

Attachment 2-1: HOME Provisions Needed in a Written Agreement between Owner and Property Manager

When the property management of a HOME-assisted property is contracted out, HUD expects the owner and property manager to enter into an agreement or contract to ensure that the property is operated satisfactorily and in compliance with the HOME Program requirements. The written agreement or contract is a legal document that the owner can use to convey the HOME requirements and the owner's performance expectations to the property manager. This checklist can be used by owners to ensure that their written agreements with property managers include all the terms and provisions that are necessary to manage HOME-assisted properties in compliance with HOME requirements.

Is this item included in the written agreement?	Yes / No
Roles and responsibilities of each party	
Owner's performance goals and performance standards and the manager's corresponding responsibilities	
Requirement to adhere to the management plan <i>Note: The management plan should include detailed guidance on how to manage the property, including how to comply with the HOME requirements. A key term of the written agreement should be compliance with the management plan.</i>	
HOME affordability requirements:	
<ul style="list-style-type: none"> • Duration of affordability period 	
<ul style="list-style-type: none"> • Number of High HOME Rent units and Low HOME Rent units that must be maintained through the affordability period and property-specific guidance that describes how to maintain the unit mix 	
<ul style="list-style-type: none"> • Guidance on how to use the HOME income limits: <ul style="list-style-type: none"> – Income targeting (how many households at what income levels must occupy the High HOME Rent units and Low HOME Rent units) 	
<ul style="list-style-type: none"> – Determining initial income-eligibility, including definition of household income and acceptable source documents 	
<ul style="list-style-type: none"> – Certifying continued income-eligibility, including acceptable method of income recertification 	
<ul style="list-style-type: none"> • Establishing rents <ul style="list-style-type: none"> – Using HOME rent limits 	
<ul style="list-style-type: none"> – Using the utility allowance, if applicable 	
<ul style="list-style-type: none"> – Initial rents that can be charged 	
<ul style="list-style-type: none"> – Rent increases, including when rents can be increased and procedures for securing owner and/or PJ approval of rent increases 	
Tenant selection terms, including occupancy rules of HOME, the application process, tenant selection procedures	
Lease terms, including the length of the lease, prohibited lease clauses, and who approves the lease	

**Attachment 2-1: HOME Provisions Needed in a Written Agreement
between Owner and Property Manager** *(continued)*

Is this item included in the written agreement?	Yes / No
Lease enforcement, including property manager’s responsibility for monitoring tenant compliance with leases, what constitutes “good cause” for tenant evictions, and process for evictions	
Nondiscrimination provisions	
Marketing, including affirmative marketing requirements (for properties with five or more units) and marketing accessible units, if applicable	
Maintaining the property and making repairs	
<ul style="list-style-type: none"> • Meeting applicable property standards, including lead-based paint requirements 	
<ul style="list-style-type: none"> • Identification of who performs maintenance tasks, who has authority to approve repairs, make capital expenditures, etc. 	
<ul style="list-style-type: none"> • Service request response times 	
<ul style="list-style-type: none"> • Providing utilities and services 	
Managing property finances to ensure continued financial viability and operation as affordable housing	
<ul style="list-style-type: none"> • Operating budget and operating account disbursements (guidance on using property operating funds) 	
<ul style="list-style-type: none"> • Rent collections and other accounts receivables 	
<ul style="list-style-type: none"> • Accounting and bookkeeping requirements 	
<ul style="list-style-type: none"> • Insurance 	
Reporting to the owner and/or to the PJ, including what financial, maintenance, and rent and occupancy reports are required; who must prepare them; and to whom must they be submitted	
Record-keeping, including a description of tenant, property, and marketing files that must be maintained; for how long; and who has access	
Guidelines for staffing, to ensure adequate maintenance and compliance with HOME requirements:	
<ul style="list-style-type: none"> • The type and number of employees working at the property 	
<ul style="list-style-type: none"> • Whether staff, such as an on-site manager or maintenance worker, will reside at the property, and if so, on what terms. (Note, due to a conflict of interest, the owner(s) and other employees, agents, and consultants should not reside at the property.) 	
<ul style="list-style-type: none"> • Employee compensation 	
<ul style="list-style-type: none"> • Payment of applicable payroll taxes, workers compensation insurance, health insurance, and other employee benefits 	
Legal enforcement provisions (how the owner will enforce the agreement if the property manager does not comply with its terms or meet performance standards)	
Conditions under which the agreement will be terminated	
Additional requirements imposed by the PJ and/or the owner on the project	