



California Affordable Housing Initiatives, Inc.

Complete Package Requirements

Budget-Based Rent Adjustment

For eligible properties, Budget-Based Rent Adjustments (BBRA's) may be requested at the contract anniversary date or at contract renewal. They are designed to cover the increase in the cost of operations when current rent levels are not sufficient to cover these increases.

- Cover letter that briefly summarizes the reasons why a rent increase is needed and for Pre-MAHRA contracts, the date the increase will be effective;
- Budget Worksheet (sample attached);
- A brief statement and documentation explaining the basis for an increase in the expense line items on the budget worksheet that is greater than 5% and \$500;
- An RCS prepared in accordance with Chapter 9 of the Section 8 Renewal Policy Guidebook, if applicable;
- Owner's RCS Certification (sample attached);
- Full Utility Allowance Analysis, if applicable (guidance attached);
- 30-Day Tenant Notification/Comment Letter (sample attached), if applicable;

NOTE: If later in the process a material change to the budget submission results in a change in UA, you must re-post the tenant notification letter for an additional 15 days.

- Signed Owner's Certification of Compliance with Tenant Comment Procedures executed after the 30-day comment period has expired (sample attached), if applicable;
- Loan information if the property does not have an FHA loan;



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- An executed copy of Owner's Certification Regarding Purchasing Practices & Reasonableness of Expenses (sample attached);
- A signed, dated Owner's Energy Conservation Plan Certification (applies only to 236 and BMIR projects that receive Rent Supplement Assistance, projects that converted from Rent Supplement to Section 8 and 202 properties with a direct loan more than 15 years old);
- For post-MAHRA properties, Section 8 Renewal Guide Attachment 5, "Allowance for Owner Distribution for Profit-Motivated projects that Have Not Previously Submitted a Budget-Based Rent Increase" (sample attached);and
- A signed request for an increase in the Reserve for Replacement (Form HUD-9250) and 5-year analysis if such an increase is contemplated as part of the rent increase request (sample attached).

NOTE: This list of documents is not exhaustive. Please be advised that other documents may be required for the renewal option selected. Additionally, with the exception of HUD-required forms (e.g. Attachment 3A-2), the sample attachments serve as acceptable templates. You are *not* required to use these documents.

Please submit all Rent Adjustment and Contract Renewal documents via email in pdf format to signeddocs@cgifederal.com with a cc to your CAHI Central Contract Specialist. An optional coversheet is available here: [O/A Transmittal](#).

Please contact your CAHI Central Contract Specialist if you have questions about complete package requirements. A listing of our staff including contact information can be found at: <http://cahi.cgigovt.local/Staff.aspx>.

Budget Worksheet

Income and Expense Projections

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

OMB Approval No. 2502-0324
(exp. 06/30/2021)

Public reporting burden for this collection of information is estimated to average 5.33 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This information is collected in accordance with Title II of the National Housing Act which requires that HUD regulate rents for certain cooperative and subsidized rental projects. The Department formulated the processes by which owners could request increases. The requirement for tenant participation in the rent increase process, which is included in Section 202(b) of the HCD Amendments of 1978, necessitated that the Department design procedures to give consideration to tenant comments. The information gathered is not of a confidential nature. The information is required in order to obtain benefits.

