United States Department of Agriculture
Rural Housing Service
Stand Alone Rental Assistance Contract

This Stand Alone Rental Assistance ("SARA') contract ("Contract") is effective on the _____ of_____, _____ between [redacted] ("Owner") and the United States Department of Agriculture ("USDA") acting through the Rural Housing Service ("RHS" or "the Agency"), pursuant to section 521 (a)(2)(A) of Title V of the Housing Act of 1949, as amended, and THE CONSOLIDATED APPROPRIATIONS ACT OF 2024

In consideration of the mutual covenants set forth herein, the parties agree as follows:

Section 1 RHS agrees to provide rental assistance ("RA") in accordance with the fiscal year (FY) 2024 Stand Alone Rental Assistance announcement ("Funding Notice") for [redacted] units of housing for the Property located at: [redacted] known as [redacted] (the "Property"). Subject to funding availability and in accordance with the terms of the Funding Notice and this Contract, SARA shall remain available to the Property for the duration of the term specified in Section 3 herein. RHS may suspend or cancel this Contract prior to the expiration of the term set forth in Section 3 if appropriated funding is not available or sufficient, or in the event of default as described in Section 18.

Section 2 Owner agrees to comply with the terms and requirements of the Funding Notice (Attachment A: SARA Funding Notice), and all applicable current and future statutes and regulations governing the administration of this program, including, without limitation, all applicable provisions of the Housing Act of 1949, 42 USC 1471 *et seq*. This Contract refers to and incorporates by reference certain regulations found at 7 CFR Part 3560. Where the term "borrower" is referenced in the incorporated sections of 7 CFR Part 3560, the term "borrower" shall refer to "Owner" for the purposes of this Contract.

Section 3 Term of the SARA Contract. The term of the SARA Contract is ___ years. Should RHS approve a change in ownership of the Property during the Contract term, the new Owner will assume the SARA Contract for the remaining outstanding term. Any new Owner must obtain prior approval from RHS in accordance with Attachment B of this Contract and must assume all obligations under the Contract, agree to comply with all authorities and requirements as set forth in the Contract, and maintain the units as decent, safe, sanitary and affordable housing for the full term of the Contract.

Section 4 Contract Rents. The Owner agrees to set rents at Fair Market Rents ("FMR") and RHS agrees to pay the difference between the tenant's rent contribution, as established pursuant to Section 6 of this Contract, and the established rent.

Fair Market Rents ("FMR") are established by the Department of Housing and Urban Development ("HUD") pursuant to 24 CFR 888 Subpart A. The Owner shall set Initial rents in accordance with the FMR for the market area in which the Property is located. If the property is in a ZIP code for which HUD calculates Small Area Fair Market Rents ("SAFMR"), the applicable SAFMR will be used for initial rent setting. The initial rents for this property will be:

Unit Size	Initial Fair Market Rent	Initial Property Utility Allowance (if tenant-paid utilities)	Initial Contract Rent
1BR	[redacted]	[redacted]	[redacted]
2BR	[redacted]	[redacted]	[redacted]
3BR	[redacted]	[redacted]	[redacted]

On an annual basis, rents will be adjusted by the Operating Cost Adjustment Factor ("OCAF"), pursuant to 24 CFR 888 Subpart B, as published by HUD. RHS will post the OCAFs on its website annually. Owners will be responsible for calculating the updated rents annually by multiplying the current rent by the OCAF to determine the amount of the rent increase. Note: The Owner may not use the newly published FMR for the property's location as the new rental rate.

Section 5 Tenant Occupancy Eligibility. Owner agrees to provide housing to very-low, low- and moderate-income households, as defined in 7 CFR § 3560.11, who are eligible to reside in these units in accordance with 7 CFR § 3560.152, Ineligible tenant waivers described in 7 CFR § 3560.152(d) will not be allowed. Existing tenants who are over-income as of the effective date of this Contract will not be required to vacate the property upon Contract execution. For existing over-income tenants who have annual adjusted incomes that exceed the moderate-income level, as defined in 7 CFR § 3560.11, the lease agreement cannot be more than 12 months and at its expiration it must convert to a month-to-month lease. The month-to-month lease must require that the unit be vacated upon 30 days' notice when an eligible applicant is available to occupy the unit.

Section 6 Tenant Rent Contribution. Owner agrees to set tenant rent contributions in accordance with 7 CFR § 3560.203(a) and (b). If there are tenant-paid utilities, the initial utility allowance must be calculated in accordance with 7 CFR § 3560.202(d). Annual adjustments to the utility allowance will be made by multiplying the current utility allowance by the OCAF. Tenant income shall be calculated in accordance with 7 CFR § 3560.153.

