

TABLE OF CONTENTS

CHAPTER 1: INTRODUCTION.....	1-1
SECTION 1: INTRODUCTION TO THE ASSET MANAGEMENT HANDBOOK.....	1-1
1.1 ABOUT THIS HANDBOOK	1-1
1.2 COMPANION MULTI-FAMILY HOUSING HANDBOOKS.....	1-1
1.3 USING THIS HANDBOOK.....	1-2
A. Citations and Text Boxes	1-2
B. Attachments and Appendices	1-2
C. Terminology	1-2
SECTION 2: OVERVIEW OF THE AGENCY’S MULTI-FAMILY HOUSING PROGRAMS.....	1-5
1.4 GOALS OF THE RHS MULTI-FAMILY HOUSING PROGRAMS	1-5
1.5 SECTION 515 PROGRAM—OVERVIEW	1-5
1.6 SECTION 514/516 PROGRAMS—OVERVIEW	1-6
A. Section 514 Loans and Section 516 Grants for Off-Farm Housing.....	1-6
B. Section 514 Loans for On-Farm Housing.....	1-6
SECTION 3: GENERAL PROGRAM REQUIREMENTS	1-7
1.7 CIVIL RIGHTS [7 CFR 3560.2].....	1-7
A. Nondiscrimination.....	1-8
B. Reasonable Accommodations for Persons with Disabilities	1-8
C. Limited English Proficiency [7 CFR 3560.2]	1-8
D. Civil Rights Impact Analysis	1-8
1.8 REVIEWS AND APPEALS [7 CFR 3560.9].....	1-9
A. Informing Program Participants of Their Rights.....	1-9
B. Adverse Decisions That Cannot Be Appealed.....	1-10
C. Informal Review	1-10
D. Mediation or ADR.....	1-11
E. Appeal.....	1-13
F. Tenants and the Tenant Grievance Process.....	1-14
1.9 CONFLICT OF INTEREST [7 CFR 3560.10].....	1-14
A. Applicant Disclosure.....	1-14
B. Agency Employee Disclosure	1-14
1.10 OTHER FEDERAL REQUIREMENTS.....	1-15
A. Environmental Requirements [7 CFR 3560.3].....	1-15
B. Construction Standards.....	1-15
C. Lobbying Restrictions	1-15
D. Administrative Requirements.....	1-15

1.11 EXCEPTION AUTHORITY [7 CFR 3560.8] 1-16

ATTACHMENT 1-A: EQUAL CREDIT OPPORTUNITY ACT (ECOA)

ATTACHMENT 1-B: ATTACHMENT TO LETTER NOTIFYING CUSTOMERS OF AN
ADVERSE DECISION THAT IS APPEALABLE

ATTACHMENT 1-C: ATTACHMENT TO LETTER NOTIFYING CUSTOMERS OF AN
ADVERSE DECISION THAT CANNOT BE APPEALED

ATTACHMENT 1-D: ATTACHMENT TO LETTER NOTIFYING CUSTOMERS OF
UNFAVORABLE DECISION REACHED AS A RESULT OF AN
INFORMAL REVIEW

ATTACHMENT 1-E: ATTACHMENT FOR NOTIFYING CUSTOMERS THAT REQUEST
MEDIATION IN STATES WITH A USDA-SPONSORED MEDIATION
PROGRAM

ATTACHMENT 1-F: ATTACHMENT FOR REQUESTING MEDIATION OR ALTERNATIVE
DISPUTE RESOLUTION (ADR) SERVICES

ATTACHMENT 1-G: ATTACHMENT FOR NOTIFYING CUSTOMERS THAT REQUEST
MEDIATION OR ALTERNATIVE DISPUTE RESOLUTION (ADR) OF
SERVICE PROVIDER

ATTACHMENT 1-H: ATTACHMENT FOR NOTIFYING CUSTOMERS THAT REQUEST
MEDIATION OR ALTERNATIVE DISPUTE RESOLUTION (ADR) OF
POTENTIAL SERVICE PROVIDERS

ATTACHMENT 1-I: ATTACHMENT FOR NOTIFYING CUSTOMERS THAT MEDIATION OR
ALTERNATIVE DISPUTE RESOLUTION (ADR) DID NOT RESULT IN
RESOLUTION OF ISSUES

