U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FEDERAL HOUSING ADMINISTRATION

FHA Form No. 2303

Contract No. 101-44025-LDI-SUP

(Project No.)

RENT SUPPLEMENT CONTRACT

THIS AGREEMENT (herein called the "Contract"), entered into this 24th day
of June, 1971, between MORTON GRADDIS, an INDIVIDUAL (herein called the "Housing Owner"), and its successors, and the Secretary of Housing and Urban Development, acting by and through the Federal Housing Commissioner (herein called the "Commissioner"), and his successors, WITNESSETH:
In consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:
SECTION 1. <u>Purpose of Contract</u> . The purpose of this Contract is to provide financial assistance to enable certain private housing to be available for low income families and individuals who are elderly, handicapped, displaced, victims of natural disasters, or occupants of substandard housing, by the Commissioner's payment of a portion of the rent on behalf of qualified tenants, pursuant to Section 101 of the Housing and Urban Development Act of 1965, Public Law 89-117 89th Congress, H.R. 7984, August 10, 1965 (herein called the "Rent Supplement Program"). *See Addendum, Page 3.
SECOND 2. <u>Description of Project</u> . The housing project covered by this Contract is identified as follows:
FHA Project No. 101-44025-LDI-SUP, located at GLENWOOD SPRINGS, COLORADO, consisting of 42 units (herein called the "Project"). The Project is subject to a mortgage in the amount of \$ 517,400.00 , insured under Section 236 of the National Housing Act bearing interest at a permanent rate of 8½ % (herein called the "Insured Mortgage").
SECTION 3. Housing Owner's Certification of Authority. Commissioner's Certification of Eligibility of Housing Owner. The Housing Owner certifies that it has the legal authority to enter into this Contract and to own, operate and manage the Project in accordance with this Contract and the regulations of the Secretary of Housing and Urban Development and the Commissioner governing the Rent Supplement Program.
The Commissioner certifies that the Housing Owner is eligible and has been approved for receiving the benefits of the Rent Supplement Program.
SECTION 4. <u>Term</u> . This Contract shall continue until the termination or maturity of the Insured Mortgage, or 40 years from the date of the first payment made hereunder, whichever occurs first.
SECTION 5. <u>Maximum Annual Contract Amount</u> . The maximum dollar amount of rent supplement payments that may be made under this Contract in any one fiscal year shall be limited to an amount fixed by the Commissioner in the following manner:
Based upon probable effective demand and distribution of tenant income, the Commissioner has estimated that rent supplement payments in any one year plus a contingency allowance of 10% will not exceed \$ 6.776.00 (for no more than 20% or 8 of the 42 units).
The Housing Owner agrees, during a rent-up period as defined herein, to use its best efforts to secure tenants whose annual rental supplement requirements would not exceed the Commissioner's estimate.

At the termination of the rent-up period, the Commissioner will adjust the original estimate to reflect the

actual rent supplement requirements of tenants during the rent-up period plus a contingency allowance of 10%.

Upon such adjustment being made, the Commissioner shall give written notice thereof to the Housing Owner by an Addendum to be made a part of this contract.

The rent-up period shall commence on the date occupancy is first approved by the Commissioner and shall terminate 2 months thereafter, or upon such later date as the Commissioner has consented to in writing.

SECTION 6. Qualified Tenants. The benefits of the rent supplement program shall be available only to an individual or family with respect to whom the Commssioner has issued a certificate of eligibility.

Increased Income. Increase for Hardship. Yearly Recertification Requirements and Adjustments. The Housing owner will assist a tenant in preparing an application for rent supplement payments. Upon request of the Housing Owner, the Commissioner will review the application for eligibility. If the application meets the requirements of the Commissioner, the Commissioner shall issue the initial certificate of eligibility. The initial certificate shall state the amount of rent supplement payment that the Commissioner will make monthly to the Housing Owner on behalf of the qualified tenant. This shall be the amount by which the fair market rental for the unit approved by the Commissioner exceeds one-fourth of the tenant's income as determined by the Commissioner, or exceeds any welfare allowance for housing if such allowance is larger than one-fourth of the tenant's income, except that the amount of rent supplement payment stated in the intitial certificate of eligibility shall not, regardless of the tenant's income, exceed 70% of the fair market rental for the unit. An initial certificate of eligibility will not be issued in any case where the amount of rent supplement payment would be less than 10% of the fair market rental for the unit.

The Commissioner may terminate rent supplement payments upon a reported increase in income by the tenant pursuant to Section 9 hereof.

Where a tenant's income has decreased due to illness, loss of job or other hardship beyond his control, the Commissioner may grant a temporary increase in rent supplement payments.

A recertification of income shall be obtained by the Housing Owner each year from the date the initial certificate was issued, except with respect to tenants who are 62 years of age or older. The rent supplement payment shall be adjusted to reflect income changes shown by the recertification.

SECTION 8. Commissioner's Agreement to Make Rent Supplement Payments to Housing Owner. During the rent-up period the Commissioner agrees to make rent supplement payments to the Housing Owner on behalf of qualified tenants in the amounts set forth in the certificate of eligibility. Thereafter, the Commissioner agrees to make rent supplement payments to the Housing Owner on behalf of qualified tenants in the amounts set forth in the certificates of eligibility subject to the adjustment provided herein and the maximum annual contract amount limiting the amount of payments in any one fiscal year. Payments shall be made monthly in accordance with procedures prescribed by the Commissioner. In no event shall payments be made for vacant units.