Section 7 SARA Eligibility and Payments. RHS will provide SARA for units and households eligible for rental assistance pursuant to 7 CFR § 3560.254(b) and (c). SARA payments for each eligible unit shall equal the difference between the Contract Rent as established pursuant to Section 4 and the tenant contribution as established pursuant to Section 6. SARA payments will be made in accordance with 7 CFR 3560.256, except as otherwise specified herein.

Section 8 Tenant Certification and Verification. Owner agrees to complete tenant certifications establishing the tenant's eligibility prior to occupancy, and at least annually, in accordance with 7 CFR § 3560.152 (e), with the exception of 7 CFR § 3560.152(e)(2)(iv). The requirements of 7 CFR 3560.208 will apply if the Owner fails to recertify. Tenant certifications must be submitted to RHS by the 10th day of the month, in accordance with CFR 3560.152(e)(2)(iii). Tenant certifications

submitted after this timeframe are considered late. RHS may charge a late fee for late submissions or may waive it for circumstances beyond an Owner's control.

Section 9 Changes in Tenant Eligibility. Owner agrees to comply with 7 CFR § 3560.158 regarding changes in tenant eligibility.

Section 10 Tenant Selection. Owner agrees to comply with 7 CFR § 3560.154 for tenant selection.

Section 11 Termination of occupancy. Owner agrees that tenant occupancy may only be terminated in accordance with 7 CFR § 3560.159 and all applicable state and local laws.

Section 12 Tenant grievances. Owner agrees that tenant grievances shall be handled in accordance with 7 CFR § 3560.160.

Section 13 Lease requirements. Owner agrees to comply with the lease requirements in 7 CFR § 3560.156.

Section 14 Operation of Property. Owner and any assignee or transferee under this Contract are required to operate the Property in accordance with the terms and restrictions of this Contract and maintain the property as decent, safe, and sanitary housing for the full term of the SARA Contract.

Section 15 Assignment and Assumption of SARA Contract. The Owner may assign this Contract only with the prior written consent of RHS. Requests for assignment and assumption of the Contract shall be submitted to RHS in accordance with the requirements and procedures set forth in Attachment B: Request for Contract Assignment. For SARA Contracts approved under the Fiscal Year 2024 Notice, the Owner may not request a Contract Assignment until at least 12 months after the initial Contract execution. Only one request for assignment of a Contract may be submitted for a Property within a five-year period, except that an Owner may submit an assignment request sooner if it is needed as a result of eminent domain proceedings, natural disasters, unforeseen events or as otherwise approved by the Agency.

Section 16 Owner and Management Responsibilities. Owner is responsible for operations and management of the Property even if operations are handled by a management agent. The Owner agrees to comply with the terms of this Contract and all applicable local, state, and Federal laws and ordinances.

In addition, the Owner will be responsible for the following:

1. Management plan. Owner must develop and maintain a management plan for the Property that meets the requirements of 7 CFR 3560.102(b), excluding the following sentence, "The management plan should describe whether administrative expenses are to be paid from management agent fees or property operations, including a task list of charges covered by the fee as outlined in paragraph (i)(3)(i)(A) of this section". The management plan must establish the systems and procedures necessary to ensure that housing operations comply with RHS requirements.
2. SARA Owner-Management Recognition Document. Owner and management must execute this document at the time of Contract execution that outlines certifications and agreements to RHS regarding management of the Property. Owner agrees to submit a new Owner-Management

Recognition Document to RHS before permitting a new management agent to assume operation of the Property or undertaking self-management of the Property.

3. Occupancy policies. Owner must comply with the occupancy policies in 7 CFR 3560.155(e).
4. Affirmative Fair Housing Marketing Plan (AFHMP). The Owner must comply with the requirements of 24 CFR Part 200, Subpart M.
5. Physical maintenance and condition of the property. Owner is responsible for the physical maintenance and long-term preservation of the Property in accordance with 7 CFR 3560.103. The Owner must provide evidence that the Property meets the minimum threshold requirements of "decent, safe, and sanitary" housing as determined by the Agency-approved inspection. Physical inspection findings and violations will be documented via an RHS-accepted inspection. Inspections completed by HUD, housing authorities and other similar agencies may also be accepted at RHS's sole discretion All findings will require the Owner to take corrective action within a reasonable timeframe. However, health and safety findings will require the Owner to take corrective action no more than 10 calendar days from the date of notification.
6. Ongoing physical inspection schedule. The Owner must comply with the Agency's physical inspection schedule. RHS will develop a physical inspection schedule based on the condition of the Property. An annual inspection will be required for any Property with outstanding health and safety violations or failure to meet the standards for acceptable physical condition during the previous inspection. A triennial inspection will be required for Properties in acceptable physical condition, including those Properties that have secured third party debt with conditions and procedures that match or exceed RHS requirements. For Properties subject to third party inspections, RHS may agree to accept such third-party inspections in lieu of an RHS inspection. RHS reserves the right to adjust the physical inspection schedule based on Agency requirements, tenant complaints, code-enforcement actions, or other situations indicating concern about the physical condition of the Properties and safety of the tenants. RHS will notify the Owner of any adjustments to the physical inspection schedule.
7. Insurance. The Owner must maintain adequate property, liability, flood, and fidelity insurance to protect the Property from financial loss.
8. Financial Records. The Owner agrees to cooperate with RHS's requests for Property financial and operating information, including Property financial statements, operating data, and rehabilitation work.
9. Owner Distributions. Owners will not be subject to any limitation on distributions, contingent on satisfaction of SARA Contract requirements, including maintenance of the acceptable physical condition of the Property and the replacement reserve requirement.
10. Replacement Reserve Account Requirements. The Agency will set reserve account requirements based on the physical condition of the Property as determined by the Agency-approved inspection and the Owner's plan for recapitalization and rehabilitation of the Property. Withdrawals from the reserve account do not require RHS approval. The Property status and reserve requirements are as follows: [Check one]

