



Rental Assistance Demonstration

POST-CONVERSION PROCESSING GUIDE

FOR PUBLIC HOUSING AUTHORITIES AND OWNERS OF PROPERTIES
CONVERTED FROM PUBLIC HOUSING

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RESPONSIBILITY MATRIX

SCENARIOS	LEAD POC ¹		
	Office of Recap	PIH	MF Field Office Account Executive
SECTION 1: GENERAL POST CONVERSION ITEMS			
A. Submission of Final Closing Docket	X		
B. Submission of the RAD Completion Certification	X		
C. Clean up of errors in RAD documents	X		
SECTION 2: FUNDING/SUBSIDY			
A. Public Housing Subsidy/Funding Issues: During the Year of Conversion	X		
B. Section 8 Funding and Reporting: During the Year of Conversion		X (PBV)	X (PBRA)
C. Section 8 Funding and Reporting During the First Calendar Year Following Conversion & Onward		X (PBV)	X (PBRA)
SECTION 3: HAP CONTRACT			
A. Correction of Errors in the Initial HAP Contract	X		
B. Adjustments, Updates, or Changes to the HAP Contract		X (PBV)	X (PBRA)
C. OCAF Adjustments		X (PBV)	X (PBRA)
D. Deposits to the Replacement Reserve		X (non-FHA PBV)	X (FHA PBV & all PBRA)
SECTION 4: DELAYED CONVERSION AGREEMENTS			
A. Completing a Delayed Conversion Agreement (90 Days Prior to Anticipated HAP Effective Date)	X		
B. Modifying a Delayed Conversion Agreement (Extension Needed)	X		
SECTION 5: CHANGES PERTAINING TO THE RAD SCOPE OF WORK			
A. Delay in Completing RAD Scope of Work (Requesting Extensions for Final Completion Deadline, RAD Completion Certification Submission, Rehab Assistance Payments)	X (non-FHA)		X ²
B. Changes to RAD Scope of Work – Unable to Complete Entire Scope of Work	X (non-FHA)		X ²
C. RAD Scope of Work in Progress: New Financing or Modifications to Existing Financing Required to Complete RAD Scope of Work	X (non-FHA)		X ²
D. Changes in Relocation as a result of the RAD Scope of Work	X		
E. Conversion to Permanent Financing Following Completion of RAD Scope of Work	X (non-FHA)		X ²

¹Identifies the primary point of contact for processing. Some of these scenarios may require involvement and coordination from more than one office in order to reach resolution. Please refer to the applicable section of the guide for more detailed contact information. OGC provides legal guidance to the POCs and the POCs coordinate the response to the PHA and Owners.

² For FHA, the primary POC will likely be the HUD Construction Analyst and not the Account Executive.

² For FHA, the primary POC will likely be the HUD Construction Analyst and not the Account Executive

SCENARIOS	LEAD POC ¹		
	Office of Recap	PIH	MF Field Office Account Executive
SECTION 6: NEW FINANCING UNRELATED TO THE RAD SCOPE OF WORK			
A. New Financing or Modifications to Existing Financing After RAD Scope of Work is Complete		X (PBV)	X (FHA PBV & all PBRA)
SECTION 7: OWNERSHIP CHANGES, SALES, TRANSFERS OF ASSISTANCE, RELEASES			
A. Owner requesting approval to sell property/transfer ownership (assignment & assumption of HAP contract & RAD Use Agreement)		X (PBV)	X (FHA PBV & all PBRA)
B. Release of DOT/DORC after RAD closing (unrelated to a RAD Delayed Conversion Agreement)	X		
C. Release of property from RAD-related Restrictive Covenants (other than the RAD Use Agreement)	X		

ABOUT THIS GUIDE

The purpose of this guide is to provide information to Owners on how to process post-closing issues that may arise after RAD conversion, some of which require HUD approval. For each item listed in the table of contents you will find directions for whom to contact within HUD (“Primary POC”) and what information to submit (“Submission Requirements”).

For information on standard Section 8 processing after conversion to RAD, refer to the [Quick Reference Guide to Multifamily Housing Requirements](#) (PBRA), [Multifamily Handbooks](#) (PBRA), [Quick Reference Guide for Projects Converting to Project-Based Voucher Assistance](#) (PBV), and other guidance related to the PBV and PBRA programs.

This guide will be updated as needed to capture process and policy enhancements. The Document Library on www.radresource.net will always contain the latest version.

SECTION 1: GENERAL POST CONVERSION ITEMS

This section covers submission of the Final Closing Docket, the RAD Completion Certification, and corrections to RAD closing documents.

