Iowa Finance Authority
INVESTING IN HOME AND COMMUNITY

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MANAGEMENT BULLETIN #003

TO: Owners/Agents of IFA Section 8 Properties

FROM: Roger Brown, Director, Section 8 Contract Administration

DATE: 11 February 2003

SUBJECT: Model Lease Addendum

The Department of Housing and Urban Development (HUD) issued newly revised lease addenda to assist property managers and owners in the implementation of the newly revised Model Lease issued 18 July 2003.

In a transmittal cover signed by Frederick Tombar III on 20 October 2002, owners and agents are advised the new revised model leases issued in Change 30 must be used for all new admissions. Each lease addendum contains all of the new lease provisions. The lease for current tenants that are not on a month-to-month lease, or the appropriate attached lease addendum for tenants on a month-to-month lease, must be executedby no later than the time of the next scheduled annual recertification and no sooner than the 60-day notice requirement.

The 60-day notice requirement is discussed in HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 4, paragraph 4-6.b.(2).

Please feel free to contact your IFA Asset Specialist or your HUD Project Manager if you have any questions relating to these attached lease addenda.

MEMORANDUM FOR: Regional Directors
Multifamily Hub Directors
Program Center Directors
Owners and Management Agents of Project-Based Assisted Properties
Contract Administrators
Performance Based Contract Administrators

FROM: Frederick Tombar III, Acting Deputy Assistant Secretary for Multifamily Housing Programs, HT

SUBJECT: Revised Model Leases - Appendix 19a, 19c, 19d, and 19e in HUD Handbook 4350.3

This memorandum is to provide the attached model lease addenda and further guidance for executing the revised HUD model leases issued in Handbook 4350.3, Change 30, issued on July 18, 2002. As a result of Change 30, several questions and issues regarding implementation of the revisions were raised that require additional clarification.

The revised model leases issued in Change 30 must be used for all new admissions. Each lease addendum contains all of the new lease provisions. The lease for current tenants that are not on a month-to-month lease, or the appropriate attached lease addendum for tenants on a month-to-month lease, must be executed by no later than the time of the next scheduled annual recertification and no sooner than the 60-day notice requirement. The 60-day notice requirement is discussed in HUD Handbook 4350.3, Occupancy Requirements of Subsidized Multifamily Housing Programs, Chapter 4, paragraph 4-6.b.(2) which states the following:

Before implementing lease changes, owners must:

> **Send the tenant the approved, proposed modification at least 60 days before the proposed effective date. Owners must include a letter clearly stating the tenant can accept the modification or move, but that a response is due within 30 days.**

Since the revisions to the lease are mandated by HUD, no further approval from the local HUD office or the Contract Administrator is necessary.

If you have any questions regarding this memorandum, please contact Cynthia Thomas at (202) 708-3000, extension 3686.

Attachments

ADDENDUM TO LEASE

For Subsidized Programs

This Addendum (Addendum or Agreement) amends the Lease signed on _____. In the event of a conflict between the provisions of the Attached Lease and this Addendum, the provisions of this Agreement shall be controlling.

12. Restrictions on Alterations:

No alteration, addition, or improvements shall be made in or to the premises without the prior consent of the Landlord in writing. The Landlord agrees to provide reasonable accommodation to an otherwise eligible tenant's disability, including making changes to rules, policies, or procedures, and making and paying for structural alterations to a unit or common areas. The Landlord is not required to provide accommodations that constitute a fundamental alteration to the Landlord's program or which would pose a substantial financial and administrative hardship. See the regulations at 24 CFR Part 8. In addition, if a requested structural modification does pose a substantial financial and administrative hardship, the Landlord must then allow the tenant to make and pay for the modification in accordance with the Fair Housing Act.

13d. General Restrictions:

The Tenant agrees not to have pets or animals of any kind in the unit without the prior written permission of the Landlord, but the landlord will allow the tenant to keep an animal needed as a reasonable accommodation to the tenant's disability, and will allow animals to accompany visitors with disabilities who need such animals as an accommodation to their disabilities; or

23c. Termination of Tenancy:

The Landlord may terminate this Agreement for the following reasons.