☐ ***A rehabilitation plan is in place and funding is secured***. The Owner has developed a plan for substantial rehabilitation of the property and funding commitments are secured in an amount adequate to complete the plan. Rehabilitation will be completed within 12months of execution of the SARA Contract. An extension to the rehabilitation period of up to 12 months may be granted by the Agency. Improvements are expected to address the property's physical needs for the Contract term. The required annual reserve deposit amount for this Contract is $500 per unit per year. When the work has been completed, the Owner may request that this Contract be amended to defer to the reserve account requirements of the third-party lender or funder. The Agency will develop a physical inspection schedule based on the condition of the Property as provided in Section 16 (5.). RHS will notify the Owner in writing if the Property does not meet the standard for acceptable physical condition. In response to this notification, the Owner must provide a plan to cure any deficiencies. If the deficiencies are not cured, RHS may take enforcement actions, including cancellation of the SARA Contract.

☐ ***A rehabilitation plan is in place, but funding is not secured***. The Owner has developed a plan for substantial rehabilitation of the Property, but funding commitments have not been secured. In this case, RHS will establish an annual per unit amount to be deposited in the reserve account until the rehabilitation plan is funded. The amount will be based on FMR, the results of the property inspection, and near-term repair and replacement needs. The required annual reserve deposit amount for this Contract is $500 per unit per year for an initial five-year period. When funds have been obtained for the rehabilitation plan and the work has been completed, the Owner may request that this Contract be amended to defer to the reserve account requirements of the third-party lender or funder. If funds have not been obtained within five years after Contract execution, RHS will notify the Owner in writing that the reserve requirement will be recalculated based on the provisions below for "A rehabilitation plan is not in place." RHS will inform the Owner of the adjusted reserve requirement, and the Owner shall have six months to establish the required reserve balance. The Agency will develop a physical inspection schedule based on the condition of the Property as provided in Section 16 (5.). RHS will notify the Owner in writing if the Property does not meet the standard for acceptable physical condition. In response to this notification, the Owner must provide a plan to cure any deficiencies. If the deficiencies are not cured, RHS may take enforcement actions, including cancellation of the SARA Contract.

☑ ***A rehabilitation plan is not in place***. The current physical condition is acceptable, but rehabilitation is required to address the Property's needs for the term of the Contract. The Owner has not developed a rehabilitation plan or secured funding commitments. In this case, RHS will establish an annual per unit amount to be deposited in the reserve account. The required annual reserve deposit amount for this Contract is $500 per unit per year for an initial five-year period. It may be adjusted after that period based on an Agency inspection or Agency-approved CNA. If the Owner develops a rehabilitation plan, funding commitments are secured, and work has been completed during the initial five-year period, the Owner may request that this Contract be amended to defer to the reserve account requirements of the third-party lender or funder. The Agency will develop a physical inspection schedule based on the condition of the Property as provided in Section 16 (5.).

RHS will notify the Owner in writing if the Property does not meet the standard for acceptable physical condition. In response to this notification, the Owner must provide a plan to cure any deficiencies. If the deficiencies are not cured, RHS may take enforcement actions, including cancellation of the SARA Contract.

Section 17 RHS SARA Contract Oversight.