A. Submission of Final Closing Docket

Scenario	<p>The Final Closing Docket must be uploaded to the RAD Resource Desk following closing. The Consolidated Owner Certification identifies the party responsible for this submission. Detailed instructions can be found here. <u>Do not send original hardcopies to HUD.</u></p> <p>In addition to uploading the Docket to www.radresource.net, a copy must be sent to the assigned HUD Field Counsel.</p>
Primary POC	Assigned RAD Closing Coordinator
Submission Timing	No later than 10 days from the effective date of the RAD HAP contract.
Submission Requirements	Click here to view submission instructions and requirements.

B. Submission of the RAD Completion Certification

Scenario	<p>The RAD Completion Certification must be completed via www.radresource.net at the appropriate time following closing for all transactions³ – see Submission Timing below. Instructions on how to make this submission can be found here, and an instructional webinar can be viewed here. Upon receipt, your submission will be reviewed. HUD will contact you if follow-up is needed or issue an approval email to indicate that your submission has been accepted.</p>
Primary POC	Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net
Submission Timing	<p>For transactions with no post-closing repairs, the Completion Certification is due 10 days following the effective date of the RAD HAP contract.</p> <p>For transactions with post-closing repairs, the Completion Certification is due within 45 days of completion of repairs. The estimated repair completion date is calculated by taking the actual closing date plus the number of months estimated for rehab found in the RAD Conversion</p>

³ All projects that have post-closing repairs in their RAD Conversion Commitment (RCC) must make this submission. Projects that closed prior to 9/5/19 without any post-closing repairs in their RCC are exempt from this submission requirement.

Commitment. For information on how to request an extension, see Section 5A of this guide.

Submission Requirements

The submission is made electronically via www.radresource.net > Transaction Pages > Completion Certification. See instructions [here](#) for details.

C. Clean up of errors in RAD documents

Scenario

Following closing, errors or typos are identified on documents such as legal descriptions, the recording order, and title.

When documents are being corrected after closing to conform to the HUD-approved version, these are considered non-substantive changes and no HUD approval is required. Copies of the corrected documents should be provided to the Primary POC.

When parties have identified the need for substantive changes to the approved version of the documents or recording order, HUD approval is required.

See Section 3 for errors in RAD HAP contracts.

Primary POC

All PBRA and PBV with FHA-insured financing: Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to your assigned HUD Multifamily Account Executive

PBV (without FHA-insured financing): Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net

Submission Timing

Notify HUD as soon as errors or necessary changes are identified.

Submission Requirements

All submissions should be made via the Post Closing Processing transaction page on www.radresource.net:

Submit the following for non-substantive changes:

- 1) A brief explanation of the changes
- 2) Copies of the corrected documents
- 3) Ensure all corrected documents are uploaded to the Final Closing Docket transaction page on www.radresource.net

Submit the following for substantive changes:

- 1) Overview of the error identified, impacts, and proposed correction
- 2) Proposed and corrective document(s) for HUD review
- 3) Additional submission items as requested by the Primary POC
- 4) After approval, submit a Certification of Changes that states that the only changes made were those approved by HUD.

- 5) Ensure all corrected documents are uploaded to the Final Closing Docket transaction page on www.radresource.net

SECTION 2: FUNDING/SUBSIDY

This section covers issues pertaining to HUD funding/subsidy/reporting following conversion.

A. Public Housing Subsidy/Funding Issues: During the Year of Conversion

<i>Scenario</i>	For the remainder of the calendar year following closing, your project will be funded by existing Public Housing Operating and Capital Funds per applicable regulatory formulas and as estimated in the Initial Year Funding Tool that is submitted as part of the closing process. You have issues or questions about this funding.
<i>Primary POC</i>	Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net
<i>Submission Timing</i>	Notify HUD as soon as issues arise.
<i>Submission Requirements</i>	All submissions should be made via the Post Closing Processing transaction page on www.radresource.net <ol style="list-style-type: none">1) An overview of the issue2) Documentation to support the request

B. Section 8 Funding: During the Year of Conversion

<i>Scenario</i>	<p>For the remainder of the calendar year following closing, your project will be funded by existing Public Housing Operating and Capital funds as detailed in the Initial Year Funding Tool that is submitted as part of the closing process.</p> <p>PBRA: Despite the fact that the project will not be receiving Section 8 funding during this time, you must still begin vouchering within 90 days from the HAP contract effective date to ensure any issues or discrepancies are addressed in advance of the start of the next calendar year. Owners must begin submitting the form HUD-50059 and 50059-A to TRACS beginning on the HAP Contract effective date.</p> <p>PBV: From the effective date of the RAD PBV HAP contract through the end of the calendar year of conversion, payments to the property from the public housing funds identified in the Initial Year Funding Tool should not be reported in the Voucher Management System (VMS) and the administering PHA will not receive an administrative fee for converting units during the calendar year of conversion. However, the PHA must begin to</p>
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submit HUD-50058 tenant certifications for any families residing at the property starting at the HAP effective date.

