

B 5 7 6

(b) the rental charged for each unit, which will include all utilities except telephone, will be equal to 25% of the tenant's income or the basic rental, whichever is greater, but in no event shall the rental charged exceed the fair market rental.

(c) they shall limit admission to the project to those families whose incomes do not exceed the limits prescribed by the Commissioner, with the exception of those tenants who agree to pay fair market rental.

(d) preference for occupancy shall be given to those families displaced from an urban renewal area, or as a result of governmental action, or as a result of a disaster determined by the President to be a major disaster, and to those families whose incomes are within the lowest practicable limits for obtaining rental units in the project.

(e) on forms approved by the Commissioner they will obtain from each prospective tenant, prior to admission to the project, a certification of income and a recertification of income from all tenants who are not paying fair market rental at intervals as required by the Commissioner.

(f) if any recertification reveals a change in income whereby the tenant becomes eligible for a lower or higher rental, such adjustment in rental charged shall be made, provided that rental shall never be less than basic rental and shall never exceed fair market rental.

(g) in accordance prescribed by the Commissioner, they will file in written evidence substantiating the information given on the tenants' certifications and recertifications of income and shall retain the evidence in their files for three years.

(h) they shall require all tenants who do not pay the fair market rental to execute a lease in the form prescribed by the Commissioner, and shall not rent any unit in the project for less than 30 days nor more than one year.

**Beginning with the term of the interest reduction payment contract,**

(i) they shall remit to the Commissioner on or before the tenth day of each month the amount by which the total rentals collected on the dwelling units exceeds the sum of the approved basic rentals for all occupied units, which remittance shall be accompanied by a monthly report on a form approved by the Commissioner, provided that a monthly report must be filed even at non-remittance as required.

(j) they shall not restrict occupancy by reason of the fact that there are children in the family, except in those projects that are designed primarily for elderly persons.

(k) they will rent commercial facilities at any rate not less than the rental approved by the Commissioner.

(l) no change will be made in the basic rental or fair market rental unless approved by the Commissioner.

(m) no tenant shall be permitted to rent more than one unit at any given time without the prior written approval of the Commissioner.

(n) at their sole cost supply water to the project, and determine as to the eligibility of tenants for admission to such units and the conditions of continued occupancy shall be in accordance with the Rent Supplement Contract executed by the Owners and the Commissioner which is incorporated in and made a part of this Agreement.

5. Upon prior written approval of the Commissioner, the Owners may charge to and receive from any tenant such amounts as from time to time may be mutually agreed upon between the tenant and the Owners for any facilities and/or services which may be furnished by the Owner or others to such tenant upon his request, in addition to the facilities and services included in the approved Rental Schedule.

6. Owners shall not without the prior written approval of the Commissioner:

(a) Convey, transfer, or encumber any of the mortgaged property, or permit the conveyance, transfer or encumbrance of such property.

(b) Assign, transfer, dispose of, or encumber any personal property of the project, including rents, or pay out any funds, other than from surplus cash, except for reasonable operating expenses and necessary repairs.

(c) Convey, assign, or transfer any beneficial interest in any trust holding title to the mortgaged property, or the interest of any general partner in a partnership owning the mortgaged property, or any right to manage or receive the rents and profits from the mortgaged property.

(d) Remodel, add to, reconstruct, or demolish any part of the mortgaged property or subtract from any real or personal property of the project.

(e) Make, or receive and retain, any distribution of assets or any income of any kind of the project, except from surplus cash and except on the following conditions:

- (1) All distributions shall be made only as of or after the end of a semi-annual or annual fiscal period, and only as permitted by the law of the applicable jurisdiction, all such distributions in any one fiscal year shall be limited to six per centum on the initial equity investment, as determined by the Commissioner, and the right to such distribution shall be cumulative.

4328 RV-2 J