter 4, Figure 4-2).

Paragraph 8-14.C - Incorporated guidance on the procedures for accessing criminal records from Notice H 02-22.

Paragraph 8-17 - Paragraph 8-17 was separated into two paragraphs. Paragraph 8-17 now addresses the procedures to follow for discrepancies and errors and a new paragraph 8-18 was added addressing the procedures to follow when fraud is detected.

## K. Chapter 9, Required HUD-50059 and Subsidy Data Reporting

Corrected erroneous references or typos:

9-6.E, 9-7.C, 9-7.D, Figure 9-3, 9-9.C.6, 9-12.A, 9-12.C, 9-12.E.4.a, e and f

Additional clarification on existing text:

Figure 9-1 Note - Removed note relating to HUD-50059 being eliminated as it has been reinstated.

Paragraph 9-5.A.1 - Removed "The Contract Administrator is the entity who issues subsidy payments for the assistance contract."

Paragraph 9-5.A.3.a and b. - Removed references to Appendices and added a reference to the MAT User's Guide.

Paragraph 9-5.A.4.b - Added extenuating circumstances for signing HUD-50059 and added copies of the HUD-52670-A Parts 1 and 2 and related and supported forms must be retained.

Paragraph 9-5.A.5.b - Revised the section on services that may be provided by a Service Bureau.

Figure 9-2 - Added special claims must be submitted for payment within 90 calendar days of the approval date and that HUD-50059 data should be submitted throughout the month as the completed data is available. Also removed the sentence addressing failure to submit data within 60 days. Clarified that the time frames are calendar days.

Paragraph 9-5.B - Removed text discussing specific TRACS internet applications.

Paragraph 9-6.B - Added the HUD-52670-A part 1 and 2 must have original signatures.

Paragraph 9-7.C - Consolidated text and removed all MAT references and Figures 9-3, 9-4, 9-5- and 9-6.

Paragraph 9-7.D - Moved text regarding resources for correcting TRACS errors into a new 9-7.D from 9-8. Removed other information regarding the MAT. Figure 9-7 was changed to Figure 9-3. Changed references from TRACS Hotline to Multifamily Help Desk Hotline

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Paragraph 9-7.E.1 - Added upon request, the files must be made available for review by HUD or the Contract Administrator.

Paragraph 9-7.E.3 - Added new paragraph stating owners must dispose of all files and records in a manner that will prevent any unauthorized access to personal information, e.g., burn, pulverize, shred, etc.

Paragraph 9-8 - New paragraph "The HUD-50059". Moved text on MAT information from Appendix 6 that is not available from other sources. Referenced user to consult the MAT User's Guide for additional information.

Paragraph 9-9 - Changed TRACS Help Desk hotline to Multifamily Help Desk hotline.

Paragraph 9-12.B.2 - Added owners must keep a copy of the signed HUD-52670 and supporting documents.

Paragraph 9-12.B.3 - Added copies of signed HUD-50059 consistent with the HUD-52670-A must be kept in the tenant file. Signed HUD-52670 and supporting documents must also be kept.

Paragraph 9-12.B.5 - Added note if an owner elects to grant rent concessions they cannot bill HUD for either the rental assistance or the tenant's portion of the rent for the month or months the concession is given."

Paragraph 9-12. C.2 - Added prior to submitting requests for assistance payments or special claims all of the supporting tenant data must be in TRACS.

Paragraph 9-12.C.3 - Removed 9-12 C.3 a-e listing the information to be submitted on the HUD-52670.

Paragraph 9-12.E.4.g - Replaced subparagraph g with instructions on calculating an adjustment involving two partial months.

Paragraph 9-12.F.1 and .4 - Deleted statements that are not part of the certification on the HUD-52670.

Paragraph 9-13.B.1 - Added the requirement to return undisbursed utility reimbursements to HUD.

Paragraph 9-14 - Paragraph updated to reflect current requirements for processing special claims.

Paragraph 9-15.A - Removed "unassisted" before basic rent and "or the new authorized rent under the Section 8 mark-up-to-market program."

L. Appendices:

Appendix 1 - form HUD-935.2 replaced with form HUD-935-2A.

Appendix 2 - Appendix removed - will be replaced when new Systematic Alien Verification for Entitlements (SAVE) manual is updated by DHS. Space holder in place as Appendix 2-A. New Appendix 2-B added to include the instructions for completing and mailing DHS Form G 845S and corrected telephone number for persons to call for questions on the SAVE program.

Appendix 4-A, 4-B and 4-C - Added alphabetical references corresponding to guidance in appendices 4-E, 4-F and 4-G

Appendix 4-A - Revised language in paragraph 20, Access by Landlord.

Appendix 4-A - Revised language in Paragraph 23 as language currently in lease is not supported by statute.

Appendix 4-B - Corrected paragraph references in Paragraph 25 to 10 or 24 and corrected the spelling of the word waiver in Paragraph 26.

Appendices 4-E, 4-F and 4-G New appendices added to provide guidance on filling in the blank spaces in the model leases. Corresponding alphabetical references added to Appendices 4-A, 4-B, 4-C and 4-D.

Appendix 5 - Added "the unit is in decent, safe and sanitary condition" and "this unit to be in decent, safe and sanitary condition. Any deficiencies are noted above."

Appendix 6 - Appendix removed and relevant text moved to Chapter 9, Paragraph 9-8. The former Appendix 15 is now Appendix 6, 6-A, 6-B, 6-C. Corrected social security references in new 6-A and 6-B. Also added in paragraph 4 of Appendix 6-B "that the person has no other disability which meets the above definition" for clarification purposes. Also added a Note "This information may have to be conveyed in languages other than English for LEP persons in accordance with HUD guidance.

Appendix 7-A - Removed in field Police or Security Tenant that the TTP must be 50% of contract rent and in the field "date that head of household signed" added "and all adult family members" and the date for TRACS is the date the head of household signed. Changed all of the 59 Field number references to the MAT field number references from the MAT User's Guide. Added the form HUD-50059 as Appendix 7-B.

Appendix 8 - Corrected the rounding procedures in 2. Examples of Rounding to agree with Paragraph 5-5 B.1.

Appendix 13 - Inserted form HUD-93104 with updated OMB expiration date of 5/31/2010.

Appendix 14 - Changed the date on all fact sheets from January 2002 to June 2007 and revised to add changes in regulations relating to student restrictions for section 8 assistance.

Appendix 15, 15 A, 15 B, 15 C - now Appendix 6, 6 A, 6 B, 6 C.

M.Glossary:

Removed definition for 50059 Data Requirements

Added definition for Public Housing Agency and definitions relating to student restrictions for Section 8 assistance.

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#### 4. Filing Instructions

Because changes to the text in Chapters 2 through 9 affect page numbering, it is necessary to reissue the entire chapters.

##### Handbook 4350.3 REV-1 CHG-1

Remove :

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Chapter 8 (whole chapter including exhibits)

Chapter 9 (whole chapter including exhibits)

Glossary

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Chapter 9 (whole chapter including exhibits)

Glossary

Appendices 1, 4-A, 4-B pages 8 and 9, 5 page 4,  
6 (formerly Appendix 15), 7, 8 page 1, 13, 14

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Assistant Secretary for Housing --  
Federal Housing Commissioner

Distribution: W-3-1,