Primary POC

PBRA: Assigned HUD Multifamily Account Executive

PBV: Owner should contact the PHA serving as their Contract Administrator with issues; if the PHA serving as the Contract Administrator has issues, contact RAD.PBV.Requests@hud.gov

Submission Timing

Notify the Primary POC as soon as issues arise.

Submission Requirements

Submit the following via email to the Primary POC:

- 1) An overview of the issue
- 2) Documentation to support the request

C. Section 8 Reporting (PBV)/Vouchering (PBRA) Issues: During the First Calendar Year Following Conversion & Onward

Scenario

Beginning January 1 following the calendar year of conversion, the covered RAD project will begin receiving Section 8 subsidy. Contact the Primary POC if subsidy is not received or you believe the amount received is incorrect.

Primary POC

PBRA: Assigned HUD Multifamily Account Executive

PBV: Owner should contact the PHA serving as their Contract Administrator with issues; if the PHA serving as the Contract Administrator has issues, contact the assigned HUD voucher financial analyst and RAD.PBV.Requests@hud.gov

Submission Timing

Notify the Primary POC as soon as issues arise.

Submission Requirements

Submit the following via email to the Primary POC:

- 1) An overview of the issue
- 2) Documentation to support the request

SECTION 3: HAP CONTRACT

This section addresses changes to RAD HAP contracts, OCAF adjustments, and required deposits to the replacement reserves.

A. Correction of Errors in the HAP Contract

Scenario	After closing, errors/typos are identified in the HAP contract – this includes items such as contract rents, utility allowances, bedroom configurations, the Rehab Assistance Payment (RAP) amount, and work completion end date.
Primary POC	<u>PBV with FHA-insured financing and All PBRA</u> : Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive <u>PBV (without FHA-insured financing)</u> : Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net
Submission Timing	Any errors should be brought to HUD’s attention as soon as possible following closing.
Submission Requirements	All submissions should be made via the Post Closing Processing transaction page on www.radresource.net <ol style="list-style-type: none">1) Explanation of what item(s) require correction2) Evidence to support the correction (such as a CHAP amendment or utility allowance schedule)

B. Adjustments or Updates to the HAP Contract

Scenario	The information in the HAP contract was correct at closing but has since changed – this includes items such as a change in utility responsibilities (going from owner to tenant paid utilities or vice-versa), and adding/removing units from the contract ⁴ . For information on extending RAP payments beyond the end date specified in the HAP contract, see Section 5A of this guide.
Primary POC	<u>PBRA (with or without FHA-insured financing)</u> : Assigned HUD Multifamily Account Executive

⁴ RAD PBV conversions can only add units to the RAD HAP contract if the unit was originally on the RAD HAP contract. Any proposed unit removals from a RAD PBV HAP must be approved by PIH. RAD PBRA conversions should not be removing or adding any units to the HAP after conversion. For example, if a unit becomes non-income producing, it should still remain on the RAD PBRA HAP as a non-income producing unit.

PBV (without FHA-insured financing): The PHA serving as your PBV HAP Contract Administrator with a copy to RAD.PBV.Requests@hud.gov.

PBV (with FHA-insured financing): The PHA serving as your PBV HAP Contract Administrator with a copy to the local PIH Field Office and your assigned HUD Multifamily Account Executive.

Submission Timing Notify Primary POC when changes arise.

Submission Requirements Email your Primary POC with details regarding your request. Your Primary POC will provide specific instructions depending on the type of adjustment requested.

C. Requesting OCAF Adjustments

Scenario Per the RAD Notice and the HAP Contract, following conversion, the RAD contract rents are adjusted at each anniversary of the effective date of the HAP contract by the Operating Cost Adjustment Factor (OCAF). HUD calculates and publishes the OCAF for each state each year in the Federal Register; the Federal Register notice also states when the OCAF for each year takes effect.

PBV conversions should check with their Contract Administrator (CA) or Independent Entity (IE). It is up to each CA/IE to establish whether they wish to apply an “automatic” OCAF each year or have the owner request for the OCAF to be applied each year. For PBV properties, contract rents are the lesser of reasonable rent and the OCAF-adjusted rent. HUD has developed a [RAD PBV OCAF Adjustment Tool](#) (optional) to assist parties with this calculation.

