

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



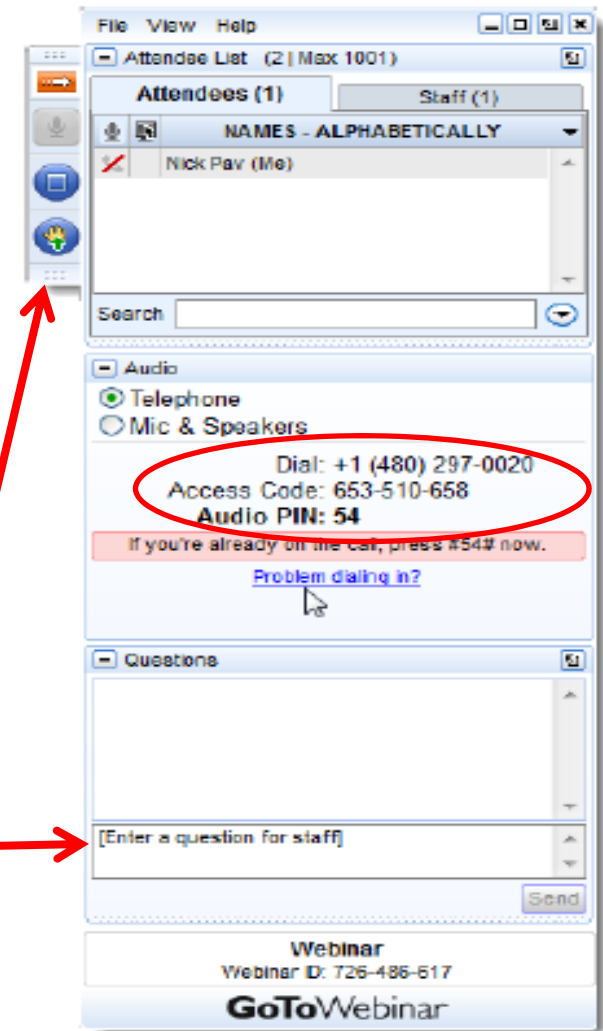
Overview of the RAD Closing Process for Public Housing Conversions

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May 3, 2018

Administrative Info

- This webinar is being recorded
- The recording & slides will be available on www.radresource.net within 2-3 business days
- Ask Questions
 - Be sure to input your Audio PIN shown on your control panel (Note: this PIN is unique to you and cannot be shared)
 - “Raise your hand” by clicking on the hand icon on your control panel and the presenter will un-mute your line so you can ask your question live
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Why Are We Here Today?

