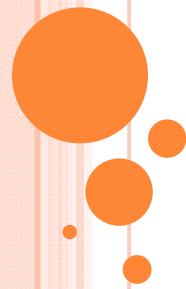


HUD HANDBOOK 4350.3 REV 1

CHANGE 3



Presented by: Karen D. Burkett
Real Estate Management Specialists, Inc.
322 2nd Avenue West, Suite B
Kalispell, MT 59901
406-755-0961
kburkett@montanasky.net

CHANGE 3

- Changes are designated by (*) at the beginning and ending of the change
- Chapter 9 is re-issued in its entirety.



CHAPTER 1 - INTRODUCTION

- Paragraph 1-7.B.3 Page 1-11
- *<http://hudatwork.hud.gov/po/e/FEReview/cr-review.cfm>*



CHAPTER 1 - INTRODUCTION

- Paragraph 1-7.B.5 Page 1-12
- *<http://www.hud.gov/offices/hsg/mfh/trx/trxsum.cfm>*



CHAPTER 2 – CIVIL RIGHTS AND NONDISCRIMINATION REQUIREMENTS

- Paragraph 2-5.D.1.a. Page 2-7
- *subsequent to Feb. '72 or the plan is required by a housing assistance contract. However, these owners are required to*



CHAPTER 2 – CIVIL RIGHTS AND NONDISCRIMINATION REQUIREMENTS

- Paragraph 2-26.E Page 2-21
- *<http://www.usdoj.gov/crt/ada/publicat.htm>.*



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-4 Page 3-3
- *3-13, Determining Eligibility of Students for Assistance*



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-6.E.3 Page 3-8
- *Live-in aide*
- Page 3-9 *(2) To qualify as a live-in aide: (a) The owner must verify the need for the live-in aide.



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-9 cont'd Verification that the live-in aide is needed to provide the necessary supportive services essential to the care and well-being of the person must be obtained from the person's physician, psychiatrist or other medical practitioner or health care provider. The Owner must approve a live-in aide if needed as a reasonable accommodation in accordance with 24CFR part 8 to make the program accessible to and usable by the family member with a disability.



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-9 cont'd The Owner may verify whether the live-in aide is necessary only to the extent necessary to document that applicants or tenants who have requested a live-in aide have a disability-related need for the requested accommodation. This may include verification from the person's physician, psychiatrist or other medical practitioner or health care provider. The Owner may not require applicants or tenants to provide access to confidential medical re



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-9 cont'd The Owner may not require applicants or tenants to provide access to confidential medical records or to submit to a physical examination. (b) Expenses for services proved by the live-in aide, such as nursing services (dispensing of medications or providing other medical needs) and personal care (such as bathing or dressing), that are out-of-pocket expenses for the tenant and where the tenant is not reimbursed for the expenses from other sources



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-9 cont'd (b) Expenses for services proved by the live-in aide, such as nursing services (dispensing of medications or providing other medical needs) & personal care (such as bathing or dressing), that are out-of-pocket expenses for the tenant & where the tenant is not reimbursed for the expenses from other sources, are considered as eligible medical expenses. Homemaker services such as housekeeping & meal preparation are not eligible for medical expenses.



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-10 Qualifies for occupancy only as long as the individual needing supportive services requires the aide's services and remains a tenant. The live-in aide may not qualify for continued occupancy as a remaining family member. Owners are encouraged to use a HUD-approved lease addendum that denies occupancy of the unit to a live-in aide after the tenant, for whatever reason, is no longer living in the unit. The lease addendum should also give the owner the right to evict a live-in aide who violates

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-10 cont'd The lease addendum should also give the owner the right to evict a live-in aide who violates any of the house rules. (d) Income of a live-in aide is excluded from annual income. (e) Must meet the screening criteria discussed in Paragraph 4-7.B.5 (3) A relative may be considered to be a live-in aide if they meet the requirements of 1, above, especially 1(c)*

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-12.H Page 3-23

- *Exhibit 3-3*.



