



MEMORANDUM NO. 06-12-04 MF-113

TO: Section 8 Owners and Management Agents

FROM: Vona Johnson, Director
Rental Housing Management

SUBJECT: Debt Service and Owner Signatures

DATE: December 5, 2006

Debt Service

HUD has provided clarification regarding the debt service amount to use when completing the Operating Cost Adjustment Factor (OCAF) and Budget Based Rent Computation Worksheet. For the following types of properties, the new debt service should be used if there is new debt.

- Mark-to-Market
- Preservation (option 5)
- 236 Decoupled
- Restructure
- Risk Share

For the refinance of an FHA insured loan, use original debt service amount if the new loan is not FHA insured and use new debt service amount if new loan is FHA insured. Refer to the Section 8 Renewal Policy Chapters 15 and 16.

For properties for which new debt has been acquired, but that do not fall into the above categories, the original debt service will be used to calculate the OCAF or budget based rent adjustments regardless of the amount of the new debt service.

When the contract administrator calculates a budget based rent adjustment for a risk share property, the new debt service and owner equity amounts, excluding tax credit proceeds, if applicable, will be used in calculating the Rent Computation Worksheet.



Owner Signatures

Owner signatures are required on contract renewal and rent adjustment request documents and rent schedules. If the management agent has Power of Attorney (POA) it must be very specific as to timeframe and tasks allowed to perform. For properties governed by a Board of Directors, these documents will be accepted if signed by the Chairperson or Vice Chairperson of the board. If the documents are signed by someone else, a copy of the bylaws or a resolution authorizing the signatory must be submitted.

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