**CHAPTER 2: MULTI-FAMILY HOUSING PROGRAMS AND ASSET
MANAGEMENT 2-1**

2.1 INTRODUCTION..... 2-1

SECTION 1: SECTION 515 PROGRAM..... 2-1

2.2 OVERVIEW 2-1

2.3 TYPES OF PROJECTS 2-1

A. Family Projects..... 2-2

B. Elderly Projects 2-2

C. Congregate Projects..... 2-2

D. Group Homes 2-3

E. Rural Cooperative Housing 2-3

2.4 TYPES OF LOANS 2-3

A. Initial Loans 2-3

B. Subsequent Loans..... 2-4

C. Assumed Loans 2-4

2.5 REFERENCE FOR PROJECTS THAT LEVERAGE OTHER FUNDS..... 2-4

SECTION 2: SECTION 514/516 PROGRAM..... 2-5

2.6 TYPES OF PROJECTS 2-5

A. Off-Farm Labor Housing	2-5
B. On-Farm Labor Housing	2-5
2.7 LOANS AND GRANTS.....	2-5
A. Farm Labor Housing Loans.....	2-5
B. Farm Labor Housing Grants	2-6
2.8 PREFERENCE FOR PROJECTS THAT LEVERAGE OTHER FUNDS	2-6
SECTION 3: SECTION 521 PROGRAM.....	2.7
2-9 OVERVIEW.....	2.7
2.10 SECTION 515 & 514/516 PROGRAMS... ..	2.7
A. Section 515.....	2.7
B. Section 514/516.....	2.7
SECTION 4: ASSET MANAGEMENT FRAMEWORK.....	2-7
2.11 ASSET MANAGEMENT	2-7
2.12 KEY ASSET MANAGEMENT ACTIVITIES AND DOCUMENTS.....	2-8
A. Key Agency Activities	2-8
B. Key Documents	2-9
2.13 ASSET MANAGEMENT PROCEDURES FOR MULTI-FAMILY HOUSING PROJECTS.....	2-10
A. Property Management (Chapter 3).....	2-10
B. Financial Management (Chapter 4).....	2-10
C. Project Physical Conditions (Chapter 5).....	2-11
D. Project Occupancy (Chapter 6)	2-11
E. Rents, Shelter Cost, and Utility Allowances (Chapter 7).....	2-11
F. Rental Subsidies (Chapter 8).....	2-11
G. Agency Monitoring Compliance (Chapter 9).....	2-12
CHAPTER 3: PROPERTY MANAGEMENT	3-1
3.1 INTRODUCTION.....	3-1
SECTION 1: PROJECT MANAGEMENT [7 CFR 3560.102].....	3-1
3.2 OVERVIEW OF PROJECT MANAGEMENT RESPONSIBILITIES	3-1
3.3 THE MANAGEMENT PLAN [7 CFR 3560.102(b)]	3-1
A. New Projects	3-2
B. Existing Projects.....	3-2
C. Three-Year Borrower Certification of Adequacy of Plan.....	3-3
D. Projects with Compliance Violations	3-3
E. Continued Management Discrepancies.....	3-4
3.4 THE MANAGEMENT CERTIFICATION	3-4

A. The Role of the Management Agreement.....	3-5
B. Agency Approval of the Management Certification.....	3-6
3.5 SELF-EVALUATIONS AND TRANSITION PLANS	3-6
A. Borrowers Required to Conduct Self-Evaluations and Develop Transition Plans	3-6
B. Standards Borrowers Must Meet	3-7
C. Self-Evaluation and Transition Plan Requirements.....	3-7
SECTION 2: APPROVING, REMOVING, AND REVIEWING THE MANAGEMENT	
AGENT [7 CFR 3560.102]	3-9
3.6 THE MANAGEMENT AGENT	3-9
A. Acceptable Types of Management Entities	3-9
B. Approval of the Proposed Management Entity.....	3-10
C. Use of Management Entities without Agency Approval	3-12
3.7 REMOVAL OF A MANAGEMENT AGENT	3-13
SECTION 3: SETTING THE MANAGEMENT FEE [7 CFR 3560.102].....	3-15
3.8 THE MANAGEMENT FEE	3-15
A. The Purpose of the Management Fee	3-15
B. Types of Management Fees.....	3-15
C. Services Paid from the Management Fee	3-17
D. Services Paid from Project Income	3-18
SECTION 4: INSURANCE, BONDING, AND TAXES [7 CFR 3560.105].....	3-19
3.9 OVERVIEW	3-19
3.10 PROPERTY INSURANCE.....	3-19
A. Hazard Insurance	3-19
B. Flood Insurance	3-20
C. Earthquake Insurance.....	3-20
D. Windstorm Insurance.....	3-21
E. Builder’s Risk Insurance.....	3-21
F. Elevator, Boiler, and Machinery Insurance	3-21
G. Sinkhole Insurance or Mine Subsidence Insurance	3-22
H. Business Income or Rent Loss Insurance	3-22
I. Acceptable Exclusions.....	3-22
J. Property Insurance Exemptions	3-23
K. Property Insurance Policy Requirements.....	3-23
3.11 FIDELITY COVERAGE	3-24
A. Loss or Damage Covered	3-24
B. Coverage Requirements.....	3-24
C. Deductible	3-25
D. Exemptions.....	3-25
E. Policy Requirements.....	3-26
3.12 ERRORS AND OMISSIONS INSURANCE.....	3-26

