

Exhibit H-2

Termination Reasons – Operator

This exhibit discusses reasons AHFC may terminate an operator's¹ participation or reasons an operator may terminate a family's lease.

- See the Termination Reasons – AHFC exhibit for termination actions that are not due to operator or family failure to act.
- See the Termination Reasons – Family exhibit for termination actions that are due to family failure to act or not act.

1. Notice of Termination

Whenever AHFC terminates a HAP Contract, a written notice is provided. The written notice will specify if the Operator may perform any corrective actions. The Operator will provide a written notice to the family whenever a family's tenancy is terminated.

1.A Operator Notice to Family

HUD Regulation 24 CFR 882.511(d)

Notice of termination of tenancy.

The Owner must serve a written notice of termination of tenancy on the Family which states the date the tenancy shall terminate. Such date must be in accordance with the following:

(i) When termination is based on failure to pay rent, the date of termination must be not less than five working days after the Family's receipt of the notice.

(ii) When termination is based on serious or repeated violation of the terms and conditions of the lease or on violation of applicable Federal, State or local law, the date of termination must be in accordance with State and local law.

(iii) When termination is based on other good cause, the date of termination must be no earlier than 30 days after the notice is served on the Family.

(2) The notice of termination must:

(i) State the reasons for such termination with enough specificity to enable the Family to prepare a defense.

¹ Throughout this Exhibit, the operator is often referred to as the owner. Owner and Operator are used interchangeably.



(ii) Advise the Family that if a judicial proceeding for eviction is instituted, the tenant may present a defense in that proceeding.

(iii) Be served on the Family by sending a prepaid first class properly addressed letter (return receipt requested) to the tenant at the dwelling unit or by delivering a copy of the notice to the dwelling unit.

(3) Substitution of State and local requirements. In the case of failure to pay rent, a notice of termination which is issued pursuant to State or local law or is common practice in the locality and which satisfies paragraph (c)(2) may be substituted for or run concurrently with the notice required herein.

1.B Notice After Lease Initial Term

Alaska Statute 34.03.290

Periodic Tenancy and Holdover.

(a) While rent is current, the landlord or the tenant may terminate a week to week tenancy by a written notice given to the other at least 14 days before the termination date specified in the notice.

(b) The landlord or the tenant may terminate a month to month tenancy by a written notice given to the other at least 30 days before the rental due date specified in the notice.

AHFC Policy

The Operator or family must give notice in accordance with the terms stated in the lease or in accordance with the regulations above.

1.C Agreement to Terminate Lease

The operator and family may agree to terminate the lease prior to the end of the initial term. AHFC requires the parties to submit a written statement signed by both the operator and family (head of household) agreeing to end the tenancy.

2. Foreclosure

In the case of any foreclosure, the successor who takes over the property shall assume the lease between the prior operator and the tenant as well as the HAP Contract signed by the prior operator and AHFC.

3. Operator Noncompliance

3.A Operator Obligations

AHFC may terminate the HAP Contract with proper notice to the operator if the operator is not in compliance with the HAP Contract. Unless the operator has complied with all provisions of the HAP Contract, the operator does not have a right to receive the HAP under the HAP Contract.

3.B National Standards for the Physical Inspection of Real Estate (NSPIRE) Failure

HUD Regulation 882.404(a)

Compliance with physical condition standards.

Housing in this program must be maintained and inspected in accordance with the requirements in 24 CFR part 5, subpart G.

HUD Regulation 24 CFR 882.516(c)

Units not decent, safe and sanitary.

If the PHA notifies the Owner that the unit(s) under Contract are not being maintained in decent, safe and sanitary condition and the Owner fails to take corrective action (including corrective action with respect to the Family where the condition of the unit is the fault of the Family) within the time prescribed in the notice, the PHA may exercise any of its rights or remedies under the Contract, including abatement of housing assistance payments (even if the Family continues in occupancy), termination of the Contract on the affected unit(s) and assistance to the Family in accordance with § 882.514(e).

AHFC Policy

1. If the unit does not meet NSPIRE requirements and the operator does not correct the failed items within the required timeframe, AHFC may remove the unit or terminate the HAP Contract.
2. A family that fails to correct an NSPIRE breach caused by the family will be subject to termination.
3. See the National Standards for the Physical Inspection of Real Estate Inspection chapter for documentation requirements.

4. Termination of Lease by Operator

The Operator may terminate a family's lease under the terms listed below.

NeighborWorks Alaska (NWA) will maintain its own policy regarding specific reasons for a family's termination.

HUD Regulation 24 CFR 880.607

(a) Applicability. The provisions of this section apply to all decisions by an owner to terminate the tenancy of a family residing in a unit under Contract during or at the end of the family's lease term.