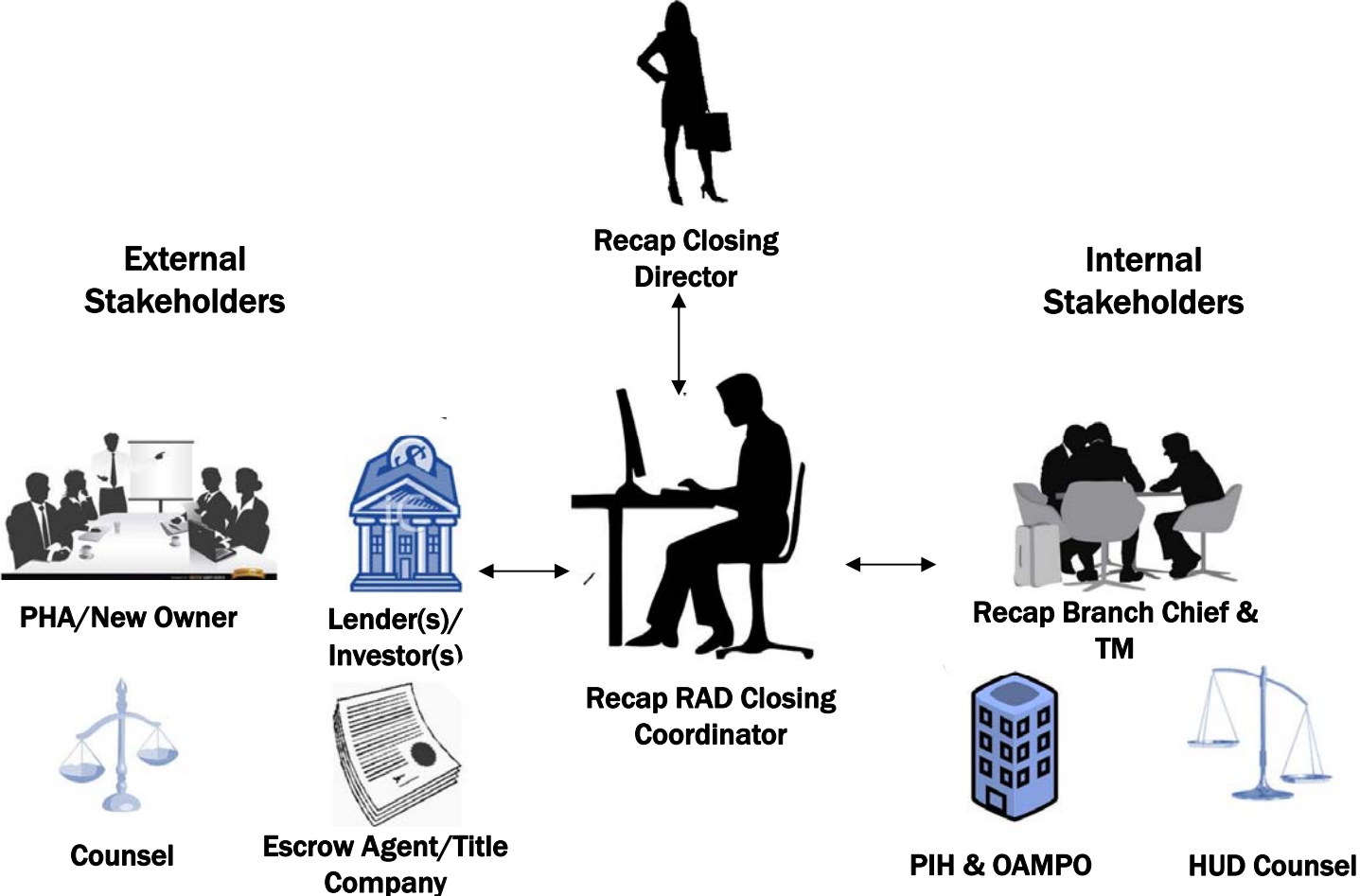
1. Understand the key players involved
2. Learn about the closing process
3. Understand closing timelines
4. Become familiar with key RAD closing documents
5. Understand the unique requirements for different types of RAD transactions - PBV or PBRA; FHA
6. Learn about post closing responsibilities
7. Become familiar with available resources
8. Tips for a smooth closing

Learn the Lingo

- Recap = HUD's Office of Recapitalization
- PIH = Public and Indian Housing
- MF = Multifamily
- OGC = Office of General Counsel
- SAC = Special Applications Center (PIC Removal)
- RAD CC = RAD Closing Coordinator
- DOT/DORC = Declaration of Trust/Declaration of Restrictive Covenants
- HAP = Housing Assistance Payments Contract
- IDRR = Initial Deposit to the Replacement Reserves
- PBRA = Project Based Rental Assistance
- PBV = Project Based Voucher
- RCC = RAD Conversion Commitment
- S&U = Sources and Uses

Objective 1: Understand the Key Players Involved

Key Players



Key Players - Internal

Role of the RAD Closing Coordinator

- Your main point of contact during the closing process
- Reviews & approves various closing documents
- Reviews & processes RCC amendment & extension requests
- Ensures all RCC Special Conditions are cleared prior to closing
- Establishes closing logistics and signature coordination
- Responsible for providing HUD-signed docs and instructions for closing
- Notifies SAC when RAD closing occurs
- Coordinates with HUD HQ on initial year funding

Key Players - Internal

Role of the HUD Field Counsel

- Reviews the following:
 - Title Policy Pro forma or Title Report
 - Survey
 - Organizational documents
 - Subordination Agreements
 - Documentation related to existing Mixed Finance transactions (if applicable)
 - Legal Opinions (Owner's Counsel, PHA's Counsel, etc.)
 - Current DOT/DORC and any other existing encumbrances and/or exception documents
 - Certification and Assurances
 - Release of Declaration of Trust/Restrictive Covenant
 - RAD Use Agreement