3.13	LIABILITY INSURANCE	3-26
	A. Loss or Damage Covered	3-26
	B. Coverage Requirements.....	3-26
	C. Deductible	3-27
3.14	WORKERS' COMPENSATION.....	3-27
3.15	POLICY RENEWALS.....	3-27
3.16	BLANKET POLICIES.....	3-27
3.17	AUTHORIZED INSURANCE PROVIDERS	3-28
3.18	BORROWER FAILURE TO MEET INSURANCE REQUIREMENTS	3-28
	A. Unacceptable Insurance Policy.....	3-28
	B. Expired Policies.....	3-28
	C. Force-Placed Insurance	3-29
3.19	PROPERTY DAMAGE OR LOSS.....	3-29
	A. When Loss or Damage is Discovered	3-29
	B. Loss Drafts	3-29
3.20	REAL ESTATE TAXES.....	3-30
SECTION 5: PROJECT MANAGEMENT FOR LABOR HOUSING		3-31
3.21	PROJECT MANAGEMENT AND FEES	3-31
	A. Off-Farm Labor Housing	3-31
	B. On-Farm Labor Housing	3-31
3.22	INSURANCE REQUIREMENTS	3-31
	A. Off-Farm Labor Housing	3-31
	B. On-Farm Labor Housing	3-31
3.23	SPECIAL SERVICING REQUIREMENTS FOR SECTION 514 ON-FARM LABOR HOUSING.....	3.32
	A. Background.....	3.32
	B. Policy.....	3.32
	C. Definition of Rent.....	3.32
	D. Servicing Actions.....	3.33
	E. Documentation Accompanying Problem Case Reports and Required Action... ..	3.34
	F. Compliance Concerns Warranting Attention and Corrective Action... ..	3.35
	G. LH Compliance Concerns Detected After Promissory Notes Are Paid in Full.....	3.36
ATTACHMENT 3-A: MANAGEMENT PLAN REQUIREMENTS		
ATTACHMENT 3-B: BORROWER CERTIFICATION THAT NO CHANGES ARE REQUIRED TO THE MANAGEMENT PLAN		
ATTACHMENT 3-C FREQUENTLY ASKED QUESTIONS (FAQ) NONDISCRIMINATION POLICIES AND PRACTICES BORROWERS MUST ADDRESS		
ATTACHMENT 3-D: COSTS AND SERVICES TO BE PAID FROM THE MANAGEMENT FEE		
ATTACHMENT 3-E: COSTS AND SERVICES TO BE PAID FROM PROJECT INCOME		
ATTACHMENT 3-F: PER UNIT PER MONTH STATE MAXIMUM MANAGEMENT FEE		

CHAPTER 4: FINANCIAL MANAGEMENT.....	4-1
4.1 INTRODUCTION.....	4-1
SECTION 1: PROJECT ACCOUNTING SYSTEM.....	4-1
4.2 OVERVIEW OF ACCOUNTING SYSTEM REQUIREMENTS [7 CFR 3560.302]	4-1
4.3 OVERVIEW OF ACCOUNTS.....	4-3
...	
SECTION 2: PROJECT ACCOUNTS.....	4-3
4.4 General Operating Account.....	4-4
4.5 Tax and Insurance Account	4-12
4.6 Reserve Account.....	4-12
4.7 Security Deposit or Membership Fee Account	4-12
4.8 Patron Capital Account.....	4-13
SECTION 3: REPLACEMENT RESERVES [7 CFR 3560.306]	4-13
4.9 PURPOSE OF RESERVES	4-13
4.10 RESERVE ACCOUNT REQUIREMENTS	4-13
4.11 RESERVE INSTALLMENTS.....	4-14
4.12 RESERVE ACCOUNT PRINCIPLES.....	4-15
A. Investment Vehicles and Institutions	4-15
B. Limitations on Investments in Securities.....	4-16
C. Reporting Actual Costs of Securities.....	4-16
4.13 USE OF THE RESERVE ACCOUNT	4-17
A. Planned Use of Reserves.....	4-17
B. Authorized Uses/Eligible Ependitures.....	4-18
C. Unanticipated Uses of Reserves.....	4-19
D. Withdrawal Approval Process.....	4-20
SECTION 4: PROJECT BUDGETS.....	4-23
4.14 BUDGET REQUIREMENTS [7 CFR 3560.303]	4-23
A. General Information.....	4-23
B. Sections of the Project Budget.....	4-24
C. Borrower Submission Requirements	4-29
D. Agency Review Requirements.....	4-36
1. Receiving the Budget.....	4-36
2. Prioritizing Budgets for Review.....	4-38
3. Reviewing Outstanding Monitoring Findings.....	4-38
4. Review the Budget for Reasonableness.....	4-39
5. Review of Rent Change Requests.....	4-41
6. Approval or Denial of Budgets.....	4-46
SECTION 5: REPORTING AND FINANCIAL EXAMINATIONS.....	4-48
4.15 MONTHLY AND QUARTERLY REPORTS [7 CFR 3560.307]	4-48
A. Overview of Reports	4-48
B. Review of Monthly and Quarterly Reports	4-49