Primary POC PBRA: Assigned HUD Multifamily Account Executive

PBV: The PHA serving as the Contract Administrator. If the RAD PBV property is PHA-owned, send the request to the independent entity responsible for rent adjustments who will need to verify the rent-setting calculations. It is up to each CA and IE to establish whether or not the Owner needs to request the OCAF or if it will be automatically applied each year. PHA questions related to OCAF adjustments can be sent to RAD.PBV.Requests@hud.gov

Submission Timing Notify Primary POC at least 120 days prior to the HAP contract anniversary.

PBRA: Note that if the property has utility allowances, a utility analysis prepared in accordance with Notice 2015-04 will likely be needed and requires additional lead time.

Submission Requirements

PBRA: Your assigned HUD Account Executive will provide you with information. Note that if the property has utility allowances, a utility analysis will need to be submitted in conjunction with your OCAF request and requires additional lead time – do not wait until 120 days prior to your HAP contract anniversary to begin this process. OCAF rent adjustments cannot be processed without a completed utility analysis.

PBV: Owners should follow the instructions provided by the CA or IE. HUD has developed a [RAD PBV OCAF Adjustment Tool](#) (optional) to assist parties with this calculation.

D. Requests Regarding ADRR Adjustments (Reserve for Replacement monthly deposits)

Scenario

The RAD Conversion Commitment indicates the minimum amount of the monthly deposit to the capital reserve for replacement, which is inflated annually at HAP contract anniversary by the Annual Adjustment Factor (AAF), as modeled in the Capital Needs Assessment completed with the RAD conversion.

Primary POC

All PBRA & FHA-insured PBV: Assigned HUD Multifamily Account Executive

PBV (without FHA-insured financing): Contact the Contract Administrator with questions. For request to change the monthly deposit amount, contact RAD.PBV.Requests@hud.gov

Submission Timing

It is recommended that the request be completed by the HAP contract anniversary and that parties submit the request with appropriate documentation to the Primary POC at least 120 days prior to the HAP contract anniversary.

Submission Requirements

All PBRA & FHA-insured PBV: Submit HUD Form 9250 to your Account Executive.

PBV (without FHA-insured financing): No submission required.

SECTION 4: DELAYED CONVERSION AGREEMENTS

This section addresses modifying an existing Delayed Conversion Agreement as well notifying HUD in advance of RAD HAP contract execution.

A. Completing a Delayed Conversion Agreement (90 Days Prior to Anticipated HAP Effective Date)

<i>Scenario</i>	<p>A property that closed with a Delayed Conversion Agreement is ready to execute a RAD PBV or PBRA HAP contract.</p> <p>This also includes transactions that executed a Delayed Conversion Agreement where Paragraph 1 indicates that they will execute a RAD HAP contract when “any of” the units are complete and now wish to change course (or vice versa).</p>
<i>Primary POC</i>	<p><u>All PBRA & FHA-insured PBV</u>: Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive</p> <p><u>PBV (without FHA-insured financing)</u>: Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net</p>
<i>Submission Timing</i>	<p>Notify HUD at least 90 days prior to the expected HAP contract execution date.</p>
<i>Submission Requirements</i>	<p>All submissions should be made via the Post Closing Processing transaction page on www.radresource.net</p> <ol style="list-style-type: none">1) A narrative describing the request, including the expected HAP contract execution date2) Signed and dated PBRA or PBV Owner Certification (templates available in RAD Resource Desk Document Library > Closing)3) Draft DOT release (if applicable)4) Draft RAD Transfer of Assistance Restrictive Covenant (if applicable) <p>Upon receipt of the above, your Primary POC will provide you with an additional list of documentation that you must submit depending on your specific scenario.</p>

B. Modifying a Delayed Conversion Agreement (Extension Needed)

<i>Scenario</i>	<p>Due to construction delays, a property with a Delayed Conversion Agreement will not be ready to execute a RAD PBV or PBRA HAP contract by the date stated in Paragraph 5 of the Delayed Conversion Agreement and thus is requesting an extension.</p>
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Note that if the construction delay will result in the Owner being unable to submit the RAD Completion Certification by its due date, the property should request a Completion Certification extension in addition to the Delayed Conversion Agreement extension. See Section 5 for additional information regarding requests to extend the Completion Certification due date.

Primary POC

All PBRA & FHA-insured PBV: Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive

PBV (without FHA-insured financing): Post-Closing team, Office of Recapitalization – resourcedesk@radresource.net

Submission Timing

Notify HUD no later than 90 days prior to the date listed in Paragraph 5 of your Delayed Conversion Agreement.

