

GLOSSARY OF TERMS

Adjusted Rents. Existing rents under the expiring contract, as adjusted by an operating cost adjustment factor (OCAF) established by the Secretary (which shall not result in a negative adjustment) or adjusted by budget-based method.

Affiliate. Any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an Owner or purchaser, is controlled by an Owner or purchaser, or is under common control with the Owner or purchaser.

Annual Interest Subsidy. For Section 236 properties, the Annual Interest Subsidy equals the current Annual Interest Reduction Payment Amount, as defined in 24 CFR 236.520. For other properties, the Annual Interest Subsidy equals the unpaid principal balance of the subsidized loan multiplied by the difference between the annual original interest rate (7% if original market note rate is not available) and the annual subsidized interest rate (1% for Section 515, 3% for Section 221(d)(3) BMIR).

Annual Eligible Interest Subsidy. The Annual Interest Subsidy multiplied by the percentage of the total units in the property that are in the Section 8 contract(s) eligible under the Mark-Up-To-Market Procedure.

Assignment as Security. The creation of a security interest in the owner's interest pursuant to the HAP Contract, and a transfer of such security interest to a successor secured party.

Assisted Dwelling Unit. A unit that is in a covered project and receives project-based rental assistance.

Budget-Based Increase. Rent increase used to promote the efficient management and continued financial viability of projects when current rent levels are not sufficient to cover operating costs.

Capped Comparable Gross Rents. If the Final Comparable Gross Rent Potential is less than 150% of the FMR Potential, then the Capped Comparable Gross Rents are the Final Comparable Gross Rents. If the Final Comparable Gross Rent Potential is not less than 150% of the FMR Potential, then the Capped Comparable Gross Rents are 150% of the FMRs.

Capped Comparable Gross Rent Potential. The lesser of the Final Comparable Gross Rent Potential or 150% of the FMR.

Comparable Market Rents. Comparable market rents are the rents charged for properties determined to be comparable properties, which

means, properties in the same market areas that are similar to the eligible multifamily housing project as to neighborhood (including risk of crime), type of location, access, street appeal, age, property size, apartment mix, physical configuration, property and unit amenities, utilities, and other relevant characteristics; and are not receiving project-based assistance.

Comparability Study. Also known as a Rent Comparability Study (RCS). A method of estimating market rent for the Section 8 units in the subject property. The appraiser derives an indicated (market) rent by comparing the Section 8 units with similar, but unsubsidized properties, applying appropriate units of comparison and making adjustments as appropriate to the comparable rents. The results should then be correlated into an indicated market rent. The study must include all Section 8 units in the subject property.

Comparability Analysis. These analyses summarizes the results of the Comparability Study, however, only those unit types in the expiring contract will be considered in this report. The report will include an estimate of income generated by the Section 8 unit types as though they were generating as market units.

Community-based nonprofit organization. A private nonprofit organization that 1) is organized under State or local laws, 2) provides no part of net income to anyone, and 3) has a long-term record of service in providing or financing quality affordable housing for low-income families through relationships with public entities.

Contract rent. The total monthly rent to owner for a contract unit, including the tenant rent (the portion of rent to owner paid by the assisted family).

Contract units. The units in the Project that are identified in **Exhibit A** by size and applicable contract rents.

Control. Direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial, legal, beneficial or other interests of the Owner or purchaser.

Coterminous. This term means to bring contracts or stages into alignment so that they expire at the same time.

Covered Project. Any multifamily housing project that consists of more than 4 dwelling units and receives project-based assistance.

Current Section 8 Rents. The rents specified by the Section 8 contract(s).

Current Section 8 Rent Potential. The sum of all current Section 8 Rents for the units in the Section 8 contract(s).

Current Section 8 Gross Rents. The Current Section 8 Rents plus the applicable Utility Allowances, if any.

Current Section 8 Gross Rent Potential. The sum of all Current Section 8 Gross Rents under the Section 8 contract(s).__

Eligible Multifamily Housing Project. A property that consists of more than 4 dwelling units and receives project-based assistance.

Enhanced Vouchers. Vouchers that are worth the market value of the unit, provided that the Local Housing Authority approves the rent as reasonable. These enhanced vouchers can only be used in opt-outs and prepayments.

Expiring Contract. Project-based assistance contract attached to an eligible multifamily housing project which, under the terms of the contract, will expire.

Fair Market Rent (FMR). The rent, including the cost of utilities (except telephone), that would be required to be paid in the housing market area to obtain privately owned, existing, decent, safe and sanitary rental housing of modest (non-luxury) nature with suitable amenities. Fair Market Rents for existing housing are established by HUD for housing units of varying sizes (number of bedrooms), and are published in the Federal Register in accordance with 24 CFR part 888.

Final Comparable Gross Rents. The Final Comparable Market Rents plus the applicable Utility Allowances, if any.

Final Comparable Gross Rent Potential. The sum of all Final Comparable Gross Rents for units in the Section 8 contract(s).

Final Comparable Market Rents. The rents that will be used by HUD as the comparable market rents for determining rent increases under the Mark-Up-To-Market Procedure. The Final Comparable Market rents will be set based on the comparison of the Owner Comparable Market Rents and the HUD Comparable Market Rents.