4.16 ENGAGEMENTS AND PREPARATION OF ANNUAL FINANCIAL REPORTS [7 CFR 3560.308] and [7 CFR 3560.578].....	4-49
A. General Requirements for All Borrowers: Annual Financial Reports.....	4-49
B. Budget Actuals (Form RD 3560-7) and Balance Sheet (Form RD 3560-10).....	4-52
C. Borrower Certification of Performance Standards	4-52
D. Owner’s Compilation of Prescribed Forms.....	4-53
E. Financial and Compliance audit utilizing HUD Office of Inspector General’s (OIG) Consolidated Audit Guide Standard.....	4-54
F. Standards for State and Local Governments, Indian tribes and Non-Profit Organizations	4-55
G. Other Financial Reports	4-56
H. Annual Financial Reporting Due Dates and Agency Review of Annual Financial Reports	4-56
ATTACHMENT 4-A: CAPITAL EXPENDITURES	
ATTACHMENT 4-B: AMENDMENT TO LOAN AGREEMENT/RESOLUTION RESERVE ACCOUNT REQUIREMENTS	
ATTACHMENT 4-C: ALLOWABLE AND UNALLOWABLE PROJECT EXPENSES	
ATTACHMENT 4-D: PROPOSED BUDGET AND YEAR END ANALYSIS PROCESS	
ATTACHMENT 4-E: AUDIT PROGRAM FOR CONSTRUCTION ONLY	
ATTACHMENT 4-F: PERFORMANCE STANDARDS BORROWER SELF-CERTIFICATION LETTER	
ATTACHMENT 4-G: RD MFH PROGRAMS AUDIT DETERMINATION WORKSHEET	
ATTACHMENT 4-H: AUDIT EXAMPLE ENGAGEMENT LETTER - FOR-PROFIT ENTITY	
ATTACHMENT 4-I: ANNUAL RD COMPLIANCE AUDIT TO BE CONDUCTED IN CONNECTION WITH THE ANNUAL FINANCIAL STATEMENT AUDIT	
ATTACHMENT 4-J: COMPLIANCE REQUIREMENTS AND AUDIT AREAS	
ATTACHMENT 4-K: EXAMPLE INDEPENDENT ACCOUNTANTS’ COMPILATION REPORT ON RD PRESCRIBED FORMS	
ATTACHMENT 4-L: OWNER CERTIFIED PRESCRIBED FORMS	
ATTACHMENT 4-M: EXAMPLE REPORTS	
ATTACHMENT 4-N: YEAR END FINANCIAL REPORTING REQUIREMENTS - STATE AND LOCAL GOVERNMENT, INDIAN TRIBES AND NON-PROFIT ORGANIZATIONS	
ATTACHMENT 4-O: AGENCY REVIEW OF ANNUAL FINANCIAL REPORTS	

CHAPTER 5: PROJECT PHYSICAL CONDITIONS..... 5-1

5.1 INTRODUCTION.....	5-1
-----------------------	-----

SECTION 1: PROJECT MAINTENANCE [7 CFR 3560. 103] 5-1

5.2 PURPOSE	5-1
5.3 MAINTENANCE REQUIREMENTS AND STANDARDS OF PHYSICAL CONDITIONS	5-1
A. Standards of Physical Conditions.....	5-1
B. Performance Standards.....	5-1
C. Maintenance Systems and Procedures.....	5-2
D. Requirements for Labor Housing.....	5-4
5.4 CORRECTING DEFICIENCIES.....	5-5
5.5 PAYING FOR MAINTENANCE EXPENSES	5-6

SECTION 2: CAPITAL PLANNING.....	5-7
5.6 OVERVIEW	5-7
5.7 CAPITAL NEEDS ASSESSMENT	5-7
A. Overview	5-7
B. General Criteria	5-7
C. Determining a Project’s Capital Needs.....	5-7
D. Agency Review	5-8
SECTION 3: AGENCY OVERSIGHT OF BORROWER PERFORMANCE.....	5-9
5.8 OVERSIGHT DURING DESIGN AND CONSTRUCTION	5-9
CHAPTER 6: PROJECT OCCUPANCY	6-1
6.1 INTRODUCTION.....	6-1
SECTION 1: TENANT ELIGIBILITY REQUIREMENTS [7CFR 3560.152].....	6-1
6.2 GENERAL ELIGIBILITY—INCOME ELIGIBILITY	6-1
6.3 INCOME REQUIREMENTS	6-1
6.4 RESERVED.....	6-1
6.5 DETERMINING AN ELIGIBLE HOUSEHOLD	6-1
A. Defining a Household.....	6-2
B. Who Can Be Counted as a Household Member?.....	6-2
6.6 ADDITIONAL REQUIREMENTS FOR ELDERLY UNITS, CONGREGATE HOUSING, AND GROUP HOMES	6-4
A. Elderly Units and Congregate Housing	6-4
B. Group Homes	6-5
6.7 INELIGIBLE TENANT WAIVERS.....	6-5
SECTION 2: CALCULATING INCOME AND INITIAL CERTIFICATION.....	6-7
6.8 BORROWER AND APPLICANT/TENANT RESPONSIBILITY	6-7
6.9 CALCULATION OF TENANT INCOME	6-7
A. Key Concepts for Income Determinations	6-7
B. Calculating Annual Income	6-9
C. Calculating Adjusted Income	6-9
6.10 EVALUATING APPLICANTS’ ASSETS	6-12
A. Reporting Assets	6-13
B. Calculating Market and Cash Value	6-13
C. Retirement Assets.....	6-13
D. Calculating Income from Assets	6-13

