

****Appendix 4-E**

Applying The Model Lease For Subsidized Programs To Individual Tenants

APPLYING THE MODEL LEASE FOR SUBSIDIZED PROGRAMS TO INDIVIDUAL TENANTS

Chapter 6, Section 1 of this handbook offers general guidance on how and when the model lease for subsidized programs is to be used and highlights key provisions. Provided below are detailed instructions on: (1) how to complete the blank spaces in the model lease for subsidized programs; and, (2) how to edit the lease to comply with differences in the various types of multifamily programs. The following information is designed to help front-line staff apply the model lease to an individual tenant. Note that capital letters entered on the model lease correspond to the blanks for which completion instructions are provided below.

Paragraph 1: Parties and Dwelling Unit.

A and B- Enter name of the Landlord and the name of the head of household, spouse, co-head (if applicable) and all adult members of the family.

C, D and E - Enter the dwelling Unit Number, address and name of the project.

Paragraph 2: Length of Time (Term). For 236 Basic Rent, Below Market Interest Rate (BMIR), Rental Assistance Program (RAP) and Rent Supplement tenants, HUD requires initial and renewal lease terms of no less than one month and no more than one year. For Section 8 New Construction, Substantial Rehabilitation and Loan Management Set-Aside projects, HUD requires initial terms of at least one year and renewal terms of at least one month.

F and G – fill in the beginning and ending dates of the lease.

The ending date of a one-year lease should be the same day one year later unless the locality where the project is located allows the landlord to cover the entire month.

Example: Beginning date of the lease is May 16, 2005; the ending date of the one-year lease would be May 16, 2006. The tenant would have to be out of the project on May 17, 2006. If the locality where the project is located allows a landlord to cover the entire month then the ending date would be May 31, 2006. The tenant would have to be out of the project on June 1, 2006.

H - Fill in the blank for successive terms of the lease. Use either one “month” or one “year”.

Paragraph 3: Rent. The blanks in this paragraph apply only to the tenant’s share of the rent, the amount shown as the “Tenant Rent” on the HUD-50059. The first sentence applies only when the tenant occupies the unit on other than the first of the rental period. The last sentence may be deleted for BMIR and Section 236 tenants who are not receiving RAP, Rent Supplement or Section 8 assistance.

I and J- If the tenant will move in on the first day of the monthly rent period, strike

the first sentence and the words “after that” in the second sentence. Otherwise, enter the prorated amount of the tenant’s monthly rent. To obtain this amount, divide the “Tenant Rent” from the HUD-50059 by the actual number of days in the month and multiply by the number of days the tenant will occupy the unit during the first rental period. If the Tenant Rent is zero, enter \$0. Also enter the month for which partial rent is paid.

K - Enter the “Tenant Rent” from the HUD-50059 prepared for this tenant. If this entry is zero, enter \$0.

L - Enter the date the rent is due. Due date is determined by the project owner or management agent.

M - Specify where the rent is to be delivered.

Paragraph 5:

N - Charges for Late Payment and Returned Checks. HUD’s limitations on the amount the landlord may collect for these charges are discussed in Chapter 6, Section 3 of this handbook. The dates included in the model lease assume that rent is due on the first of the month. If rent is due on another date, adjust the dates in this paragraph.

Paragraph 7:

O - Charges for Utilities and Services. The split between utilities paid directly by the tenant (Column 1) and utilities included in the tenant’s rent (Column 2) must agree with the HUD-approved rental schedule for the project. HUD must approve any charges imposed upon the tenant in addition to rent (Column 3) before being included in the lease. See Chapter 6, Section 3 of this handbook for a discussion on approvable charges. Strike paragraph (b) if the tenant will not be paying any special charges.

Paragraph 8: Security Deposits:

P - Amount must be within HUD limitations specified in Chapter 6, Section 1 of this handbook. If the security deposit will be collected in installments, edit first sentence to specify amount and due dates of installments.

Q and R – If the tenant will receive interest, enter interest rate the tenant will receive and date interest will begin to accrue. If the tenant will not receive interest on his/her security deposit (i.e., deposits will not be invested or interest will be deposited in the project’s operating account), strike portion in brackets. HUD requirements regarding the amount and investment of security deposits as well as the disposition of any interest earned on invested deposits are explained in Chapter 6, Section 2 of this handbook.

Paragraph 9: Keys and Locks.

T - See Chapter 6, Section 3 of this handbook for HUD's limitations on key charges.

Paragraph 15: Regularly Scheduled Recertifications. See Chapter 7 of this handbook for an in-depth discussion of recertification requirements.

U and V – Enter the day and month the tenant will be notified of the need to recertify. This date should be at least 120 days before the scheduled effective dates discussed in Chapter 7, Section 1 of this handbook.

Paragraph 17: Removal of Subsidy. This paragraph only applies to tenants receiving Rent Supplement, Section 8 or RAP payments. If the tenant is not receiving one of these tenant-subsidies, strike all of paragraph 17.

Paragraph 23: Termination of Tenancy. Management may edit paragraph 23a to specify when the 30-day notice period begins, i.e., at the beginning or in the middle of a monthly rental period.

Paragraph 25: Attachments. Attach: 1) the HUD-50059 certification; 2) the Unit Inspection Report; and, 3) any house rules. Attachments 1 and 2 must be signed and dated by both the Landlord and tenant.

Paragraph 29:

W - Signatures. The lease must be signed and dated by the head-of-household, spouse, co-head (if applicable) and any adult family members and the Landlord.**