Submission Requirements

All submissions should be made via the Post Closing Processing transaction page on www.radresource.net

- 1) An explanation for the delay
- 2) Desired extension date. If you are requesting a RAD Completion Certification Extension too, note that in your request.

SECTION 5: CHANGES PERTAINING TO THE RAD SCOPE OF WORK

The RAD Conversion Commitment (RCC) is the contractual document that requires the Owner to complete the listed repairs within a specific timeframe following conversion. This section includes issues pertaining to completing repairs stated in the RCC⁵ (“RAD Scope of Work”).

A. Requesting Extensions Related to a Delay in Completing the RAD Scope of Work

Scenario

Extensions must be requested when construction has been delayed and repairs will not be done by the timeline specified in the RCC. Project Owners shall not be entitled to withdraw or take any distributions from the covered project(s) until the RAD Scope of Work has been completed and the RAD Completion Certification has been submitted and approved. Failure to complete the work in a timely manner represents a breach of the RAD Conversion Commitment and HUD may take action to terminate the HAP Contract.

HUD recognizes that delays can occur due to unforeseen events. Below are the extension requests that Owners can request HUD approval on:

- Requesting an extension of the Final Completion Deadline for all Work as shown in the RAD Conversion Commitment
- Requesting an extension for submitting the RAD Completion Certification⁶
- Requesting an extension for Rehab Assistance Payments (RAP) beyond the date shown in Part 2 of the RAD HAP contract⁷

Primary POC

PBRA (with & without FHA-insured financing) & PBV (with FHA-insured financing): Post Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive and Construction Analyst.

PBV (without FHA-insured financing): Post Closing team, Office of Recapitalization - resourcedesk@radresource.net

Submission Timing

Notify HUD when it's clear there will be construction delays, no later than 45 days prior to the date listed on page 2 of the RCC.

⁵ Exhibit D to the RCC contains the RAD Scope of Work; for older RCCs, Exhibit F contains the RAD Scope of Work

⁶ For transactions with a RAD Scope of Work, per the RAD Conversion Commitment (RCC), the RCC provides the number of months following closing that it will take for the repairs to be completed. The Completion Certification due date is calculated by adding the number of months for rehab + 45 days to the actual closing date. If the repairs will not be completed by this time, an extension must be requested. This extension request would also extend the date of the Final Completion Deadline for all Work shown in the RAD Conversion Commitment, if needed.

⁷ If the project is eligible for and receiving Rehab Assistance Payments (RAP) per the RAD PBV or PBRA HAP contract, the Owner may want to request an extension of the date by which these payments will end, which is memorialized in Part 2 of the RAD HAP Contract.

Submission Requirements

All submissions should be made via the Post Closing Processing transaction page on www.radresource.net. Note that FHA-insured transactions will need to provide additional information directly to their assigned HUD Construction Analyst. The Office of Recap and Production will coordinate on their review and decision regarding additional time.

- 1) Narrative explanation for the delay which should include an explanation for the delays, the date by which all repairs will be completed, and it must address any impacts the delay will have on resident relocation. If a RAP extension is needed, be sure to state this. Include any other relevant information

B. Changes to RAD Scope of Work – Unable to Complete Entire Scope of Work

Scenario

Exhibit D, Scope of Work, to the RAD Conversion Commitment (RCC) contains the list of repairs that will be completed following closing as part of the RAD conversion. HUD expects that all work listed will be completed within the required timeframe. If the Owner encounters problems that may result in being unable to complete the entire RAD Scope of Work, notification to HUD is required.

If the repairs can be completed but require additional time, see Section 5A above.

Primary POC

PBV (without FHA-insured financing): Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net

PBRA (without FHA-insured financing): Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive.

PBV or PBRA (with FHA-insured financing): Assigned HUD Construction Analyst with a copy to the assigned HUD Multifamily Account Executive and Post Closing team, Office of Recapitalization - resourcedesk@radresource.net

Submission Timing

Notify HUD as soon as possible and well in advance of the RAD Completion Certification due date.

Submission Requirements

All submissions should be made via the Post Closing Processing transaction page on www.radresource.net.

For transactions with FHA-insured financing, ensure the assigned HUD Construction Analyst and assigned HUD MF Account

Executive receive a copy via email. Note that FHA-insured transactions will need to provide additional information directly to their assigned HUD Construction Analyst. The Office of Recap and Production will coordinate on their review and decision regarding the Scope of Work.