6.11 VERIFICATION PROCEDURES	6-15
A. Verification Requirements	6-15
B. Verification Procedure.....	6-16
6.12 THE SOLDIERS' AND SAILORS' RELIEF CIVIL ACT.....	6-18
SECTION 3: OCCUPANCY POLICIES AND OCCUPANCY RULES [7 CFR 3560.157]	6-20
6.13 OCCUPANCY POLICIES.....	6-20
A. Unit Density Standards	6-20
B. Procedures for Assigning Units.....	6-21
6.14 AGENCY REVIEW AND MONITORING OF OCCUPANCY POLICIES.....	6-21
6.15 OCCUPANCY RULES.....	6-21
A. Basic Rules.....	6-21
B. Pets	6-22
C. Tenant Organizations.....	6-23
D. Community Rooms	6-24
6.16 AGENCY REVIEW AND MONITORING OF OCCUPANCY RULES	6-24
SECTION 4: MARKETING AND APPLICATION PROCESSING [7 CFR 3560.104 and 7 CFR 3560.154].....	6-25
6.17 REQUIREMENTS FOR AFFIRMATIVE FAIR HOUSING MARKETING PLANS	6-25
6.18 APPLICATION REQUIREMENTS AND PROCESSING	6-25
A. Application Forms.....	6-25
B. Application Fees.....	6-27
C. Maintaining Waiting Lists.....	6-27
6.19 REJECTION OF APPLICATIONS	6-29
6.20 AGENCY REVIEW AND MONITORING OF APPLICATION PROCESSING	6-29
SECTION 5: TENANT SELECTION AND UNIT ASSIGNMENT [7 CFR 3560.154 and 7 CFR 3560.155].....	6-31
6.21 ASSIGNING AN AVAILABLE UNIT	6-31
6.22 PRIORITIES FOR UNITS.....	6-31
A. Exceptions to Income Standard Assignment Policies	6-31
B. Assignment of Rental Units Accessible to Individuals with Disabilities.....	6-33
6.23 AGENCY MONITORING AND REVIEW OF UNIT ASSIGNMENT	6-33
SECTION 6: DWELLING LEASES [7 CFR 3560.156].....	6-35
6.24 OVERVIEW OF DWELLING LEASES	6-35
6.25 DEVELOPMENT OF A LEASE	6-35
6.26 EXECUTION OF THE LEASE WITH THE TENANT	6-35

6.27	AGENCY REVIEW AND MONITORING OF LEASE REQUIREMENTS.....	6-35
SECTION 7: TENANT RECERTIFICATION AND CHANGES IN ELIGIBILITY		
	[7 CFR 3560.152 and 7 CFR 3560.158]	6-37
6.28	REQUIREMENTS TO RECERTIFY TENANTS	6-37
	A. The Annual Recertification Process	6-37
	B. Interim Recertification Process	6-38
	C. Submission of the Certification to the Agency.....	6-39
6.29	AGENCY REVIEW AND MONITORING OF THE RECERTIFICATION PROCESS.....	6-39
	A. Agency Review	6-39
	B. Management Agent Interactive Network Connection (MINC)	6-40
6.30	INELIGIBLE TENANTS	6-40
	A. Continuation of Tenancy—Tenants Who Fail to Comply with the Occupancy Policy	6-41
	B. Continuation of Tenancy—Tenants Who Fail to Comply with the Income Requirements for the Property	6-41
	C. Cooperative Members	6-41
	D. Remaining Household Members	6-41
	E. Surviving Household Members	6-42
	F. Agency Review and Monitoring of Ineligible Tenants	6-43
6.31	LEASE VIOLATIONS	6-44
6.32	TERMINATION OF OCCUPANCY.....	6-44
	A. Tenants in Violation of the Lease.....	6-44
	B. Other Lease Terminations	6-45
SECTION 8: TENANT GRIEVANCE PROCEDURES [7 CFR 3560.160]		
6-45		
6.33	NOTICE OF ADVERSE ACTION.....	6-45
6.34	OVERVIEW OF THE PROCESS	6-46
6.35	WHEN IS A TENANT GRIEVANCE LEGITIMATE?.....	6-46
6.36	BORROWER/MANAGEMENT AGENT RESPONSIBILITIES	6-47
6.37	THE HEARING PROCESS.....	6-47
	A. Request for a Hearing.....	6-47
	B. Scheduling the Hearing	6-48
	C. Selection of the Hearing Officer or Hearing Panel.....	6-48
	D. Examination of Records	6-49
	E. Escrow Deposits	6-49
6.38	REQUIREMENTS GOVERNING THE HEARING.....	6-50
6.39	THE HEARING DECISION.....	6-51
SECTION 9: SPECIAL REQUIREMENTS FOR LABOR HOUSING [7 CFR 3560.575 and		
7 CFR 3560.624].....		
6-51		
6.40	OFF-FARM LABOR HOUSING	6-52
	A. Eligible Tenants	6-52