3. drug related criminal activity engaged in on or near the premises, by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person under the tenant's control;

4. determination made by the Landlord that a household member is illegally using a drug;

5. determination made by the Landlord that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents;

6. criminal activity by a tenant, any member of the tenant's household, a guest or another person under the tenant's control:

   a. that threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including

      property management staff residing on the premises); or

   b. that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises;

7. if the tenant is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that in the case of the State of New Jersey, is a high misdemeanor;

8. if the tenant is violating a condition of probation or parole under Federal or State law;

9. determination made by the Landlord that a household member's abuse or pattern of abuse of alcohol threatens the health, safety, or right to peaceful enjoyment of the premises by other residents;

10. if the Landlord determines that the tenant, any member of the tenant's household, a guest or another person under the tenant's control has engaged in the criminal activity, regardless of whether the tenant, any member of the tenant's household, a guest or another person under the tenant's control has been arrested or convicted for such activity.

28. Tenants' rights to organize:

The Landlord agrees to allow tenant and tenant organizers to conduct on the property the activities related to the establishment or operation of a tenant organization set out in accordance with HUD requirements.

29. Tenant Income Verification:

The Tenant must promptly provide the Landlord with any letter or other notice by HUD to a member of the family that provides information concerning the amount or verification of family income in accordance with HUD requirements.

30. Lease Agreement:

The Lease Agreement will terminate automatically, if the Section 8 Housing Assistance contract terminates for any reason.

31. Signatures:

TENANT

1. _____ _____/_____/____
Date Signed

2. _____ _____/_____/_____
Date Signed

3. _____ _____/_____/_____
Date Signed

LANDLORD

1. _____ _____/_____/_____
Date Signed

Appendix 19c

ADDENDUM TO LEASE

For Use Under the Section 202 Program of Housing for the Elderly or Handicapped in conjunction with the Section 8 Housing Assistance Payments Program; and (2) the Section 202 Program for Nonelderly Handicapped Families and Individuals in conjunction with Section 162 assistance and Project Assistance Contracts.

This Addendum (Addendum or Agreement) amends the Lease signed on _____. In the event of a conflict between the provisions of the Attached Lease and this Addendum, the provisions of this Agreement shall be controlling.

7. A security deposit equal to one month's total tenant payment or $50, whichever is greater, shall be required at the time of execution of this Agreement. Accordingly, TENANT hereby makes a deposit of $_____ against any damage except reasonable wear done to the premises by the TENANT, his/her family, guests, or agents; and agrees to pay when billed the full amount of any such damage in order that the deposit will remain intact. Upon termination of this Lease, the deposit is to be refunded to the TENANT or to be applied to any such damage or any rent delinquency. The LANDLORD shall comply with all State and local laws regarding interest payments on security deposits.

9h. The LANDLORD may, with the prior approval of HUD, modify the terms and conditions of the Agreement, effective at the end of the initial term or a successive term, by serving an appropriate notice on the TENANT, together with the tender of a revised Agreement or an addendum revising the existing Agreement. Any increase in rent shall in all cases be governed by 24 CFR Part 245 and other applicable HUD regulations. This notice and tender shall be served on the TENANT in the manner prescribed in paragraph (g) and must be received by the TENANT (as defined in paragraph (g)) at least 30 days prior to the last date on which the TENANT has the right to terminate the tenancy without being bound by the codified terms and conditions. The TENANT may accept it by executing the tendered revised Agreement or addendum, or may reject it by giving the LANDLORD written notice at least 30 days prior to its effective date that he/she intends to terminate the tenancy. The TENANT's termination notice shall be accomplished by sending a letter by first class mail, properly stamped and addressed to the LANDLORD at his/her address.