The following should be included in the submission:

- 1) Overview of the request and an explanation regarding why the repairs can't be completed (including attempts to secure additional funding if funding is the cause).
- 2) Detailed description of the items in the RAD Scope of Work that will not be completed and a proposed timeline for future completion, including identifying the source of funding that will be used
- 3) Any impact the changes will have on the development budget or operating pro forma (for example, increasing the ADRR to ensure the replacement reserves account can fund these repairs in the future)

C. RAD Scope of Work in Progress: New Financing or Modifications to Existing Financing Required to Complete RAD Scope of Work

<i>Scenario</i>	Completing the RAD Scope of Work is dependent on obtaining additional funding or substituting funding sources. For modifications to funding after the RAD Completion Certification has been submitted see Section 6.
<i>Primary POC</i>	<u>PBV and PBRA (with FHA-insured financing)</u> : Assigned HUD Construction Analyst with a copy to the assigned MF Account Executive and the Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net <u>PBRA (without FHA-insured financing)</u> : Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive <u>PBV (without FHA-insured financing)</u> : Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net
<i>Submission Timing</i>	Submit at least 90 days prior to the desired closing date of the proposed financing.
<i>Submission Requirements</i>	<u>PBV and PBRA (with FHA-insured financing)</u> : Your assigned HUD Construction Analyst will provide you with submission requirements required by FHA.

PBRA and PBV (without FHA-insured financing): Submit the following via the Post Closing Processing transaction page on www.radresource.net:

- 1) Letter explaining the proposed change including the funding source and terms, the impact on the RAD Scope of Work, and any timing constraints regarding the funding
- 2) Update the “Post Conversion” column of the Transaction Log on www.radresource.net to reflect the revised S&U, key business terms, and updated operating pro forma
- 3) If there is an impact to the RAD Scope of Work, provide a copy of the revised Scope of Work in the same format as the RCC and a brief narrative explaining the changes
- 4) An analysis of the revised debt service/cash flow as a result of the change
- 5) New or modified Loan Documentation: Note, Mortgage/Deed of Trust, any restrictive covenant related to the new financing
- 6) Agreement to Subordinate to RAD Use Agreement
- 7) Documentation that existing lender(s) have consented to adding the new debt or modifying the loan
- 8) Title report

D. Changes in Relocation as a result of the RAD Scope of Work

Scenario

HUD approval is required if the following relocation changes occur prior to the RAD Scope of Work being completed:

- 1) If the length of relocation for any tenant will change from <12 months to 12 months or more
- 2) If relocation during the RAD Scope of Work period was not originally contemplated and will now be required

Primary POC

All PBRA & PBV with FHA-insured financing: Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive

PBV (without FHA-insured financing): Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net

Submission Timing

As soon as possible

Submission Requirements

Submit the following via the Post Closing Processing transaction page on www.radresource.net:

- 1) Narrative overview describing the original relocation plan and what changes are needed and why
- 2) Copy of the updated Relocation Plan

- 3) Copies of communications sent to affected residents
- 4) Information on how additional relocation expenses will be funded

E. Conversion to Permanent Financing Following Completion of RAD Scope of Work

<i>Scenario</i>	At completion of the RAD Scope of Work and subsequent close-out of the construction loan, the project is ready to convert to permanent financing and record a new first mortgage subordinate to the RAD Use Agreement.
<i>Primary POC</i>	<p><u>PBRA without FHA-insured financing</u>: Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net with a copy to the assigned HUD Multifamily Account Executive</p> <p><u>PBV without FHA-insured financing</u>: Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net</p> <p><u>PBRA or PBV with FHA-insured financing</u>: Assigned HUD Construction Analyst with a copy to the assigned HUD Multifamily Account Executive</p>
<i>Submission Timing</i>	Submit at least 45 days prior to the desired closing date of the permanent loan.
<i>Submission Requirements</i>	<p><u>PBRA or PBV with FHA-insured financing</u>: Your Assigned HUD Construction Analyst will provide you with specific instructions per existing FHA-insured processing. This should include documentation regarding RAD Use Agreement Subordination. In addition, you must submit the RAD Completion Certification via www.radresource.net, including the final S&U that includes the new permanent financing.</p> <p><u>Non-FHA PBV & PBRA</u>: Submit the following via the Post Closing Processing transaction page on www.radresource.net:</p> <ol style="list-style-type: none"> 1) Letter explaining the request, including whether this loan was approved as part of the original RAD Financing Plan submission (& memorialized in the RCC) and whether any of the financing terms have changed 2) Update the “Post Conversion” column of the Transaction Log on www.radresource.net to reflect the revised S&U, key business terms, and updated operating pro forma 3) An analysis of the revised debt service/cash flow as a result of the change 4) New or Modified Loan Documentation: Note, Mortgage/Deed of Trust, any restrictive covenants related to the new financing