B. Occupancy Priorities	6-52
C. Projects with Diminished Need	6-53
6.41 ON-FARM LABOR HOUSING	6-54
A. Eligible Tenants	6-54
B. Ineligible Tenants	6-54
ATTACHMENT 6-A: ANNUAL INCOME INCLUSIONS AND EXCLUSIONS	
ATTACHMENT 6-B: ZERO INCOME VERIFICATION CHECKLIST	
ATTACHMENT 6-C: ALLOWABLE DEDUCTIONS	
ATTACHMENT 6-D: FAMILY ASSETS	
ATTACHMENT 6-E: LEASE REQUIREMENTS	
ATTACHMENT 6-F: PROHIBITED LEASE CLAUSES	
ATTACHMENT 6-G: ACQUIRING AUTOMATION SUPPORT FOR MINC OR OTHER AUTOMATION NEEDS	
ATTACHMENT 6-H: FEDERAL REGIONAL INCOME LIMITS FOR HIRED FARMWORKERS	
ATTACHMENT 6-I: ELIGIBILITY, INCOME, AND DEDUCTION CHECKLIST	
ATTACHMENT 6-J: REQUIRED TENANT FILE DOCUMENTATION	
ATTACHMENT 6-K: GUIDE FOR ADMINISTERING AND COMPLYING WITH VAWA 2013	
CHAPTER 7: RENTS, SHELTER COST, AND UTILITY ALLOWANCES	7-1
7.1 INTRODUCTION.....	7-1
SECTION 1: RENT REQUIREMENTS.....	7-1
7.2 RENT REQUIREMENTS BY PROJECT TYPE [7 CFR 3560.202].....	7-1
A. Major Rent Levels.....	7-1
B. Rent Levels by Project Type	7-2
C. Setting Rent Levels	7-3
7.3 UTILITY ALLOWANCES [7 CFR 3560.202]	7-3
A. Setting Utility Allowances	7-3
B. Approving Utility Allowances.....	7-3
C. Monitoring Utility Allowances.....	7-3
7.4 DETERMINING TENANT RENT PAYMENT [7 CFR 3560.203]	7-4
A. Net Tenant Contribution.....	7-4
B. Unit Rents.....	7-6
C. Overage	7-6
D. Unit Rents for Ineligible Tenants	7-7
E. Unit Rents for Site Managers, Caretakers, and Owner-Occupied Units	7-7
F. Unit Rents for Low Income Housing Tax Credit Units	7-7
G. Adjustments to Unit Rents	7-9
7.5 RENTS DURING EVICTION OR FAILURE TO RECERTIFY [7 CFR 3560.208].....	7-10
A. Rents for Tenants Being Evicted.....	7-10
B. Rents for Tenants without a Current Certification.....	7-10
7.6 IMPROPERLY ADVANCED RENTS [7 CFR 3560.209]	7-11
A. Tenant Fraud	7-11
B. Borrower Error	7-11