9i. The Landlord may terminate this Agreement for the following reasons:

1. drug related criminal activity engaged in on or near the premises, by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person under the tenant's control;

2. determination made by the Landlord that a household member is illegally using a drug;

3. determination made by the Landlord that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents;

4. criminal activity by a tenant, any member of the tenant's household, a guest or another person under the tenant's control:

   (a) threatens the health, safety, or right to peaceful enjoyment of the premises by other residents (including property management staff residing on the premises); or

   (b) that threatens the health, safety, or right to peaceful enjoyment of their residences by persons residing in the immediate vicinity of the premises;

5. if the tenant is fleeing to avoid prosecution, or custody or confinement after conviction, for a crime, or attempt to commit a crime, that is a felony under the laws of the place from which the individual flees, or that in the case of the State of New Jersey, is a high misdemeanor; or

6. if the tenant is violating a condition of probation or parole under Federal or State law;

7. determination made by the Landlord that a household member's abuse or pattern of abuse of alcohol threatens the health, safety, or right to peaceful enjoyment of the premises by other residents;

8. if the Landlord determines that the tenant, any member of the tenant's household, a guest or another person under the tenant's control has engaged in criminal activity, regardless of whether the tenant, any member of the tenant's household, a guest or another person under the tenant's control has been arrested or convicted for such activity.

16. The TENANT is permitted to keep common household pets in his/her dwelling unit (subject to the provisions in 24 CFR Part 5 and the pet rules promulgated under 24 CFR Part 5). Any pet rules promulgated by the LANDLORD are attached hereto and incorporated hereby. The TENANT agrees to comply with these rules. A violation of these rules may be grounds for removal of the pet or termination of the TENANT's (pet owner's) tenancy (or both), in accordance with the provisions of 24 CFR Part 5 and applicable regulations and State or local law. These regulations include 24 CFR Part 5 (Evictions From Certain Subsidized and HUD-Owned Projects) and provisions governing the termination of tenancy under the Section 8 housing assistance payments and project assistance payments programs.

Note: The Part 5 Pet Rules do not apply to an animal used by a Tenant or visitor that is needed as a reasonable accommodation for the Tenant or visitor's disability.

Optional: The LANDLORD may after reasonable notice to the TENANT and during reasonable hours, enter and inspect the premises. Entry and inspection is permitted only if the LANDLORD has received a signed, written complaint alleging (or the LANDLORD has reasonable grounds to believe) that the conduct or condition of a pet in the dwelling unit constitutes, under applicable State or local law, a nuisance or a threat to the health or safety of the occupants of the project or other persons in the community where the project is located.

If there is no State or local authority (or designated agent of such an authority) authorized under applicable State or local law to remove a pet that becomes vicious, displays symptoms of severe illness, or demonstrates other behavior that constitutes an immediate threat to the health or safety of the tenancy as a whole, the LANDLORD may enter the premises (if necessary), remove the pet, and take such action with respect to the pet as may be permissible under State and local law, which may include placing it in a facility that will provide care and shelter for a period not to exceed 30 days. The LANDLORD shall enter the premises and remove the pet or take such other permissible action only if the LANDLORD requests the TENANT (pet owner) to remove the pet from the project immediately, and the TENANT (pet owner) refuses to do so, or if the LANDLORD is unable to contact the TENANT (pet owner) to make a removal request. The cost of the animal care facility shall be paid as provided in 24 CFR Part 5.

19. No alteration, addition, or improvements shall be made in or to the premises without the prior consent of the LANDLORD in writing. The LANDORD agrees to provide reasonable accommodation to an otherwise eligible tenant's disability, including making changes to rules, policies, or procedures, and making and paying for structural alterations to a unit or common areas. The Landlord is not required to provide accommodations that constitute a fundamental alteration to the Landlord's program or which would pose a substantial financial and administrative hardship. See the regulations at 24 CFR Part 8. In addition, if a requested structural modification does pose a substantial financial and administrative hardship, the Landlord must then allow the tenant to make and pay for the modification in accordance with the Fair Housing Act.