(b) Entitlement of Families to occupancy —

(1) Grounds. The owner may not terminate any tenancy except upon the following grounds:

- (i) Material noncompliance with the lease;
- (ii) Material failure to carry out obligations under any State landlord and tenant act;
- (iii) Criminal activity by a covered person in accordance with sections 5.858 and 5.859, or alcohol abuse by a covered person in accordance with section 5.860. If necessary, criminal records can be obtained for lease enforcement purposes under section 5.903(d)(3).
- (iv) Other good cause, which may include the refusal of a family to accept an approved modified lease form (see paragraph (d) of this section). No termination by an owner will be valid to the extent it is based upon a lease or a provisions of State law permitting termination of a tenancy solely because of expiration of an initial or subsequent renewal term. All terminations must also be in accordance with the provisions of any State and local landlord tenant law and paragraph (c) of this section.

(3) Material noncompliance.

(i) Material noncompliance with the lease includes:

- (A) One or more substantial violations of the lease; or
 - (B) Repeated minor violations of the lease that disrupt the livability of the building; adversely affect the health or safety of any person or the right of any tenant to the quiet enjoyment of the leased premises and related facilities; interfere with the management of the building or have an adverse financial effect on the building.
- (ii) Failure of the family to timely submit all required information on family income and composition, including failure to submit required evidence of citizenship or eligible immigration status (as provided by 24 CFR part 5), failure to disclose and verify Social Security Numbers (as provided by 24 CFR part 5), failure to sign and submit consent forms (as provided by 24 CFR part 5), or knowingly providing incomplete or inaccurate information, shall constitute a substantial violation of the lease.

HUD Regulation 24 CFR 882.511(c)

Grounds for termination of or refusal to renew the lease. The Owner must not terminate or refuse to renew the lease except upon the following grounds:

- (1) Serious or repeated violation of the terms and conditions of the lease.
- (2) Violation of applicable Federal, State or local law.
- (3) Other good cause.

4.A AHFC Nonpayment of HAP

AHFC Policy

1. The family is not responsible for payment of the portion of the rent to owner covered by the housing assistance payment under the HAP contract between the Operator and AHFC.
2. AHFC's failure to pay the housing assistance payment to the Operator is not a violation of the lease between the tenant and the Operator. During the term of the lease, the Operator may not terminate the tenancy of the family for nonpayment of AHFC's housing assistance payment.

4.B Drug-Related Criminal Activity

HUD Regulation 24 CFR 882.511(a)(2)

The lease must provide that drug-related criminal activity engaged in on or near the premises by any tenant, household member, or guest, and any such activity engaged in on the premises by any other person under the tenant's control is grounds for the owner to terminate tenancy. In addition, the lease must provide that the owner may terminate the tenancy of a family when the owner determines that a household member is illegally using a drug or when the owner determines that a pattern of illegal use of a drug interferes with the health, safety, or right to peaceful enjoyment of the premises by other residents.

4.C Modification of Lease Form

HUD Regulation 24 CFR 880.511(d)

The owner, with the prior approval of HUD or, for a 24 CFR part 883 project, the Agency, may modify the terms and conditions of the lease form effective at the end of the initial term or a successive term, by serving an appropriate notice on the family, together with the offer of a revised lease or an addendum revising the existing lease. This notice and offer must be received by the family at least 30 days prior to the last date on which the family has the right to terminate the tenancy without being bound by the modified terms and conditions. The family may accept the modified terms and conditions by executing the offered revised

lease or addendum, or may reject the modified terms and conditions by giving the owner written notice in accordance with the lease that the family intends to terminate the tenancy. Any increase in rent must in all cases be governed by §880.609 and other applicable HUD regulations.

4.D Other Good Cause

HUD Regulation 24 CFR 880.607(c)(2)

When a termination notice is issued for other good cause (paragraph (b)(1)(iv) of this section), the notice will be effective, and it will so state, at the end of a term and in accordance with the termination provisions of the lease, but in no case earlier than 30 days after receipt by the family of the notice. Where the termination notice is based on material noncompliance with the lease or material failure to carry out obligations under a State landlord and tenant act pursuant to paragraph (b)(1)(i) or (b)(1)(ii) of this section, the time of service must be in accord with the lease and State law.

4.E Eviction Actions

HUD Regulation 24 CFR 882.511(e)

Eviction. All evictions must be carried out through judicial process under State and local law. "Eviction" means the dispossession of the Family from the dwelling unit pursuant to State or local court action.

AHFC Policy

During an eviction action, AHFC will continue to assist the family as long as the family is in residence in the unit.

4.F Protections for Victims of Abuse

HUD Regulation 24 CFR 882.511(g)

In actions or potential actions to terminate tenancy, the owner shall follow 24 CFR part 5, subpart L (Protection for Victims of Domestic Violence, Dating Violence, Sexual Assault, or Stalking).

AHFC Policy

See the Violence Against Women's Act exhibit.

Numbered Memo

25-25 Implementation of the National Standards for the Physical Inspection of Real Estate (NSPIRE) For Voucher Programs