Project Number		Name of Project			
Description of Account		Acct.No.	Statement of Profit/Loss FY__	Current FY (no. of mos.)	Budget from () to ()
Rental Income 5100	Rent Revenue - Gross Potential	5120			
	Tenant Assistance Payments	5121			
	Rent Revenue - Stores and Commercial	5140			
	Garage and Parking Spaces	5170			
	Flexible Subsidy Revenue	5180			
	Miscellaneous Rent Revenue	5190			
	Excess Rent	5191			
	Rent Revenue/ Insurance	5192			
	Special Claims Revenue	5193			
	Retained Excess Income	5194			
Total Rent Revenue Potential at 100% Occupancy	5100T				
Vacancies 5200	Apartments	5220			
	Stores and Commercial	5240			
	Rental Concessions	5250			
	Garage and Parking Spaces	5270			
	Miscellaneous	5290			
	Total Vacancies	5200T			
Net Rental Revenue (Rent Revenue less Vacancies)	5152N				
Income 5300	Nursing Homes/ Assisted Living/ Board & Care/ Other Elderly Care/ Coop/ Other Revenues	5300			
Financial Revenue 5400	Financial Revenue -Project Operations	5410			
	Revenue from Investments-Residual Receipts	5430			
	Revenue from Investments-Replacement Reserve	5440			
	Revenue from Investments-Miscellaneous	5490			
Total Financial Revenue	5400T				
Other Revenue 5900	Laundry and Vending Revenue	5910			
	Tenant Charges	5920			
	Interest Reduction Payments Revenue	5945			
	Gifts (nonprofits)	5970			
	Miscellaneous Revenue	5990			
	Total Other Revenue	5900T			
Total Revenue	5000T				
Admin. Expenses 6200/ 6300	Conventions and Meetings	6203			
	Management Consultants	6204			
	Advertising and Marketing	6210			
	Other Renting Expense	6250			
	Office Salaries	6310			
	Office Expenses	6311			
	Office or Model Apartment Rent	6312			
	Management Fee	6320			
	Manager or Superintendent Salaries	6330			
	Administrative Rent Free Unit	6331			
	Legal Expenses - Project	6340			
	Audit Expenses	6350			
	Bookkeeping Fees/Accounting Services	6351			
	Miscellaneous Administrative Expenses	6390			
Total Administrative Expenses	6263T				

Description of Account		Acct.No.	Statement of Profit/Loss FY__	Current FY (no. of mos.)	Budget from () to ()
Utilities 6400	Fuel Oil/Coal	6420			
	Electricity	6450			
	Water	6451			
	Gas	6452			
	Sewer	6453			
	Total Utilities Expense	6400T			
Operating & Mainten. Expenses 6500	Payroll	6510			
	Supplies	6515			
	Contracts	6520			
	Operating and Maintenance Rent Free Unit	6521			
	Garbage and Trash Removal	6525			
	Security Payroll/Contract	6530			
	Security Rent Free Unit	6531			
	Heating/Cooling Repairs and Maintenance	6546			
	Snow Removal	6548			
	Vehicle & Maint. Equip. Oper. and Repair	6570			
	Misc. Operating & Maintenance Expenses	6590			
	Total Operating & Maintenance Expenses	6500T			
Taxes and Insurance 6700	Real Estate Taxes	6710			
	Payroll Taxes (Project's share)	6711			
	Property and Liability Insurance (Hazard)	6720			
	Fidelity Bond Insurance	6721			
	Workmen's Compensation	6722			
	Health Insurance & Other Employee Benefits	6723			
	Misc. Taxes, Licen., Permits, & Insurance	6790			
Total Taxes & Insurance	6700T				
Financial Expenses 6800	Interest on Mortgage Payable	6820			
	Interest on Notes Payable (Long-Term) *	6830			
	Interest on Notes Payable (Short-Term) *	6840			
	Mortgage Insurance Premium/Service Charge	6850			
	Miscellaneous Financial Expenses	6890			
Total Financial Expenses	6800T				
Expenses 6900	Nursing Homes/ Assisted Living/ Board & Care/ Other Elderly Care/ Coop/ Other Revenues	6900			
	Total Cost of Operations	6000T			
	Reserve for Replacements Dep. Required				
	Principal Payments Required				
	Debt Service for other approved loans				
	Debt Service Reserve (if required)				
	General Operating Reserve (Coops)				
	Total Cash Requirements				
	Less Total Revenue				
	Net Cash Surplus (Deficiency)				

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate.

Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1003, 1012; 31 U.S.C. 3729, 3802)

(Signature)

Date (mm/dd/yyyy)

Date

Property Owner Name
Owner/Agent Name
Address
City, State, Zip code

Re: Contract #
Property Name:
Address:
City, State, Zip Code

Dear California Affordable Housing Initiatives, Inc. (CAHI)

As owner/agent of the property referenced above, I hereby certify that in accordance with Chapter 9, Section 9-16 of the U. S. Department of Housing and Urban Development (HUD) Section 8 Renewal Policy Guide the following statements regarding the Rent Comparability Study commissioned (RCS) for (Name of Property) are true:

1. As Owner/Agent, I reviewed the content of the RCS and concluded that the RCS includes all material required by Appendix 9-10.
2. The appraiser's narratives and Rent Grid accurately describe the subject project and properly treat non-shelter services and their funding sources as required by Section 9-12.
3. There are no identity-of-interest conflicts existing between principals of the subject's Ownership or management agent entity and the principals that manage / own the projects used as comparables, except those identified here: _____.
(See Handbook 4381.5, Paragraph 2-3 for a definition of the term "identity-of-interest".)
4. As Owner/Agent, I certify that:
 - a. neither the selection of the appraiser nor the appraiser's compensation was/is contingent upon the appraiser reporting a predetermined rent or direction in rent;
 - b. to the best of my knowledge, the appraiser meets Section 9-8A's conditions regarding absence of financial, employment, and family relationships;
 - c. the fee paid for the RCS is the only compensation the appraiser will receive for the RCS work and there is no side agreement or other consideration.
5. As Owner/Agent, HUD or the Contract Administrator should contact should contact (Name _____) at (Phone Number _____), and via e-mail at (e-mail address) with any questions regarding this RCS. Note: HUD/CA will send its decision letter to this contact unless the Owner directs otherwise.
6. As Owner/Agent, I grant HUD/CA the right to correspond directly with the appraiser and copy the appraiser on written materials.

Sincerely,

Owner/Agent



GUIDANCE FOR DETERMINING UTILITY ALLOWANCES

UA analysis submission requirements will depend on the anniversary date of your contract:

- If your property's contract anniversary is **before December 20, 2015**, you may choose to implement the new methodology *or* you may use the current methodology.
- If your property's contract anniversary is **December 20, 2015 or later**, you **MUST** submit a Baseline Utility Analysis using the new methodology outlined in [HUD Notice 2015-04](#).

Current Methodology

There have been questions raised by all of San Francisco Hub PBCAs and Hub Asset Management staff on how to implement both the [Carol Galante](#) and [Tom Azumbrado](#) policy memos regarding the Owner/Agent (O/A) submittal of the Utility Allowance (UA) Analysis and review and approval of the UA by HUD/PBCA. Following are key requirements in both the policy memos:

- The O/A must submit to the PBCA a UA Analysis with Rent Adjustment and Contract Renewal packages regardless of the increase, decrease, or no change in the amount for each unit type.
- At any time the recently approved UA increases by 10% or more due to increase in utility rates, the O/A must submit to the PBCA a request to adjust the UA. This request for adjustment does not have to be concurrent with the annual Rent Adjustment cycle or Contract Renewal submittal.
- If the O/A determines there should be a decrease in the UA, the O/A must notify the tenants in writing at least 30 days prior to submitting the request to the PBCA for approval and must provide the tenants with the right to participate in and comment on the proposed decrease in the UA. The written tenant notification must be included in the UA Analysis submittal.
- The approved decrease in the UA *can* go lower than the UA levels originally set in the HAP contract per result of the analysis.
- The O/A's best estimate of average monthly utility cost that an energy-conscious tenant will incur for the year can be better achieved by the PBCA recognizing anomalies in the O/A's UA Analysis such as unusually high or low utility consumption (high and low spikes) for each unit type. The PBCA must instruct the O/A's not to consider those high and low spikes in its analysis. If the high and low spikes are present in the analysis submitted by the O/A, the PBCA must not include those spikes in determining the



approvable UA levels.