7.7 MONITORING TENANT CONTRIBUTION AND UNIT RENTS	7-11
A. Borrower Monthly Submissions.....	7-11
B. Site Visits	7-11
SECTION 2: SECURITY DEPOSITS	7-13
7.8 SECURITY DEPOSITS [7 CFR 3560.204]	7-13
A. Allowable Amounts	7-13
B. Payment Plans	7-13
C. Authorized Uses	7-13
D. Accounting and Interest	7-14
E. Additional Deposits	7-14
7.9 MONITORING SECURITY DEPOSITS	7-14
SECTION 3: RENT COLLECTION.....	7-15
7.10 RENT COLLECTION [7 CFR 3560.209]	7-15
A. Tracking Rents	7-15
B. Fees for Late Payments	7-15
7.11 BORROWER REPORTING OF RENTS	7-16
A. Agency Tracking of Overage	7-16
B. Payment of Overage for Multi-Family Housing Projects with Interest Credit and No Rental Assistance	7-16
C. Payment of Overage for Section 8/515 Projects.....	7-18
SECTION 4: RENT CHANGES.....	7-21
7.12 OVERVIEW	7-21
7.13 CHANGES IN RENTS AND UTILITY ALLOWANCES [7 CFR 3560.205]	7-21
A. Rent Change Requests Under Special Circumstances.....	7-21
B. Annual Utility Allowance Reviews.....	7-21
C. Tenant Notification and Comments.....	7-21
D. Documentation.....	7-22
E. Agency Responsibility.....	7-23
7.14 RENT CHANGES FOR UNITS RECEIVING HUD SECTION 8 ASSISTANCE [7 CFR 3560.207]	7-24
A. Reviewing Budgets with HUD Subsidies.....	7-25
B. Excess Rents.....	7-25
SECTION 5: RENTS FOR LABOR HOUSING PROJECTS.....	7-27
7.15 OFF-FARM LABOR HOUSING	7-27
A. Rent Structure.....	7-27
B. Establishing a Basic Rent at the Property	7-28

7.16 ON-FARM LABOR HOUSING	7-28
CHAPTER 8: RENTAL SUBSIDIES	8-1
8.1 INTRODUCTION.....	8-1
8.2 AUTHORIZED RENTAL SUBSIDIES [7 CFR 3560.252]	8-1
A. Project-Based Rental Subsidy	8-1
B. Tenant-Based Rental Subsidies	8-2
C. Multiple Subsidies.....	8-2
SECTION 1: ALLOCATION OF AGENCY RENTAL ASSISTANCE	8-3
8.3 AGENCY-FUNDED RENTAL ASSISTANCE	8-3
8.4 ALLOCATION AND DISTRIBUTION OF AGENCY RA [7 CFR 3560.257]	8-3
A. Allocation of RA to the States by the National Office	8-3
B. Prioritization of RA	8-4
8.5 PROJECT ELIGIBILITY FOR AGENCY RA [7 CFR 3560.254]	8-4
8.6 PROCESSING RA OBLIGATIONS [7 CFR 3560.255].....	8-5
A. Renewal and Servicing Rental Assistance	8-5
B. New Construction Rental Assistance	8-6
C. Approval and Processing Actions for FY 04 and FY 05 RA Obligations	8-7
D. General Approval and Processing Actions.....	8-7
E. RA Obligation Numbers	8-8
8.7 TERMS OF AGREEMENT [7 CFR 3560.258]	8-9
A. Terms of Agreement.....	8-9
B. When Agreements May Be Amended	8-9
C. Procedures for Amending Agreements.....	8-9
D. Consolidating Agreements Prohibited.....	8-10
E. Replacing Expiring Obligations.....	8-10
8.8 TRANSFERRING RA [7 CFR 3560.259].....	8-10
A. Cases in which RA May Be Transferred.....	8-10
B. Eligible Units.....	8-13
C. Transferring RA for Displaced Tenants	8-13
D. Process for Transferring	8-13
SECTION 2: ADMINISTRATION OF RENTAL ASSISTANCE.....	8-15
8.9 CORRECTIONS TO RENTAL ASSISTANCE PAYMENTS.....	8-15
A. Administrative Errors.....	8-15
B. Canceling an RA Check	8-15
8.10 ASSIGNING RENTAL ASSISTANCE TO TENANTS AND APPLICANTS [7 CFR 3560.257]	8-15
A. Eligible Households	8-15

B. Priorities in Existing Projects	8-16
C. Assigning RA in Newly Constructed Units	8-16
D. Continued Eligibility	8-17
E. Timing of RA Assignment.....	8-17
F. Incorrectly Assigned RA.....	8-17
G. Dealing with Tenants Who Attempt to Receive RA Simultaneously in Two Different Projects	8-18
8.11 TENANT PAYMENTS [7 CFR 3560.256(d)].....	8-18
A. Rents	8-18
B. Utilities	8-19
SECTION 3: OTHER RENTAL SUBSIDIES	8-19
8.12 HUD RENTAL SUBSIDY [7 CFR 3560.260]	8-19
A. Project-Based Assistance	8-20
B. Tenant-Based Assistance.....	8-20
8.13 OTHER SOURCES OF RENTAL SUBSIDY [7 CFR 3560.260].....	8-20
A. Agency Requirements for New Construction Projects Proposed with Non-Agency Rental Subsidy	8-20
B. Formalizing the Project-Based Rental Subsidy	8-21
C. Low-Income Housing Tax Credit Projects	8-22
SECTION 4: LABOR HOUSING REQUIREMENTS FOR RENTAL ASSISTANCE.....	8-23
8.14 USING RENTAL ASSISTANCE AS OPERATING ASSISTANCE [7 CFR 3560.574]	8-23
8.15 PROJECT ELIGIBILITY FOR OPERATING ASSISTANCE	8-23
8.16 OPERATING SUBSIDY LIMITS	8-23
8.17 OWNER RESPONSIBILITIES	8-23
A. Requesting for Operating Assistance Program.....	8-23
B. Requesting Operating Assistance Payments.....	8-24
C. Verifying Tenant Income Eligibility	8-24
D. Reporting Requirements.....	8-24
CHAPTER 9: AGENCY MONITORING [7 CFR part 3560, subpart H]	9-1
9.1 INTRODUCTION.....	9-1
9.2 AGENCY MONITORING OBJECTIVES AND PRIORITIES	9-1
A. Monitoring Objectives.....	9-1
B. Monitoring Priorities	9-2
9.3 BORROWER RESPONSIBILITIES	9-2
SECTION 1: OVERVIEW OF AGENCY MONITORING	9-3
9.4 AGENCY MONITORING REVIEWS	9-3
A. Key Parties in the Monitoring Process	9-3
B. Monitoring Methods and Activities.....	9-4

