completed on this interim rule, the Department will develop a final rule based on all previous rules.

## V. Summary of Interim Rule (Subpart F)

Subpart F provides the responsibilities of the Owner, requirements of the replacement reserve, selection and admission requirements for tenants, obligations of tenants, provisions regarding overcrowded and underoccupied units, lease requirements, and requirements regarding termination of tenancy, modifications of leases, security deposits and vacancy payments.

The subpart F requirements are similar to existing requirements for the Section 202 Projects for Nonelderly Handicapped Families and Individuals receiving assistance under section 202(h) of the Housing Act of 1959. See 24 CFR 885.940–885.985.

## **Owner Responsibilities**

The responsibilities of an Owner under part 890 include marketing. management and maintenance, contracting for services, submission of financial and operating statements, project fund accounting and reporting. Marketing must be conducted in accordance with a HUD-approved affirmative fair housing marketing plan and all Federal, State or local fair housing and equal opportunity requirements. The Owner is responsible for all management functions. These functions include selection and admission of tenants, required reexaminations of incomes for households occupying assisted units or residential spaces, collection of tenant payments, termination of tenancy and eviction, and all repair and maintenance functions (including ordinary and extraordinary maintenance and replacement of capital items). All functions must be performed in compliance with equal opportunity requirements. The section 811 Owner must also establish and maintain a replacement reserve to aid in funding extraordinary maintenance, and repair and replacement of capital items.

The Owner is required to adopt written tenant selection procedures which ensure nondiscrimination in the selection of tenants and that are (1) consistent with the purpose of improving housing opportunities for very low-income persons with disabilities; and (2) reasonably related to program eligibility and an applicant's ability to perform the obligations of the lease. The Owner must comply with all nondiscrimination authorities. The Owner must accept applications for admission to the project in the form prescribed by HUD. Applicant households applying for assisted units (or residential spaces in a group home) must complete a certification of eligibility as part of the application for admission.

The Owner is also responsible for determining whether applicants are eligible for admission and for the selection of households. To be eligible for admission, an applicant must be a disabled person (as defined in §890.105); must meet any project occupancy requirements approved by HUD under § 890.305(a)(1); must meet the disclosure and verification requirements for Social Security Numbers, as provided by 24 CFR part 750; must sign and submit consent forms for the obtaining of wage and claim information from State Wage Information Collection Agencies, as provided by 24 CFR part 760; and must be a very low-income family, as defined by §890.105. Owners shall make selections in a nondiscriminatory manner without regard to considerations such as race, religion, color, sex, national origin, familial status, or disability. However, an Owner may, with the approval of the Secretary, limit occupancy within housing developed under this part to persons with disabilities who have similar disabilities and require a similar set of supportive services in a supportive housing environment. Under certain circumstances, HUD may permit the leasing of units to ineligible families under §890.515. If the Owner determines that the household is eligible and is otherwise acceptable and units (or residential spaces in a group home) are available, the Owner will assign the household a unit or residential space in a group home. If the household will occupy an assisted unit, the Owner will assign the household a unit of the appropriate size in accordance with HUD's general occupancy guidelines. If no suitable unit (or residential space in a group home) is available, the Owner will place the household on a waiting list for the project and notify the household when a suitable unit or residential space may become available. If the waiting list is so long that the applicant would not be likely to be admitted for the next 12 months, the Owner may advise the applicant that no additional applications for admission are being considered for that reason.

If the Owner determines that an applicant is ineligible for admission or the Owner is not selecting the applicant for other reasons, the Owner will promptly notify the applicant in writing of the determination, the reasons for the determination, and that the applicant has a right to request a meeting to review the rejection, in accordance with HUD requirements.

Records on applicants and approved eligible households, which provide racial, ethnic, gender and place of previous residency data required by HUD, must be retained for three years. The Owner must reexamine the income and composition of the household at least every 12 months. Upon verification of the information, the Owner must make appropriate adjustments in the total tenant payment in accordance with part 813, as modified by § 890.105, and must determine whether the household's unit size is still appropriate. The Owner must adjust tenant payment and the project rental assistance payment and must carry out any unit transfer in accordance with HUD standards.

## Household Responsibilities

Households under the program are required to do the following: (1) Pay amounts due under the lease directly to the Owner; (2) supply such certification, release, information, or documentation as the Owner or HUD determines necessary, including information and documentation relating to the disclosure and verification of Social Security Numbers, as provided by 24 CFR part 750, and the signing and submission of consent forms for the obtaining of wage and claim information from State Wage Information Collection Agencies, as provided by 24 CFR part 760; (3) allow the Owner to inspect the dwelling unit or residential space at reasonable times and after reasonable notice; (4) notify the Owner before vacating the dwelling unit or residential space; and (5) use the dwelling unit or residential space solely for residence by the household, and as the household's principal place of residence. The household may not assign the lease or transfer the unit or residential space, nor may it occupy, or receive assistance for the occupancy of a unit or residential space governed under this part while occupying, or receiving assistance for occupancy of, another unit assisted under any Federal housing assistance program, including any section 8 program.

## Lease

The term of the lease may not be less than one year. Unless the lease has been terminated by appropriate action, upon expiration of the lease term, the household and Owner may execute a new lease for a term not less than one year, or may take no action. If no action is taken, the lease will automatically be