- If only 3 are looked at, the high/low spikes may not be apparent, but the O/A should not be submitting supporting documentation from the same residents each year.
- The Tom Azumbrado policy memo limits the number of supporting documentation to the UA Analysis to be submitted by the O/A, which is 10% of all unit types and from the minimum of three (3) to a maximum of twenty (20). The standard practice in requiring supporting documentation should be based on the 10% of all unit types; and
- A minimum of three (3) supporting documentation should only be used in recognizing the O/A's best effort and verifiable hardship in acquiring the supporting documentation.
- On small properties where the 10% of all unit types result in just three supporting documentation, the PBCA must strive to not allow the O/A to submit the same supporting documentation from the same residents in every submittal. This is consistent with the intent of determining the average utility consumption from energy-conscious residents. This cannot be ascertained unless supporting documentation is received from other residents. However, the PBCA will be sensitive to the O/A's dilemma and hardship in getting cooperation from both the Utility Company and the residents and will exercise good judgment.

The UA levels will be based on the PBCA's analysis of the O/A's submittal and cannot be left at the current level if the analysis results in a change of less than 10%. If there is even a \$1 change in UA based on the analysis, the change will proceed.

New Methodology (Reminder: If your property's contract anniversary is before 12/20/15, you may choose to implement the new methodology *or* you may use the current methodology).

New UA guidance outlined in [HUD Notice 2015-04](#) instructs owner/agents to establish a baseline for each bedroom size **once every three years**. For two years after the baseline submission, utility allowances for each bedroom size and each utility type at the property will be adjusted by a state-specific increase factor called a Utility Adjustment Factor (UAF). These factors will be published annually by HUD.

Baseline Submission Requirements

1. Request utility data from either the utility company or the tenant household for at least the number of units determined by the sample size methodology detailed below.
 - a. This must be done for each bedroom size at the property;
 - b. If the property consists of multiple identical buildings (or buildings that are substantially similar, then the sampling may be performed at the property level,



- c. encompassing all buildings on a site. If buildings are not identical, the sampling must be done for each bedroom size);
- d. If the analysis is performed by a third party or the utility provider, the sample size data/bills must be submitted;
- e. The data collected must be for the same time frame;
- f. The data used must not be more than eighteen (18) months from the contract anniversary date;
- g. Samples submitted must be from units receiving Section 8 assistance;
- h. A unit should be excluded from the sample if it:
 - i. Is receiving an increased UA as a reasonable accommodation;
 - ii. Has been vacant for 2 or more months. Units included in the sample should have at least 10 months of occupancy; or
 - iii. Is receiving a flat utility rate as part of a low-income rate assistance utility program.

NOTE: RHS/USDA Properties must comply with the requirements outlined in HUD Notice 2015-04.

Number of Units	Minimum Sample
1 – 20	All
21 – 61	20
62 – 71	21
72 – 83	22
84 – 99	23
100 – 120	24
121 – 149	25
150 – 191	26
192 – 259	27
260 – 388	28
389 and above	29



1. Determine the average utility cost for each bedroom size without removing any units from the sample size beyond those excluded as indicated in (G.) above. Do **not** remove the highest and/or lowest utility cost household when determining the average. The monthly cost of consumption is the NET COST *after* the application of discounts (e.g. California Climate Credit, Solar Discount, surcharges, transmission fees, etc.). Do **not** include late fees in the monthly cost of consumption.
 - a. A sample format for utility allowance submissions, which includes built-in formulas to average utility costs for each unit size, can be found [here](#).
 - b. A sample tenant release form can be found [here](#)
2. Provide an explanation for any sample sizes that do not meet the required criteria established in [Notice 2015-04](#).
3. Recommend the UA amount to the contract administrator for approval.
4. Follow the requirements in 24 CFR Part 245.405(a) and 245.410 to notify tenants of a utility allowance decrease
5. Phase-in UA decreases that would exceed 15% AND \$10 from the most recent (approved) UA.
 - a. The phase-in applies only to decreases resulting from the *initial* baseline analysis. Refer to [HUD Notice 2015-04](#) for additional information on phase-in requirements.

Factor-Based Analysis

For the two years after a baseline utility analysis is completed, the UA amounts for each bedroom size and each utility type can be adjusted by the established Utility Allowance Factor (UAF) in lieu of a baseline utility allowance.