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-24 1. Provide to the Multifamily Systematic Alien Verification for Entitlements (SAVE) Administrator at HUD Headquarters the complete name, address and contact information of the owner, or management agent acting on the owner's behalf, and a list of their project numbers and/or contract numbers.



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-24 cont'd 2. Upon receipt of the access code, user ID and temporary password from the Multifamily SAVE Administrator, the owner is able to access the SAVE system at www.vis-dhs.gov and use the automated, web-based SAVE system to obtain primary and in many instances, secondary verification. 3. Multiple users can use a single computer, but since the program is web-based, SAVE can be accessed from any computer that has internet access.

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Page 3-24 cont'd 4. If the owner does not have internet access, it will be necessary to verify immigration status using the paper process. A completed Document Verification Request, Form G-845S, and photocopies of the immigration documentation must be mailed to the local immigration office to receive verification of validity of the documents.*

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-12.L.1.b.
 - Updated information on access to the SAVE system
- Page 3-29 ***Owners must conduct primary verification through the SAVE web-based program, the Department of Homeland Security (DHS) automated system. After obtaining an access code, user ID and temporary password from the Multifamily SAVE Administrator at HUD Headquarters, owners can access SAVE with a personal computer**

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-13.A.2.f. Page 3-37
- ***November 30, 2005***

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-13.B Page 3-39
- 1. *This paragraph applies to the Rent Supplement, RAP, Section 221 (d)(3) BMIR, Section 236, Section 202 PAC, Section 202 PAC, Section 202 or Section 811 PRAC programs*

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Paragraph 3-13.B Page 3-40
- *The full amount of financial assistance paid directly to the student or to the education institution & amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under the federal work-study programs . . . Are excluded from annual income for the programs listed above

CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Exhibit 3-12 –

- Clarified that the TTP used in A.2. is the TTP the family would pay without prorations



CHAPTER 3 – ELIGIBILITY FOR ASSISTANCE AND OCCUPANCY

- Exhibit 3-14

- Clarified that the Section 236 basic rent is to be used in the calculations



CHAPTER 4 – WAITING LIST AND TENANT SELECTION

- Figure 4-2 Page 4-4
- *Eligibility of students



CHAPTER 4 – WAITING LIST AND TENANT SELECTION

- Paragraph 4-4.C.8 Page 4-7
- *Eligibility of students*



CHAPTER 4 – WAITING LIST AND TENANT SELECTION

- Paragraph 4-5.A Note Page 4-8
- *NOTE: Income targeting does not apply to the Section 202 PAC, Section 202 PRAC, Section 811 PRAC, RAP, Rent Supplement*

CHAPTER 4 – WAITING LIST AND TENANT SELECTION

- Paragraph 4-14.A.3 Page 4-30
- *HUD-27061-H*

CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Figure 5-2 Page 5-7
- *(including foster adult)*
- *Foster child under 18 – count other income but don't count employment income.



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-6.C. Page 5-8
- *Deployment of Military Personnel to Active Duty – Owners are encouraged to be as lenient as responsibly possibly to support affected households in situation where persons are called to active duty in the Armed Forces.



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-6.C. Page 5-8 cont'd
- **Specific actions that owners should undertake to support military households include, but are not limited to**



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Page 5-8 cont'd *1. Allow a guardian to move into the assisted unit on a temporary basis to provide care for any dependents the military person leaves in the unit. Income of the guardian temporarily living in the unit for this purpose is not counted as income.



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Page 5-8 cont'd *2. Allow a tenant living in an assisted unit to provide care for any dependents of persons called to active duty in the Armed Forces on a temporary basis, as long as the head and/or co-head of household continues to serve in active duty. Income of the child (e.g., SSI benefits, military benefits) is not counted as income of the person providing the care.



