

ASSET MANAGEMENT PROCESS:

PRESERVATION procedures and timelines

Asset Management: Transaction Timeline

6-12 months before closing

- 1. Contact HUD AE and/or FHA Production about Transaction**
 - Preferably 6-12 months before estimated closing date, depending on the complexity of the transaction
 - Schedule and attend concept meeting
 - Prepare and Submit summary of proposed transaction, including basic financing and project ownership structure
- 2. Begin process to Pay Off or Defer Flexible Subsidy Loan (if applicable)**
 - Decide whether to pay off or defer
 - Requests to defer Flexible Subsidy require HUD HQ approval

Asset Management: Transaction Timeline

4-6 months before closing

- 1. Submit complete package to HUD**
- 2. Request Tenant Protection Vouchers (if applicable)**
 - Not less than 120 days before conversion event
- 3. Confirm Tenant Notification Requirements**
 - 150 days for most 236 prepayments
 - 30 days plus comment period for most 202 prepayments
- 4. Submit HAP Renewal and Rent Increase Request to PBCA**
 - Determine renewal option, required rents
 - Request 20 year HAP 120 days before desired execution date
 - Submit Rent Comparability Study, allow 120 days for HUD 3rd Party RCS
- 5. Confirm LIHTC Application Dates and requirements from HUD**
- 6. Request to Amend LIHPRHA Use Agreement (if applicable)**
 - Allow 90-120 days for processing, including HUD HQ approval

Asset Management: Transaction Timeline

90 days before closing

- 1. Request Prepayment Approval for Existing FHA Loan**
 - Requires HUD HQ approval
 - Approval for 236 prepayment no more than 90 days before closing

- 2. Submit HUD 2530 Previous Participation forms**
 - New Participants in property (General Partners, Ownership Entity)
 - Management Agent
 - Limited Investor (LLCI Certification)

- 3. Confirm Use Agreement and Legal Documents for Closing**
 - Prepare all new/ amended Use Agreements for execution
 - Prepare all legal agreements for closing
 - Assignment and Assumption of the HAP
 - Consent to Assignment of the HAP as Security for Financing

Asset Management: Transaction Timeline

30-5 days before closing

1. HUD/Contract Administrator issues Rent Schedule
2. HUD issues executed documents

Asset Management: Transaction Timeline

Underwriting and Tax Credits

- **Tax Credit Applications:** HUD recommends submitting request for all HUD approvals 3-6 months before submitting TCAC application to ensure timely processing.
- **Do not set rents in underwriting or tax credit application without confirming with HUD using Rent Schedule or Comfort Letter. Or build in a degree of flexibility to the rent setting.**

Asset Management: New Guidance

- **H 2016-08:** *Family Self Sufficiency Program*
- **H 2016-07:** *Funding Availability for Tenant-Protection Vouchers for Certain At-Risk Households in Low-Vacancy Areas – Fiscal Year 2016*
- **H 2016-05:** *Revision of Tenant Participation Requirements in accordance with 24 CFR Part 245*
- **H 2015-04:** *Updated FAQs and clarifications on Notice H 2015-04 released in 2015 regarding new methodology for Utility Allowance Analysis. (ask Account Executive for more information)*
- **H 2015-03:** *Transferring Budget Authority of a Project-Based Section 8 Housing Assistance Payments Contract under Section 8(bb)(1) of the United States Housing Act of 1937*
- **H 2015-02 :** *Required Actions for Multifamily Housing Projects Receiving Failing Scores from HUD's Real Estate Assessment Center (REAC)*

- **Revised Section 8 Renewal Policy Guidebook**