After completing the property's utility analysis under the factor-based utility analysis method, O/As should compare the adjusted utility analysis to their paid utilities over the previous twelve months. If the results indicate a significant disparity between the two, the O/A should complete a baseline analysis to help ensure the allowance(s) provided are accurate.

When the factor-based method is used to determine UAs, the O/A should submit their recommendation for the UA amount to the contract administrator for approval.

Refer to HUD Notice 2015-04 for more information about:

- Utility Allowance Changes Outside of the Contract Rent Adjustment Schedule
- Allowances for New Construction or Substantial Rehabilitation
- Administrative Procedures
- Requirements for Tenant Households



California Affordable Housing Initiatives, Inc.

- Penalties for Tenant Noncompliance
- Voluntary Use of EPAs Energy Star Portfolio Manager
- Information Collection

This policy will be updated accordingly as HUD releases additional information. Please contact your [CAHI Contract Specialist](#) with any questions.

For questions about the methodology outlined in notice 2015-04, please contact Kate Brennan at Catherine.M.Brennan@hud.gov in the office of Asset Management and Portfolio Oversight.

SAMPLE 30-DAY NOTICE TO TENANT LETTER
24 CFR 245

Date

Take notice that on *(date)* we plan to submit a request for approval of an increase in the maximum permissible rents for *(name of apartment complex)* to the United States Department of Housing and Urban Development (HUD). The proposed increase is needed for the following reasons:

- 1.
- 2.
- 3.

The rent increases for which we have requested approval are:

# of Bedrooms	Current Rent	Proposed Rent
<i>(insert rent information by bedroom size here)</i>		

A copy of the materials that we are submitting to HUD in support of our request will be available during normal business hours at *(address)* for a period of 30 days from the date of service of this notice for the purpose of inspection and copying by tenants of *(name of apartment complex)* and if the tenants wish, by legal or other representatives acting for them individually or as a group.

During a period of 30 days from the date of service of this notice, tenants of *(name of apartment complex)* may submit written comments on the proposed rent increase to us at *(address)*. Tenant representatives may assist tenants in preparing those comments. (If, at HUD's request or otherwise, we make any material change during the comment period in the materials available for inspection and copying, we will notify the tenants of the change or changes, and the tenants will have a period of 15 days from the date of service of this additional notice (or the remainder of any applicable comment period, if longer) in which to inspect and copy the materials as changed and to submit comments on the proposed rent increase). These comments will be transmitted to HUD along with our evaluation of them and our request for the increase. You may also send a copy of your comments directly to HUD at the following address:

California Affordable Housing Initiatives, Inc.
505 14th Street
Suite 650
Oakland, California 94612

RE: *(Project Number)*
(name of apartment complex)

HUD will approve, adjust upward or downward, or disapprove the proposed rent increase upon reviewing the request and comments. When HUD advises us in writing of its decision on our request, you will be notified. If the request is approved, any allowable increase will be put into effect only after a period of at least 30 days from the date you are served with that notice and in accordance with the terms of existing leases.

Signed by managing owner/agent

OWNER'S CERTIFICATION AS TO COMPLIANCE WITH TENANT COMMENT PROCEDURES IN 24 CFR 245 (FORMERLY IN 24 CFR 401)

FHA or Non-Insured Project Name _____ Project No. _____

Acting on behalf of _____, the Project Owner, I certify that project management has taken ALL of the actions listed below.

- 1) Distributed a Notice to Tenants, in the forms and manner required by 24 CFR 245.310 and 245.410. (24 CFR 245.410 applies only if a reduction in utility allowances is proposed.)
- 2) Took reasonable steps to assure that any posted Notices remained intact and in legible form for the full comment period required by 24 CFR 245.
- 3) Made all materials submitted to justify the increase available during normal business hours in a place reasonably convenient to project residents.
- 4) Honored any resident's request to inspect those materials.
- 5) Reviewed and evaluated all comments received from project residents or their authorized representatives.
- 6) Examined all materials submitted to HUD/the State Agency in support of the rent increase request. I also certify, that all information submitted with my rent increase request is true, correct and complete.