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Page 5-8 cont'd *3. Exclude from annual income special pay received by a household member in the Armed Services who is exposed to hostile fire.
4. Give consideration for any case involving delayed payment of tenant rent. Determine whether it is appropriate to accept a late payment



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Page 5-8 cont'd *4. Allow the assistance payment and the lease to remain in effect for a reasonable period of time (depending on the length of deployment) beyond that required by the Soldier's and Sailors' Civil Relief Act of 1940, 50 U.S.C. 501-591, even though the adult members of the military family are temporarily absent from the assisted unit.*



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-6.K.4. (now 5-6.L.) Page 5-13
- 4. *Federal Government/Uniformed Services pension funds paid to a former spouse*



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Page 5-13 cont'd
- *Federal Government/Uniformed Services pension funds paid directly to*



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-6.K.5. (now 5-6.L.) Page 5-15
- *Other State, local government, social security or private pensions paid to a former spouse



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- ▶ Page 5-15 cont'd *Other state, local government, social security or private pension funds paid directly to an applicant's/tenant's former spouse pursuant to the terms of a court decree of divorce, annulment, or legal separation are also not counted as annual income and should be handled in the same manner as 4, above. The decree and copies of statements should be obtained in order to verify the net amount of the pension that should be applied in order to determine eligibility and calculate rent.*

CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-7.G.5 Page 5-35
- *Federal Government/Uniformed Services Pensions – In instances where the applicant/tenant is a receiving a pension that is*

CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-7.G.6 Page 5-35
- *Other state, local government, social security or private pensions. Other state, local government, social security or private pensions where pensions are reduced due to a court ordered settlement in connection with a divorce, annulment of marriage, or legal separation and paid directly to the former spouse are not counted as income for the applicant/tenant and should be handled in the same manner as 5 above*



CHAPTER 5 – DETERMINING INCOME AND CALCULATING RENT

- Paragraph 5-7.G.8.c. Page 5-36 *
- However, if the owner elects to only include the income for a partial remaining year as show in the example below, an interim recertification should not be conducted.*



CHAPTER 5 – DETERMING INCOME AND CALCULATING RENT

- Paragraph 5-15.B.1 Page 5-56
- *Each family member who is at least 18 years of age and the head, spouse or co-head, regardless of age, must sign this form at move-in, initial and at each annual recertification. The form must also be signed when a new adult member joins the household.*

CHAPTER 5 – DETERMING INCOME AND CALCULATING RENT

- Paragraph 5-26.D. Page 5-67
- *NOTE: Minimum rent does not apply to Section 202 PAC, Section 202 PRAC, Section 811 PRAC, RAO, Rent Supplement, Section 221(d)(3) BMIR or Section 236 programs.*

CHAPTER 5 – DETERMING INCOME AND CALCULATING RENT

- Exhibit 5-1, Page 82 paragraph 9
- *financial assistance*
- *(Note: This paragraph also does not apply to a student who is living with his/her parents who are applying for or receiving Section 8 assistance.)*



CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Paragraph 6-5.A.4 Page 6-7
- *HUD-50059-A signed by the owner and, when applicable, by the tenant.*



CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Paragraph 6-9.B Page 6-20
- *Tenants conducting incidental business in their unit. Owners may establish house rules covering tenants who conduct incidental business, such as computer work, limited babysitting, etc., in their unit.



CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Page 6-20 cont'd
- *The rules would deal with or prohibit such things as the:
 - Amount of traffic (both foot and motor vehicle) associated with such incidental business income
 - Amount of noise associated with such incidental income
 - Prohibition of signs in unit windows
 - Use of parking within the project grounds for such incidental business use
 - Hours such as incidental work could be performed if such performance could disturb the rights or comfort of the neighbors, and
 - Other such reasonable rules.



CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Page 6-20 cont'd
- *NOTE: Tenants who conduct incidental business in their unit and receive incidental business income are not in violation of paragraph 13, General Restrictions, of the Model Lease for Subsidized Programs.*



CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Paragraph 6-11.B.2 Page 6-25
- *NOTE: The printout of the HUD-50059 or HUD-50059-A serves as an addendum identifying the change in rent.*

CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Paragraph 6-11.B.4 Page 6-26
- *tenant with a copy of the revised HUD-50059 or HUD-50059-A. A copy of the revised HUD-50059 or HUD_50059-A must also be filed in the tenant's file to reflect the correct gross rent and assistance payment

CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Figure 6-8 Page 6-41
- *Lease attachments, when applicable (e.g., HUD-50059, HUD-50059-A, move-in inspection report, house rules, lead-based paint disclosure form, pet rules, and live-in aide addendum);*

CHAPTER 6 – LEASE REQUIREMENT AND LEASING ACTIVITIES

- Exhibit 6-6
- *HUD-50059-A signed by the owner and, when applicable, by the tenant.*

CHAPTER 7 – RECERTIFICATION, UNIT TRANSFERS, AND GROSS RENT INCREASES

- ▶ Paragraph 7-6 Page 7-8
- ▶ *Owners must repay, by making an adjustment to the voucher, the assistance collected for the 3-month period from the date the annual recertification should have been effective through the end of the 15th month when assistance was terminated. Once the new certification is processed,*

CHAPTER 7 – RECERTIFICATION, UNIT TRANSFERS, AND GROSS RENT INCREASES

- Paragraph 7-11.A.2 Page 7-23
- *An increase in a family's cumulative income for \$200 or more a month.*

CHAPTER 7 – RECERTIFICATION, UNIT TRANSFERS, AND GROSS RENT INCREASES

- Paragraph 7-17.D and E Page 7-30
- D.*Owners must provide the tenant a new HUD-50059-A reflecting all changes in rents, utility allowances, total tenant payment, tenant rent, & assistance payments. E.A copy of the HUD-50059-A reflecting any change in the tenant rent, utility reimbursement, total tenant payment or assistance payment must be placed in the tenant file.

CHAPTER 7 – RECERTIFICATION, UNIT TRANSFERS, AND GROSS RENT INCREASES

- Paragraph 7-17.F Page 7-30
- Tenants need only sign and date the UD-50059-A if the gross rent change results in a change in the amount of rent the tenant is required to pay or in the utility reimbursement the tenant will receive. Owners must sign and date the HUD-50059-A.*

CHAPTER 8 - TERMINATION

- Paragraph 8-5.F Page 8-4
- *A student enrolled at an institution of higher education does not meet the eligibility requirements for assistance. (See Chapter 3, paragraph 3-13.)*

CHAPTER 8 - TERMINATION

- Paragraph 8-10 Page 8-9
- *If a tenant fails to pay the required rent or if there are tenant damages to the unit, an*

CHAPTER 8 - TERMINATION

- Paragraph 8-14.C.13 and 14 Page 8-20
- Criminal records obtained by the PHA are to be maintained confidentially, not misused or improperly disseminated; and destroyed upon completion of the originally intended use. When destroying records of criminal background in accordance with 24 CFR 5.903(g), the PHA should make a notation in the tenant file that includes the date the records are destroyed and a statement that the records were destroyed for purposes of confidentiality.

CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Chapter 9 reissued in its entirety to incorporate inclusion of TRACS 202C requirements



CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- ▶ Paragraph 9-8.C Page 9-13
- ▶ *Actions for which owners **MUST** complete the **HUD-50059-A**
 - ▶ Move out
 - ▶ Termination of assistance
 - ▶ Unit transfer
 - ▶ Gross rent change



CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Page 9-13 cont'd.
- **NOTE:** the owner must sign and date the HUD-50059-A. The head of household must sign and date the completed HUD-50059-A when there is a change in the amount of rent the household must pay, a change in the utility reimbursement, when there is a unit transfer and when required by state or local law. A copy of all HUD-50059-A's must be retained in the tenant file.



CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Page 9-13 cont'd.
- **NOTE:** Tenant signatures for gross rent changes affecting the rent the household must pay or utility reimbursement must be obtained within 60 days from the date the gross rent change is implemented by the owner, as evidenced by the owner's submission of the voucher whereby the owner begins vouchering for assistance based on the new rents. Signatures for a unit transfer or when required by state or local law must be obtained before submitting the data to the Contract Administrator or TRACS



CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Page 9-13 cont'd.
- **NOTE:** For processing unit transfers and gross rent increases in TRACS, refer to the instructions posted with the HUD-50059 and HUD-50059-A on HUDCLIPS at <http://www.hud.gov/offices/adm/hudclips/forms/> or the MAT Users Guide posted at <http://www.hud.gov/offices/hsg/mfh/trx/trxdocs.cfm>.*

CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- ▶ Paragraph 9-12.D.2 Page 9-18
- ▶ *When the total Regular Assistance Payments on the voucher for any given month is a negative amount, the owner must deposit this amount into the property's Residual Receipts account on a monthly basis.

CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Page 9-18 cont'd. *When both the total Regular Assistance Payments and the total Adjustments to Regular Assistance Payments on the voucher for any given month are negative amounts, the owner must deposit the total negative amount of Regular Assistance Payments into the property's Residual Receipts account and make an adjustment on the next scheduled voucher to repay HUD the amount of the total negative Adjustments to Regular Assistance Payments.



CHAPTER 9 – REQUIRED HUD-50059 AND SUBSIDY DATA REPORTING

- Page 9-18 cont'd. c. *When the total Regular Assistance Payments on a voucher for any given month is a positive amount and both the total Adjustments to Regular Assistance Payments and the Total Subsidy Authorized are negative amounts, an adjustment must be made on the next scheduled voucher to repay HUD the amount in Total Subsidy Authorized.*



GLOSSARY

- Page 22
- *Operating Rent (PRAC) – The rent approved by HUD to cover the operating expenses at a PRAC project.*



GLOSSARY

- Page 33
- *Total Tenant Payment – The total amount the HUD rent formula requires the tenant to pay toward the gross rent. Total Tenant Payment is computed in accordance with the formula in Exhibit 5-8.*



APPENDICES

- Appendix 4

- Separated appendix contents for ease in printing the leases and instructions for completing the leases



APPENDICES

- Appendices 4-E, 4-F, 4-G

- Changed the lease term instructions in Paragraph 2 of Appendix 4-E and Paragraph 1 of appendices 4-F and 4-G

- Page 1 of 3, App. 4-E and Page 1 of 2, Of 4-F and 4-G **Paragraph 2: Length of Time (Term).** Refer to Chapter 6, Figure 6-3 for the Initial and renewal lease terms by program type.



APPENDICES

- Page 1 of 3, App. 4-E and Page 1 of 2, 4-F and 4-G cont'd. **F and G – fill in the beginning and ending dates of the lease.** The definition of the initial term of the lease is for twelve calendar months beginning January 1 and ending December 31; or 12 calendar months beginning at any point, e.g., beginning May 15, 2008 and ending May 14, 2009. For localities where the practice is to end the date at the end of the month the initial lease term would be beginning May 15, 2008 and ending May 31, 2009.*

EXHIBITS

- Added links to Exhibits in Chapters 2,3,4,5 and 7

ADD THE FOLLOWING FORMS TO THE REFERENCED APPENDICES

- Appendix 7 – 7C
 - HUD-50059-A, Owner's Certification of Compliance with HUD's Tenant Eligibility and Rent Procedures – Partial Certification
- Appendix 10
 - HUD-52670-A Part 3, Adjustments to Schedule of Tenant Assistance Payments Due;
 - HUD-52670-A Part 4, Misc. Accounting Request for Schedule of Tenant Assistance Payments Due
 - HUD-52670-A, Part 5, Approved Special Claims for Schedule of Tenant Assistance Payments Due.