

**U.S. Department of Housing and Urban Development (HUD)
Project-based Section 8 Contract Administration**

**CONSENT TO ASSIGNMENT
OF HAP CONTRACT
AS SECURITY FOR FNMA FINANCING**

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I. IDENTIFICATION OF ACC AND HAP CONTRACT

Annual Contributions Contract Number: _____

Section 8 HAP Contract Number: _____

Section 8 Project Number: _____

Project Name: _____

Project Location:



DRAFT

II. NAMES

Contract administrator _____

Contract administrator address

Owner _____

Owner address

Lender _____

Lender address

III. DEFINITIONS

FANNIE MAE. The Federal National Mortgage Association (FNMA).

HAP CONTRACT. The Housing Assistance Payments Contract for units in the project. The HAP Contract was entered between the owner and the contract administrator pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

PROJECT. The project identified in section I of the consent to assignment.

IV. ASSIGNMENT OF HAP CONTRACT

Pursuant to the terms of the HAP Contract, the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) may not be assigned without the prior written consent of HUD. Assignment includes the creation of a security interest in the HAP Contract, or any sale, conveyance or other transfer of the HAP Contract, voluntary or involuntary, to any assignee, transferee or successor in interest.

The owner has advised HUD that the owner wants to assign the owner's interest in the HAP Contract to the lender, as security for a loan by the lender to the owner, and that the lender will assign the loan to Fannie Mae.

HUD consents to assignment of the HAP Contract by the owner to the lender as security for the loan, and consents that the lender may assign its security interest in the HAP Contract to Fannie Mae. The consent to assignment is not consent for any other or further assignment of the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) by the owner,

lender or Fannie Mae, to any other assignee, transferee or successor in interest.

V. EFFECT OF CONSENT TO ASSIGNMENT

Neither the contract administrator nor HUD is a party to the loan or the loan documents, nor to any assignment of the HAP Contract by the owner to the lender, nor to any assignment of the HAP Contract or the loan to Fannie Mae. Issuance of the consent to assignment does not signify that HUD or the contract administrator has reviewed, approved or agreed to the terms of any financing or refinancing; to any term of the loan documents; or to the terms of any assignment by the owner to the lender, or by the lender to Fannie Mae.

The consent to assignment of the HAP Contract does not change the terms of the HAP Contract in any way, and does not change the rights or obligations of HUD, the contract administrator or the owner under the HAP Contract.

The creation or transfer of any security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.

The grant of consent by HUD to assignment of the HAP Contract by the owner to the lender, and the grant of consent by HUD to assignment of the HAP Contract by the lender to Fannie Mae, does not constitute consent to any further assignment or other transfer of the HAP Contract or of any interest in the property, including any further assignment or transfer to any assignee, transferee or successor in interest.

VI. EXERCISE OF SECURITY INTEREST - ASSIGNEE ASSUMPTION OF HAP CONTRACT OBLIGATIONS

Notwithstanding HUD's grant of consent to assignment by the owner of a security interest in the HAP Contract to the lender, and to further assignment of such security interest by the lender to Fannie Mae, the assignee (lender or Fannie Mae) may not exercise any rights or remedies against the contract administrator or HUD under the HAP Contract, and shall not have any right to receive housing assistance payments that may be payable to the owner under the HAP Contract, until and unless the assignee seeking to exercise such rights or remedies, or to receive such payments, has executed and delivered, in a form acceptable to the contract administrator in accordance with HUD requirements, an agreement by the assignee to comply with all the terms of the HAP Contract, and to assume all obligations of the owner under the HAP Contract.

VII. PAYMENT TO ASSIGNEE

When the assignee (lender or Fannie Mae) notifies the contract administrator, in writing, that housing assistance payments payable pursuant to the HAP Contract should be directed to the assignee, the contract administrator may make such payments to the assignee instead of the owner. In making such payments, the contract administrator is not required to consider or make any inquiry as to the existence of a default under the loan documents, but may rely on notice by the assignee; and any payments by the contract administrator to the assignee shall be credited against amounts payable by the contract administrator to the owner pursuant to the HAP Contract.

VIII. WHEN ASSIGNMENT IS PROHIBITED

The consent to assignment shall be void ab initio if HUD determines that any assignee, or any principal or interested party of the assignee, is debarred, suspended or subject to a limited denial of participation

under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

HUD

Name of Authorized Representative

By: _____
Signature of authorized representative

Name and official title (Print)

Date _____

consent to assignment, and agrees that any assignment by the owner is subject to all such terms.

OWNER _____

Name of Owner (Print)

By _____
Signature of authorized representative

Name and title (Print)

Date _____