WARNING: 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any, false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both.

Signed by: _____ Name _____
Title _____ Signature Date _____

APPENDIX 2

CERTIFICATION AS TO PURCHASING PRACTICES AND
REASONABLENESS OF EXPENSES

Project Name: _____ FHA or Non-insured
Project Number: _____

Acting On behalf of, _____, the Project owner, I certify that ALL of the following statements are true.

- 1). The project is obtaining utilities at the lowest rates available.
- 2). The project has received or requested any tax relief for which it is eligible and management has analyzed the project's property tax bills and appealed any assessments which appeared unreasonable.
- 3). Amounts paid to individuals or companies having an identify-of-interest with the owner or the management agent were not excess of the costs that would have been incurred in making arms-length purchases on the open market.
- 4). Management has exerted reasonable effort to take advantage of discounts and has credited the project with all discounts, rebates or commissions received with respect to purchases, service contracts and other transactions made on behalf of the project.
- 5). Management has obtained contracts, materials, supplies and services, including the preparation of the annual audit, on terms most advantageous to the project and at costs no in excess of amounts ordinarily paid for comparable contracts, materials, supplies, and services in the area in which such services, supplies, or materials are furnished.
- 6). Management has solicited verbal or written cost estimates, as necessary to comply with the Paragraphs 3 through 5 above. Management has documented the reasons for accepting other than the lowest bid and will make the documentation available to HUD, upon request.

Warning:

- 18 U.S.C. 1001 provides, among other things, that whoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulent statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than 5 years, or both.
- 12 U.S.C. 1715z-4 provides in part: “Whoever, as an owner of a property which is security for a mortgage (covering multifamily housing, as defined in the regulations of the Secretary_ or as a stockholder beneficial owner... trust... or as an officer, director or agent of any such owner (1) willfully uses or authorizes use of any part of the rents or other funds derived from the property covered by such mortgage in violation of a regulation... (2) willfully and knowingly uses or authorizes the use, while such mortgage is in default, of any part of the rents or expense... shall be fined not more than \$5,000 or imprisoned not more than 3 years or both.

Name: _____ Title: _____

Signature: _____ Date: _____

**ENERGY CONSERVATION
CERTIFICATION FOR
BUDGET-BASED RENT INCREASE**

Project Name	
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Project Number	
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Acting on behalf of the _____ ,
the Project Owner, I certify that all of the following statements are true:

- 1.** The project is obtaining utilities at the lowest rate available.
- 2.** The project is undertaking energy conservation measures which are financially feasible and cost effective to both increase energy efficiency and to reduce energy consumption

WARNING

WARNING: 18 U.S.C. 1001 provides, among other things, that whosoever knowingly and willingly makes or uses a document or writing containing any false, fictitious, or fraudulently statement or entry, in any matter within the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five (5) years or both.

Signed by:

Print Name

Signature

Date

Projects Preparing A Budget-Based Rent Increase

Guidance for preparing a budget-based rent increase may be found in Chapter 7 of HUD Handbook 4350.1, REV-1. Projects that have not previously prepared or submitted a budget based increase should carefully follow these instructions. The basic components to be included are listed in Chapter 7, paragraph 7-22.

Allowance for Owner Distribution For Profit Motivated Projects that Have Not Previously Submitted a Budget Based Rent Increase.

Projects falling under this category may factor in an allowance for owner return/distribution as follows:

- For **Section 515/8** projects (regardless of whether they are for the elderly or families), 8% of the initial Owner equity.
- For all other projects:
 - ⇒ **Elderly**, 6% of the initial owner equity.
 - ⇒ **Families**, 10% of the initial owner equity.

To determine initial owner equity, the owner(s) should refer to the Maximum Insurable Mortgage Form (FHA 2580/HUD 92580). If the project was not insured or the HUD 92580 is not available, the Owner(s) must certify as to the amount of the initial equity and provide supporting documentation.