Final Comparable Rent Potential. The sum of all Final Comparable Market Rents for units in the Section 8 contract(s).

FMR Potential. The sum of FMRs for all units in the Section 8 contract(s).

Full Assignment. An assignment of the HAP contract other than an assignment as security. "Full Assignment" includes a sale, conveyance or other transfer of the HAP Contract, voluntary or involuntary, to a successor in interest.

HAP Contract. A housing assistance payments contract between HUD (or the Housing Agency) and the Owner. HUD (or the Housing Agency) pays housing assistance payments to the Owner in accordance with the HAP contract.

HUD Comparable Gross Rents. The HUD Comparable Market rents plus the applicable Utility Allowances, if any.

HUD Comparable Gross Rent Potential. The sum of all HUD Comparable Gross Rents for the units in the Section 8 contract(s).

HUD Comparable Market Rents. The rents specified by the comparability study performed by the HUD appraiser.

HUD Comparable Rent Potential. The sum of all HUD Comparable Market Rents for the units in the Section 8 contract(s).

HUD Section 236 Fair Market Rental Charge. The rental charge in a Section 236 project based upon operating it with payments to principal and interest under the actual mortgage interest rate, and also including payment of the mortgage insurance premium.

Interest Subsidy Adjustment Factor. The Interest Subsidy Adjustment Factor is the Annual Capped Comparable Gross Rent Potential minus the Annual Eligible Interest Subsidy, all divided by the annual Capped Comparable Gross Rent Potential.

Initial Renewal. The first renewal of a project's contract or stage that is processed under Section 524 of MAHRA.

MAHRA. Multifamily Assisted Housing Reform and Affordability Act of 1997.

Market Rents. Comparable market rents for the market area.

New Authorized Gross Rents. The New Authorized Rents plus the applicable Utility Allowances, if any.

New Authorized Gross Rent Potential. The sum of all New Authorized Gross Rents for the units in the Section 8 contract(s).

New Authorized Rents. For Section 236, Section 221(d)(3) BMIR and Section 515 properties, the rents calculated by following the

existing guidance under Handbook 4350.1 Chapter 7 using a budget submitted by the Owner, if any.

New Authorized Rent Potential. The sum of all new Authorized Rents for the units in the Section 8 contract(s).

New Section 8 Gross Rents. The new gross rents for the Section 8 contract(s).

New Section 8 Gross Rent Potential. The sum of all New Section 8 Gross Rents for the units in the Section 8 contract(s).

New Section 8 Rents. The New Section 8 Gross Rents minus the applicable Utility Allowances, if any.

New Section 8 Rent Potential. The sum of all New Section 8 for the units in the Section 8 contract(s).

Use Agreement. A document governing use and that restricts a project's rents to a level that is less than market.

OCAF. Operating Cost Adjustment Factor. A factor that is established by HUD, which may not be negative, that is applied to the existing contract rent (less the portion of the rent that is paid for debt service).

OAHP-lite/Haircut. Request for contract renewal without restructuring, with rents marked down to market.

Owner. Any private person or entity, including a cooperative, an agency of the Federal Government or a public housing agency, having the legal right to lease or sublease dwelling units.

Owner Comparable Gross Rents. The Owner Comparable Market Rents plus the applicable Utility Allowances, if any.

Owner Comparable Gross Rent Potential. The sum of all Owner Comparable Gross rents for units under the expiring Section 8 contract(s).

Owner Comparable Market Rents. The rents specified by the comparability study submitted by the Owner.

Owner Comparable Rent Potential. The sum of all Owner Comparable Markets Rents for the units in the Section 8 contract(s).

Participating Administrative Entity. A public agency (including State housing finance agency or a local housing agency), a nonprofit organization, or any other entity (including a law firm or an

accounting firm) or a combination of such entities, that meets the requirements under Section 513(b) of MAHRA.

Preservation Project. A project that is subject to a HUD-approved Plan of Action under the Emergency Low -Income Housing Preservation Act of 1987 (12 U.S.C. § 17151 note) or the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (12 U.S.C. § 4113).

Project-Based Assistance. Rental assistance that is attached to a multifamily housing project.

Purchaser. Any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, that, upon purchase of the project, would have the legal right to lease or sublease dwelling units in the project, and also means an affiliate of the purchaser.

Renewal. Replacement of an expiring Federal rental contract with a new contract under Section 8 of the United States Housing Act of 1937.

Rent Comparability Study (RCS). See Comparability Study.

Secured Party. A party that holds a security interest in the owner's interest pursuant to the HAP contract, including the lender, and successors to the lender's security interest.

Stub Contract. Short-term renewals for less than 12 months, which is designed to protect the tenants and to align multiple contracts or stages in a project.

Subsequent Renewal. The renewal of an expiring contract that was initially renewed under 524 of MAHRA.

Tenant-Based Assistance. Rental assistance that is not project-based assistance and provides for eligible families to select suitable housing.

Termination. Expiration of the Section 8 contract or an owner's refusal to renew the contract.