- 5) Agreement to Subordinate to RAD Use Agreement
- 6) Documentation that existing lender(s) have consented to adding the new debt or modifying the loan
- 7) Title report
- 8) Complete and submit the RAD Completion Certification via www.radresource.net (if not already completed)

SECTION 6: NEW FINANCING UNRELATED TO THE RAD SCOPE OF WORK

The RAD Use Agreement prohibits any sale, refinance, or encumbrance on the RAD property post-conversion without prior HUD approval.⁸ Any post-RAD conversion change that affects title (i.e., as the result of changes to mortgaged debt) requires HUD approval. This section covers new financing contemplated after the RAD Scope of Work has been completed. If the financing change is related to completion of the RAD Scope of Work, see Section 5.

A. New Financing or Modifications to Existing Financing After RAD Scope of Work is Complete

<i>Scenario</i>	New financing or modifications to existing financing are sought following the completion of the RAD Scope of Work and the Owner’s submission of the RAD Completion Certification. HUD approval is required.
<i>Primary POC</i>	<p><u>PBRA (all)</u>: Assigned HUD Multifamily Account Executive.</p> <p><u>PBV (without existing FHA-insured financing) & PBV Seeking new FHA-insured financing</u>: RAD.PBV.Requests@hud.gov</p> <p><u>PBV (with existing FHA-insured financing)</u>: Assigned HUD Multifamily Account Executive with a copy to RAD.PBV.Requests@hud.gov</p>
<i>Submission Timing</i>	Submit at least 60 days prior to the desired closing date of the proposed financing.
<i>Submission Requirements</i>	<p><u>PBV (with or without FHA-insured financing)</u>: See instructions here. In addition, notify HUD if the property has existing FHA-insured financing or proposes new FHA-insured financing so that HUD may coordinate with the appropriate office.</p> <p><u>PBRA (all)</u>: Your Account Executive will provide you with instructions.</p>

⁸ RAD Use Agreement, paragraph 7, titled Restrictions on Transfer, says in part that the signing parties: “...shall not transfer, convey, encumber or permit or suffer any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said Project and/or Property or any part thereof without prior written consent of HUD.”

SECTION 7: OWNERSHIP CHANGES, SALES, TRANSFERS OF ASSISTANCE, RELEASES

The RAD Use Agreement prohibits any sale, refinance, or encumbrance on the RAD property post-conversion without prior HUD approval.⁹ Any post-RAD conversion change that impacts title (i.e., as the result of a sale or transfer of the property) or transfer of the HAP contract requires HUD approval. This section covers changes to ownership, sale of the property, transfers of assistance, and requests to release the DOT or other restrictive covenants after conversion.

A. Owner requesting approval to sell property/transfer ownership (assignment & assumption of HAP contract & RAD Use Agreement)

Scenario

The owner requests HUD approval to sell the property.

HUD approval is not required for the following situations:

- 1) The Equity Investor may transfer its interest in the Owner without prior written consent of HUD if HUD receives prior written notice of such transfer and HUD receives executed copies of all documents necessary to affect such transfer.
- 2) HUD pre-approves the replacement of the Owner's general partner or managing member with an affiliate of the equity investor (or any successor equity investor) as a temporary interim replacement GP/MM in the event the Owner's GP or MM is removed for cause. The Interim GP/MM may remove the Owner's GP or MM in accordance with the Owner's organizational documents without further written consent from HUD if HUD is provided with prior written notice of such replacement and HUD receives executed copies of all documents necessary to affect the replacement. The interim replacement GP/MM is limited to 90 days unless otherwise extended by HUD.

Primary POC

All PBRA & FHA-insured PBV: Assigned HUD Multifamily Account Executive. If PBV, copy your Contract Administrator (PHA) and RAD.PBV.Requests@hud.gov

Non-FHA PBV: Contact your Contract Administrator (PHA) with a copy to RAD.PBV.Requests@hud.gov

Submission Timing

Contact HUD and the CA (PHA), if applicable, no later than 90 days in advance of desired sale date.

⁹ RAD Use Agreement, paragraph 7, titled Restrictions on Transfer, says in part that the signing parties: "...shall not transfer, convey, encumber or permit or suffer any transfer, conveyance, assignment, lease, mortgage, pledge or other encumbrance of said Project and/or Property or any part thereof without prior written consent of HUD."

Submission Requirements

All PBRA & FHA-insured PBV: Upon notification of the request, the Primary POC will provide specific submission instructions. Review the Transfer of Physical Assets (TPA) requirements found [here](#). Due to the RAD component, your submission must include a narrative demonstrating how the RAD control requirements will be maintained in the new ownership entity.