20. Tenant Income Verification: The Tenant must promptly provide the Landlord with any letter or other notice by HUD to a member of the family that provides information concerning the amount or verification of family income in accordance with HUD requirements.

23. Tenants' rights to organize: Landlord agrees to allow tenant and tenant organizers to conduct on the property the activities related to the establishment or operation of a tenant organization set out in accordance with HUD requirements.

24. Interim recertifications: The TENANT agrees to advise the Landlord immediately if any of the following changes occur.

(a) 1. Any household member moves out of the unit.

2. Any adult member of the household who was reported as unemployed on the most recent certification or recertification obtains employment.

3. The household's income cumulatively increases by $40 or more a month.

(b) The Tenant may report any decrease in income or any change in other factors considered in calculating the Tenant's rent. Unless the Landlord has confirmation that the decrease in income or change in other factors will last less than one month, the Landlord will verify the information and make the appropriate rent reduction. However, if the Tenant's income will be partially or fully restored within two months, the Landlord may delay the certification process until the new income is known, but the rent reduction will be retroactive and Landlord may not evict the Tenant for nonpayment of rent due during the period of the reported decrease and the completion of the certification process. The Tenant has thirty days after receiving written notice of any rent due for the above described time period to pay or the Landlord can evict for nonpayment of rent.

(c) If the Tenant does not advise the Landlord of the interim changes concerning household members or increase in income, the Landlord may increase the Tenant's rent to the HUD-approved market rent. The Landlord may do so only in accordance with the time frames and administrative procedures set forth in HUD's regulations, handbooks and instructions on the administration of multifamily subsidy programs.

(d) The Tenant may request to meet with the Landlord to discuss how any change in income or other factors affected his/her rent or assistance payment, if any. If the Tenant requests such a meeting, the Landlord agrees to meet with the Tenant and explain how the Tenant's rent or assistance payment, if any, was computed.

25. Removal of Subsidy:

(a) The Tenant understands that assistance made available on his/her behalf may be terminated if events in either item 1 or 2 below occur. Termination of assistance means that the Landlord may make the assistance available to another Tenant and the Tenant's rent will be recomputed. In addition, if the Tenant's assistance is terminated because of criterion (1) below, the Tenant will be required to pay the HUD-approved market rent for the unit.

(1) The Tenant does not provide the Landlord with the information or reports required by paragraph 10 or 24 within 10 calendar days after receipt of the Landlord's notice of intent to terminate the Tenant's assistance payment.

(2) The amount the Tenant would be required to pay towards rent and utilities under HUD rules and regulations equals the Family Gross Rent shown on Attachment 1.

(b) The Landlord agrees to give the Tenant written notice of the proposed termination. The notice will advise the Tenant that, during the ten calendar days following the date of the notice, he/she may request to meet with the Landlord to discuss the proposed termination of assistance. If the Tenant requests a discussion of the proposed termination, the Landlord agrees to meet with the Tenant.

(c) Termination of assistance shall not affect the Tenant's other rights under this Agreement, including the right to occupy the unit. Assistance may subsequently be reinstated if the Tenant submits the income or other data required by HUD procedures, the Landlord determines the Tenant is eligible for assistance, and assistance is available.

28. The lease agreement will terminate automatically, if the Section 8 Housing Assistance contract terminates for any reason.

29. Attachments to the Agreement: The Tenant certifies that he/she has received a copy of the Agreement and the following attachments to the Agreement and understands that these attachments are part of the Agreement.

(a) Attachment No. 1 - Certification and Recertification of Tenant Eligibility. (Form HUD-59)

(b) Attachment No. 2 - Unit Inspection Report.

(c) Attachment No. 3 - House Rules (if any).

(d) Attachment No. 4 - Pet Rules.

30. Signatures:

TENANT

1. _____ _____/_____/_____
Date signed

2. _____ _____/_____/_____
Date signed

3. _____ _____/_____/_____
Date signed

LANDLORD

1. _____ _____/_____/_____
Date signed