

SAMPLE USE AGREEMENT

**Mark-up-to-Market Where a For-Profit Owner is
Transferring the Property to a Non-Profit Owner**

or

**Budget-Based Rent Increase for
Capital Repairs for a Nonprofit Owner**

This Agreement entered into this _____ day of _____,
2000 by and between _____ (herein
called "Housing Owner") and the Secretary of Housing and
Urban Development, acting by and through the Assistant
Secretary for Housing-Federal Housing Commissioner (herein
called "HUD"),
Witnesseth:

WHEREAS, pursuant to section 24 of the Multifamily
Assisted Housing Reform and Affordability Act of 1997,
(P.L.105-65, 111 Stat. 1384) HUD is authorized in
connection with the expiration of section 8 project-based
Housing Assistance Payments contracts to renew such
contracts with owners of eligible projects upon such terms
and conditions as HUD considers appropriate; and,

WHEREAS, HUD may approve rent levels at budget-based
rents, not to exceed comparable market rents for the area,
and has determined to approve such budget-based rents as may
be necessary to restore or maintain the financial
soundness of certain eligible projects, to assist in
improvement of the management, and to maintain the low-to-
moderate-income character of the eligible projects; and,

WHEREAS, HUD has determined that renewals providing for
increased section 8 budget-based comparable market rents may

be made available to eligible housing owners only if said eligible housing owners have agreed to maintain the project as affordable for low-income families and the housing owners agree to accept future section 8 project-based contract renewals for twenty (20) years in accordance with this Use Agreement and the section 8 Housing Assistance Payments contract for the project, subject to the availability of appropriations; and

WHEREAS, the Housing Owner and HUD, or a section 8 Contract Administrator under an Annual Contributions Contract with HUD, have entered into a section 8 Housing Assistance Payments Contract for _____ (project name or contract number) pursuant to said authority under section 524, and the parties intend said contract to be incorporated herein and made a part hereof.

NOW THEREFORE, in consideration of the mutual promises set forth herein and in the said section 8 Housing Assistance Payments Contract, the parties hereto agree as follows:

1. The Housing Owner, for itself, its successors and assigns, covenants with HUD that the Housing Owner will continue to operate the project in accordance with the requirements of section 8 of the U.S. Housing Act of 1937 (42 USC 1437f), as amended, all applicable Federal regulations, the section 8 Housing Assistance Payments Contract and applicable HUD requirements for twenty (20) years from the date of this Use Agreement.
2. Subject to the availability of appropriations and so long as Housing Owner is in compliance with all HUD requirements, including but not limited to this Use

Agreement, HUD shall provide the Housing Owner and the Housing Owner shall accept annual renewals of the section 8 Housing Assistance Payments contract in accordance with its terms.

3. In the event of a breach or a threatened breach of any of the above covenants and agreements by the Housing Owner, HUD and/or any tenant of the project receiving the benefits of the section 8 Housing Assistance Payments Contract as a third-party beneficiary shall be entitled to institute legal action to enforce performance and observance of such covenants and agreements and to enjoin any acts which are violative of such covenants and agreements.
4. The Housing Owner shall not (a) impede the reasonable efforts of tenants to organize as detailed in 24 CFR Part 245, or (b) unreasonably withhold the use of any community room or other available space appropriate for meetings which is part of the mortgaged property when requested by: (i) a resident tenant organization in connection with the representational purposes of the organization; or (ii) tenants seeking to organize or to consider collectively any matter pertaining to the operation of the mortgaged property.
5. The Housing Owner, for itself, its successors and assigns, hereby agrees and acknowledges that this Use Agreement shall be recorded in the appropriate land records and that HUD and any successors and assigns and/or any third-party beneficiary may file suit against the Housing Owner or any of its successors or assigns for an order of the court demanding specific performance of any of these covenants and agreements, enjoining any acts which are violative of such covenants and agreements, for an award of whatever damages can be proven and/or for such other relief as may be appropriate.

Should any of the above covenants be held invalid in

whole or in part, it shall not affect or invalidate the balance of such covenant or any other covenants.

In witness whereof, the parties hereto have hereunto caused these presents to be executed on their behalf and their seals affixed the day and year written below.

WITNESS

(Housing Owner)

BY

Secretary of Housing and
Urban Development Acting
by and through the
Assistant Secretary
for Housing - Federal
Housing Commissioner

BY

(Authorized Agent)

ACKNOWLEDGEMENT BY OWNER BEFORE NOTARY PUBLIC
(Complete according to requirements of state of execution.)

ACKNOWLEDGEMENT BY COMMISSIONER:)

STATE OF _____) SS:

CITY AND COUNTY OF _____)

ON this _____ day of _____,
20____, before me _____, a Notary
Public in and for the City and County of _____,
_____, appeared _____ to
me personally known and known to me to be the duly
Authorized Agent of _____, and
the person who executed the aforesaid instrument bearing the
date of _____, 20____, and acknowledged that he
executed the aforesaid instrument for and on behalf of
_____ for the purposes herein.

(NOTARY PUBLIC)

My Commission Expires:

ACKNOWLEDGEMENT BY COMMISSIONER:)
STATE OF _____) SS:
CITY AND COUNTY OF _____)

ON this _____ day of _____,
20____, before me _____, a Notary
Public in and for the City and County of _____,
_____, appeared _____ to
me personally known and known to me to be the duly
Authorized Agent of the Secretary of Housing and Urban
Development acting by and through the Assistant Secretary
for Housing - Federal Housing Commissioner, and the person
who executed the aforesaid instrument bearing the date of
_____, 20____, and acknowledged that he executed
the aforesaid instrument for and on behalf of the said
Secretary of Housing and Urban Development for the purposes
herein.

(NOTARY PUBLIC)

My Commission Expires:

OMB Control #2502-0587
Exp. (10/31/2012)

"Public reporting burden for this collection of information is estimated to average 1 hour. This includes the time for collecting, reviewing, and reporting the data. The information is being collected for purposes of establishing a use agreement between the owner and HUD and will be used for that purpose. Response to this request for information is required in order to receive the benefits to be derived. 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. No confidentiality is assured."

Privacy Act Notice: The United States Department of Housing and Urban Development, Federal Housing Administration, is authorized to solicit the information requested in the form by virtue of Title 12, United States Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. While no assurance of confidentiality is pledged to

respondents, HUD generally discloses this data only in response to a Freedom of Information Act request.

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