For Section 515/8 projects:

$$\frac{\text{Initial Owner Equity}}{\text{Return/Distribution}} \times .08 = \frac{\text{Allowance for Owner}}{\text{Return/Distribution}}$$

For Elderly Projects:

$$\frac{\text{Initial Owner Equity}}{\text{Return/Distribution}} \times .06 = \frac{\text{Allowance for Owner}}{\text{Return/Distribution}}$$

Return/Distribution

For Family Projects:

$$\frac{\text{Initial Owner Equity}}{\text{Return/Distribution}} \times .10 = \frac{\text{Allowance for Owner}}{\text{Return/Distribution}}$$

I hereby certify that this accurately reflects the initial Owner equity in the project as of the date the project initially entered into a Section 8 contract.

Owner(s) Signature

Date

The allowance for Owner Return/Distribution should be factored into the Rent Computation Worksheet (Appendix 5, Chapter 7 of the 4350.1) in Box C, "Return/Net Income Reserve."

Funds Authorizations

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

OMB Approval No. 2502-0555
(exp. 09/30/2016)

For Instructions, Public Burden Statement, and Privacy Act requirements: See Page 2.			
<input type="checkbox"/> Reserve for Replacements Fund	<input type="checkbox"/> Residual Receipts Fund	Project Number:	
Is this withdrawal request to replace appliances and/or major components with energy efficient products/systems? <input type="checkbox"/> Yes <input type="checkbox"/> No		Mortgagee Loan Number: (Optional)	
		Property Address: (Include City, State, and Zip Code)	
To: (Mortgagee)		Comments: (Optional)	
This is your authority to release the following amounts from the reserve: Purpose:			Amount
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
			\$
Total Amount			\$
Check (X) appropriate box: <input type="checkbox"/> An inspection made on the date of (mm/dd/yyyy) _____ revealed satisfactory replacement and/or installation. <input type="checkbox"/> An inspection will be made on the next visit to the property. Satisfactory replacement and/or installation will be determined at that time.			
This Office has approved (Check (X) appropriate boxes.) This is your authority to adjust the Reserve requirements accordingly. This authority is revocable upon written notice from HUD. <input type="checkbox"/> A suspension of Deposits to the Reserve from the date of (mm/dd/yyyy) _____ to the date of (mm/dd/yyyy) _____ <input type="checkbox"/> A suspension of Deposits to the Reserve so long as a balance of \$ _____ is maintained. <input type="checkbox"/> A change in the Monthly Deposit to the Reserve from \$ _____ to \$ _____ effective the date of (mm/dd/yyyy) _____ through the date (mm/dd/yyyy) _____.			
Remarks (optional)			
To: (Mortgagor/Managing Agent)		Name of Hub Director or Program Center Director: (please type or print)	
		Signature	
		City	State Date (mm/dd/yyyy)

Mortgagee: Retain this record for three years.
Distribution: One copy to Mortgagor and HUD files.

Instructions: Indicate the Fund for the request and provide the information for each section as requested. Owners/Agents must also submit the following with this form:

- (1) A narrative providing a detailed description of the work performed or to be performed;
- (2) Copies of paid invoices if the withdrawal request is for reimbursement for work that has been performed;
- (3) If a bid exceeds \$25,000 than copies of bids may required. Please refer to HUD Handbook 4350.1 Chapter detailed guidance;
- (4) Mortgagor Certification (refer to HUD Handbook 4350.1, REV-1); and,
- (5) A list of appliances and/or major components that will be replaced along with a notation of whether or not the replacement items will be energy efficient products. If replacement items are not energy efficient products, the owner/agent must provide a justification.

Public reporting burden for this collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining data needed, and completing and reviewing the collection of information. This information is required to obtain is required to obtain benefits. HUD may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The regulations at 24 CFR Part 880.601 and 24 CFR Part 880.602 authorizes the Secretary of the Department of Housing and Urban Development to effectively monitor withdrawals from the Reserve for Replacements and/or Residual Receipts Funds. This information collection sets forth the information that must be reviewed and approved by HUD in order to withdraw funds from these accounts. While no assurances of confidentiality are pledged to respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.