Non-FHA PBV: Submit the following via email to the Primary POC:

- 1) Narrative identifying the proposed Ownership entity, including experience in owning affordable housing properties and clearly demonstrating how RAD control requirements will be maintained
- 2) Organizational chart of the proposed Ownership entity, clearly identifying all key members, level of ownership, and role
- 3) Draft transfer documents
- 4) Draft assignment & assumption of the RAD PBV HAP Contract

B. Release of DOT/DORC Remaining on the Converted Property following a RAD Closing with a Transfer of Assistance

Scenario

Following a transfer of assistance that occurred in conjunction with the RAD conversion, the RAD Notice lays out certain options for treatment of the original property from which the public housing assistance converted. Prior to Revision 4 of the RAD Notice, in certain cases the DOT or DORC remained in place at closing. The DOT or DORC on a converting site can be released after a RAD closing under RAD authority, with HUD approval, in the following scenarios:

- 1) As a condition of the RCC, the PHA will sell or lease the property at Fair Market Value to a third party and use the proceeds to finance a RAD transaction;
- 2) As part of the Financing Plan, the PHA provides plans to sell or lease the land within one year of the execution of the HAP Contract (whether at closing or when the Covered Project is ready for occupancy) so that it can be used for Affordable Housing Purposes, in which case the property will be placed under a restrictive covenant that restricts its use to Affordable Housing Purposes; or
- 3) As part of the Financing Plan, the PHA provides plans to sell or lease the land within one year of the execution of the HAP Contract at Fair Market Value to a third party and use the proceeds for Affordable Housing Purposes.

For transactions that converted after the publication of RAD Notice REV-4, a DOT release is typically done in conjunction with

the RAD closing and a RAD Transfer of Assistance Restrictive Covenant is recorded in its place. However, there may be some circumstances where the DOT remained on the converting site following the RAD closing (such as in a delayed HAP scenario).

Primary POC

Post-Closing team, Office of Recapitalization - resourcedesk@radresource.net

Submission Timing

Allow at least 60 days for processing.

Submission Requirements

Submit the following via the Post Closing Processing transaction page on www.radresource.net:

- 1) Brief overview of the request, including evidence that the DOT or DORC release was contemplated and approved as part of the RAD Financing Plan submission (as documented in the RCC or other RAD business document)
- 2) Current DOT and any other title encumbrance or exception document
- 3) Survey
- 4) Title Pro forma and/or Title Report
- 5) Draft Release of existing DOT or DORC
- 6) Draft RAD restrictive covenant (if applicable); template is available on www.radresource.net
- 7) Certification regarding use of proceeds (if applicable)
- 8) Copy of purchase/sale agreement (if applicable)
- 9) Copy of third-party appraisal (if applicable)
- 10) General Depository Agreement (if applicable, when sales proceeds will not be expended immediately)

C. Release of property from a RAD Transfer of Assistance Restrictive Covenant

Scenario

This scenario is about the release of a specific RAD document – the RAD Transfer of Assistance Restrictive Covenant. It is not about release from other RAD-related restrictive covenants, such as a DOT or RAD Use Agreement.

Following a transfer of assistance, Revision 4 of the RAD Notice lays out certain options for treatment of the original property from which the public housing assistance converted. Typically, at closing, the DOT or DORC is released and the property is encumbered by a [RAD Transfer of Assistance restrictive covenant](#). The PHA may request that HUD release the covenant in order to effectuate one of the following activities:

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- 1) For sale of the property at Fair Market Value (or equivalent market valuation, e.g., negotiated sale) as long the as proceeds are restricted to Affordable Housing Purposes;
 - 2) When replaced with an alternative restrictive covenant (e.g., LIHTC extended use agreement) that, in HUD's determination, satisfies the Affordable Housing Purposes requirement.

Primary POC

Post-Closing team, Office of Recapitalization -
resourcedesk@radresource.net

Submission Timing

Allow at least 60 days for processing.

Submission Requirements

Submit the following via the Post Closing Processing transaction page on www.radresource.net:

- 1) Brief narrative overview of the request using the HUD-provided template found on www.radresource.net
- 2) Third party licensed or certified property appraisal
- 3) Draft Release of RAD Restrictive Covenant
- 4) Copy of the purchase/sale agreement
- 5) General Depository Agreement (if sale proceeds will not be expended at closing)
- 6) Certification regarding use of proceeds on Affordable Housing Purposes
- 7) Survey
- 8) Title Report
- 9) Other documents as requested by HUD