C. Key Documents and Sources of Information.....	9-4
9.5 PLANNING MONITORING ACTIVITIES	9-6
A. Routine Monitoring.....	9-6
B. In-Depth Monitoring	9-6
9.6 PERFORMING MONITORING REVIEWS.....	9-7
A. Desk Reviews.....	9-7
B. On-site Reviews	9-7
9.7 PROJECT CLASSIFICATION.....	9.9
SECTION 2: SERVICE OFFICE MONITORING.....	9-11
9.8 POST-OCCUPANCY REVIEW (90 DAY VISIT)	9-11
A. Purpose of the Review.....	9-11
B. Key Areas Examined.....	9-11
C. Timing.....	9-11
D. Key Staff.....	9-11
E. Preparing for the Review	9-12
F. Completing the Review	9-12
G. Exit Conference.....	9-13
H. MFIS.....	9-13
I. Follow-Up.....	9-13
9.9 ANNUAL PHYSICAL INSPECTION	9-13
A. Purpose.....	9-13
B. Key Areas Examined.....	9-13
C. Timing.....	9-13
D. Key Staff.....	9-13
E. Preparing for the Review	9-14
F. Completing the Review	9-14
G. MFIS.....	9-15
H. Follow-Up.....	9-15
9.10 TRIENNIAL SUPERVISORY VISIT	9-16
A. Purpose.....	9-16
B. Key Areas Examined.....	9-16
C. Timing.....	9-17
D. Key Staff.....	9-17
E. Preparing for the Supervisory Visit	9-17
F. Completing the Review	9-18
G. Exit Conference.....	9-21
H. MFIS.....	9-21
I. Borrower Notification of Review Results.....	9-21
J. Follow-Up	9-22
SECTION 3: AGENCY MONITORING FOR LABOR HOUSING PROJECTS	9-25

9.11 OFF-FARM LABOR HOUSING	9-25
9.12 ON-FARM LABOR HOUSING	9-25
A. Eligibility Documentation	9-25
B. Financial Information	9-25
C. Operating Plan	9-25
D. Loan Agreement	9-25
E. Security Deposits	9-25
F. Payment of Taxes and Insurance	9-26
SECTION 4: STATE OFFICE OVERSIGHT OF SERVICING ACTIVITIES	9-27
9.13 PORTFOLIO MANAGEMENT GOALS	9-27
SECTION 5: NATIONAL OFFICE INITIATIVES AND OVERSIGHT	9-31
9.14 WAGE AND BENEFIT MATCHING	9-31
9.15 UNUSED RENTAL ASSISTANCE	9-33
A. Unused Rental Assistance Reports	9-33
B. Evaluation of Report.	9-34
SECTION 6: SPECIAL PROCEDURES FOR DECLARED DISASTERS	9-35
9.16 PRESIDENTIALLY-DECLARED DISASTERS	9-35
A. Definition of Evacuees	9-35
B. Use of Rural Development Rental Assistance Program	9-35
C. Special Actions and Waivers	9-35
9.17 SPECIAL ACTIONS AND WAIVERS	9-36
A. Tenants Displaced from Rural Development Financed Multi-Family Properties.	9-36
B. Assistance for Rural Development Financed Properties Destroyed or Damaged	9-38
C. Non-rural Development Tenants	9-38
ATTACHMENT 9-A: STATE WAGE BENEFIT MATCHING AGREEMENT	
ATTACHMENT 9-B: REPORT ON STATUS OF UNUSED RENTAL ASSISTANCE UNITS	

APPENDICES

- Appendix 1: Text of 7 CFR Part 3560
 - Appendix 2: Text of 7 CFR Part 11
 - Appendix 3: Forms Referenced in this Handbook
 - Appendix 4: Handbook Letters Referenced in this Handbook
 - Appendix 5: Civil Rights Laws' Accessibility Requirements That Apply to the Multi-Family Housing (MFH) Program
-