SECTION 9. <u>Lease</u>. <u>Continuing Occupancy</u>. <u>Size of Units</u>. Occupancy by qualified tenants shall be permitted only upon the execution of a lease in form approved by the Commissioner. The lease must provide that the tenant report immediately any increase in income which results in a monthly income of four or more times the

full monthly rental for the housing unit occupied. The Housing Owner agrees to immediately notify the Commissioner in writing of such report so that termination of rent supplement payments can be made. Failure of the Housing Owner to notify the Commissioner of the report shall obligate the Housing Owner to reimburse the Commissioner for any rent supplement payments made during the period the tenant is receiving the reported increase in income. The lease shall also contain a provision obligating the tenant to reimburse the Commissioner for any rent supplement payments made by the Commissioner during a period when the tenant's income has increased to four or more times the full monthly rental and the payments have not been terminated because of the tenant's failure to report such increase to the Housing Owner.

Where, by reason of an increase in income, a tenant is no longer entitled to rent supplement benefits, he may continue to occupy the unit, but in no event shall the rent for the unit exceed the fair market rental as determined by the Commissioner.

Qualified tenants shall not be permitted to occupy units larger than the Commissioner determines necessary for their needs.

SECTION 10. Tenant Selection. The Housing Owner will be responsible for tenant selection and for the usual landlord-tenant relationships, conditioned on the Commissioner's approval if the tenant is eligible for rent supplements. The Housing Owner will be free to evict tenants for violation of lease provisions or for other causes. The Housing Owner may rent units to families or individuals who can afford to pay market rents or to families and individuals eligible to receive rent supplements.

SECTION 11. <u>Records</u>. The Housing Owner shall maintain accurate records, books and accounts in such form and manner as the Commissioner may prescribe. Such records, books and accounts shall be available to the Commissioner for inspection and audit.

SECTION 12. <u>Defaults</u>. The violation of the regulations, or of any convenant of this Contract, or of the insured mortgage, or of the regulatory agreements, or the filing of any false statement or misrepresentation to the Commissioner on the part of the Housing Owner, shall constitute a default under this Contract. Upon such default, the Commissioner may terminate this Contract without further liability hereunder and bring action to recover from the Housing Owner any excess rent supplement payments received in violation of this Contract.

SECTION 13. <u>Non-Assignment</u>. This Contract or any interest therein may not be assigned without the prior written approval of the Commissioner.

SECTION 14. Exclusion. No member of or delegate to Congress, or resident commission, shall be admitted to any share or part of this Contract or to any benefits which may arise therefrom; but this provision shall not be construed to extend to this Contract if made with a corporation for its general benefit.

SECTION 15. Provisions Applicable if Housing Owner is a Cooperative Corporation.

- (a) As used in this Contract the term "tenant" shall mean a member of a cooperative, and the term "rent" shall mean the charges under the occupancy agreement between the members of the cooperative.
- (b) A member of a cooperative that obtains a certificate of tenant eligibility shall be required, as a condition of receiving such certificate, to agree that upon a sale of such membership any equity increment accumulated through rent supplement payments will be turned over to the cooperative housing owner and will not be made available to the member. Funds received by a cooperative representing equity increment accumulated through rent supplement payments shall be deposited in a special account by the cooperative and disbursed as directed by the Commissioner.

SECTION 16. Renegotiation, Modification, Termination. If, at any future time, the parties find that it would be in their best interests and to the best interests of the Rent Supplement Program, the maximum annual

contract amount may be increased or decreased or any other provision of the Contract may be modified or amended, or the entire contract be terminated, upon written agreement of the parties.

SECTION 17. Special Conditions. The following special conditions shall be applicable to this Contract:

(a) The lease must provide that the tenant report immediately any increase in assets to more than \$5,000 in the case of the elderly (62 Yrs. or older) and more than \$2,00 in the case of other than elderly. The Housing Owner agrees to immediately notify the Commissioner in writing of such report so that termination of rent Supplement payments can be made. Failure of the Housing Owner to notify the Commissioner of the report shall obligate the Housing Owner to reimburse the Commissioner for any Rent Supplement payments made during the period the tenant's assets exceeded the aforesaid limits. The lease shall also contain a provision obligating the tenant to reimburse the Commissioner during the period when the tenant's assets exceed the aforesaid limits and the payments have not been terminated because of the tenant's failure to report such increase to the Housing Owner.

(SEAL)	MORTON GRADDIS, an INDIVIDUAL (Housing Owner)
Attest:	(Lastinating 2 mins)
	By /S/ Morton Graddis
	SECRETARY OF HOUSING AND URBAN DEVELOPMENT
	by FEDERAL HOUSING COMMISSIONER
Attest:	
/S/ Bruce R, Tholley	By /S/ N.J. Dieter

^{* &}quot;In determining the income of any tenant for the purposes of this section, there shall be deducted an amount equal to \$300 for each minor person who is a member of the immediate family of such tenant and living with such tenant, and the earnings of any such minor person shall not be included in the income of each tenant."