1. RHS monitoring. RHS may monitor the Property to assess Owner and tenant compliance with RHS requirements and to ensure the Property is managed in accordance with the goals and objectives of the SARA Contract.
2. Tenant file reviews. Owner must retain all tenant files for at least three years or until the next Agency monitoring review, whichever is longer. The reviews will focus on the tenant certifications to include income verifications and appropriate adjustments to income. Additional tenant file document reviews include unit move-in inspections. The Agency may require Owners to submit applicable information for review. Reviews may be conducted remotely or on-site at the discretion of the Agency.
3. Unauthorized assistance. Unauthorized assistance occurs when the Agency determines that an Owner or tenant was ineligible for, or improperly used, assistance received from the Agency.
    a. The Agency may seek repayment of any unauthorized assistance provided to the Owner or a tenant, plus the cost of collection, regardless of whether the unauthorized assistance was due to errors by the Agency, the Owner, or the tenant.
    b. The Agency will use all available means to identify unauthorized assistance.
    c. The Owner has the primary responsibility for identifying repayment of unauthorized assistance received by tenants.
    d. The Agency will notify the Owner, in writing, when a determination has been made that unauthorized assistance was received by the Owner. The Owner will notify tenants, in writing, when a determination is made that unauthorized assistance was received by the tenant and will simultaneously send the Agency of copy of the written notice to the tenant.
    e. The Agency will seek repayment of all unauthorized assistance received by the Owner or a tenant, plus the cost of collection, to the fullest extent permitted by law.
4. Management reviews. Agency monitoring may consist of regular reviews to ensure that the Owner and management are complying with program requirements. Management reviews will be conducted as needed. The Agency may review waiting lists, applications, assignment of rental assistance, compliance related to the requirements of the Violence Against Women Act, Affirmative Fair Housing Marketing Plans (AFHMP), and future rehabilitation planned for the property. Reviews may be conducted remotely or on-site at the discretion of the Agency.
5. Compliance reviews. Civil rights compliance reviews will be conducted with the Management Review (above). Civil rights compliance reviews can be completed on-site or remotely at RHS's discretion.

Section 18 SARA Contract default and remedies.

The Agency will use its available authorities, including criminal and civil sanctions and civil monetary penalties, to address the actions of any Owner, agent, employee, or manager that fails to

comply with the terms of the SARA Contract or misuses funds when the property is not maintained consistent with the requirements of the SARA Contract.

RHS will notify the Owner, in writing, whenever RHS monitoring activities result in deficiency findings or compliance violations in accordance with 7 CFR § 3560.354. The monitoring review notification will describe the deficiency findings or compliance violations and will specify the time period by which corrective action must be taken by the Owner. The notification will offer the Owner an opportunity to discuss the reported deficiency findings or compliance violations with RHS and will explain enforcement actions that RHS may take if corrective action is not taken within the time period specified in the monitoring review notification.

Should the Owner fail to take corrective action, RHS will notify the Owner, in writing, of the default. The default notice will identify the compliance violation that led to the default, will specify actions necessary to cure the default, and will establish a date by which the default must be cured to preclude Agency initiation of enforcement actions.

The Owner shall be in default under this Contract if the Owner fails to perform or discharge any obligation under this Contract or to comply with applicable law and regulations, including but not limited to those incorporated by reference into this Contract, or to observe or perform any covenant or agreement contained in this Contract, or upon the dissolution, bankruptcy, insolvency or incompetency of the Owner. The Agency can consider the Contract in default under, but not limited to, the following condition(s): hazardous physical condition of the property, fair housing violations, replacement reserve not funded adequately, or failure to pay property taxes resulting in tax forfeiture.

If the Owner fails to cure the default within the time period specified in the default notice, RHS may, at its option, exercise any of its remedies set forth herein, or as otherwise provided by law or in equity, including but not limited to:

1. Pausing or suspending SARA payments until a default, including but not limited to the existence of hazardous physical conditions at the property, has been corrected.
2. Cancellation of the SARA Contract and termination of SARA.
3. Imposition of civil monetary penalties pursuant to 42 USC 1490s, 7 CFR. 3.91, and 7 CFR 3560.461.
4. Resetting reserve requirements.

In case of cancellation, RHS will provide the Owner with 60 days written notice prior to cancellation. Cancellation of the SARA Contract shall terminate the Owner's right to receive SARA. RHS will notify tenants of the cancellation of SARA at the property and provide them with information about available housing options.

No right or remedy is intended to be exclusive of any other right or remedy and may be exercised by RHS separately or in any combination. RHS may continue doing business with the Owner or provide Owner with options to cure the default(s) without waiving the right to exercise any available remedies.

Section 19 Regulations. This Contract is subject to all applicable present and future regulations of RHS.

Section 20 Severability. If any provision of this Contract is held invalid or unenforceable, it shall not affect any other provisions hereof, but this Contract shall be construed as if it had never contained such invalid or unenforceable provision.

Section 21 Successors. The rights and privileges of RHS under this Contract shall inure to the benefit of its successors and assigns. All covenants, warranties, representations, and agreements of Owner contained in this Contract are joint and several and shall bind its representatives, successors, and assigns.

OWNER

By: _____ Its: _____

Date: _____

RURAL HOUSING SERVICE

By: _____ Its: _____

Date: _____