Key Players - Internal

Role of the RAD Transaction Manager/Branch Chief

- Generally, the RAD TM & Branch Chief play a limited role in the closing process
- RAD CC will obtain TM approval on any changes that occur during closing which impact the original Financing Plan submission or result in substantive changes to the RCC
 - Examples: S&U/financing changes, any changes that impact the CHAP award (unit mix, rents, utility responsibilities), clearing RCC special conditions

Key Players - Internal

Role of the PIH Field Office

- Approves non-dwelling structures/land for removal in conjunction with the conversion
- Ensures existing Public Housing debt (EPC, CFFP, OFFP, Repayment Agreement, etc.) has been properly addressed
- Verifies that the PHA Plan was properly amended/updated to reflect the RAD conversion
- If applicable, verifies that the PHA has an PBV component in an approved HCV Administrative Plan

Key Players - Internal

Role of MF Regional Centers/Satellite Offices

- Involved in all PBRA & PBV FHA transactions
- Provides the PBRA HAP Contract Number
- Facilitates setup in TRACS following closing
- Receives & processes 2530/APPS submissions prior to closing*
- Receives & processes Affirmative Fair Housing Marketing Plan (in conjunction with FHEO)*
- Reviews/approves/executes: Rent Schedule, Management Agent Certification, HAP Contract**
- Reviews/approves: Management Agreement, Management Entity Profile, Fidelity Bond Coverage**
- Following closing, your MF Resolution Specialist will be your main POC

*These docs are submitted during your financing plan submission

**These docs are submitted with your draft closing package

Key Players - External

Roles of PHA, New Owner, Outside Counsel, Lenders, Investors

- Work with applicable parties to assemble closing package in timely manner
- Ask HUD for help! Alert RAD CC if problems arise
- Be responsive to comments from RAD CC & HUD Counsel

Objective 2: Learn about the closing process

Closing Process

- Closing process begins with the issuance of the RCC
 - PHA will receive a PDF of the HUD-executed RCC via email
 - PHA & Owner (as applicable) must countersign RCC and upload to RAD Resource Desk within 30 days
- PHA will receive a “hello email” to introduce the RAD CC & HUD Attorney
- Kick-off call
- Remember – at least one resident meeting must be held after RCC issuance

Closing Process

Submission of Draft Closing Package

- Follow PBV or PBRA Closing Checklist (Exhibit E of RCC)
- The draft closing package is a DRAFT submission for HUD to review – nothing is executed at this stage
- Ask RAD CC and HUD Attorney for preferred submission format
- Submit draft package within 2 weeks of RCC issuance – one package to RAD CC & one package to HUD Attorney
- Package should be submitted to HUD no later than 2 months following RCC issuance

Closing Process

Review of Draft Closing Package

- RAD CC and HUD Attorney typically complete initial reviews within 2 weeks
- RAD CC and HUD Attorney issue comments to all appropriate parties via email
- Work with RAD CC and HUD Attorney to resolve all open items and revisions
- Make HUD aware of any closing deadlines you need to meet
- RCC Amendment requests should be submitted in writing to RAD CC
- HUD typically processes a single RCC amendment just before Closing

Closing Process

Finalizing Documents

- RAD CC completes final program review, requiring:
 - Fully executed consolidated owner certification
 - Final S&U
 - Final version of HAP Contract with all exhibits,
 - Confirmation that all RCC special conditions are satisfied

- HUD Counsel completes final legal review and provides final execution-ready versions of documents to the Closing Division

Closing Process

Closing Document Logistics

- Document execution requires cooperation with multiple offices within HUD
- Once all program & legal docs are finalized, allow time to obtain all HUD signatures
- RAD CC responsible for facilitating HUD signatures on HUD docs
- Closing Team will send the RAD Use Agreement, DOT/DORC Release, and RCC Amendment (as applicable) to your third-party escrow agent with an escrow instructions letter
- Other documents that require HUD signature
 - PBRA HAP Contract – signed first by local MF Office; covered by escrow letter
 - Documents pertaining to existing Mixed Finance conversion – signed by PIH Field Office; covered by escrow letter

Closing process

Closing

- Date of recording is considered the RAD closing date
- HAP Contract effective date depends on closing date
- On the day of recording, email your RAD CC to let them know that the transaction closed
- If closing will be delayed, notify RAD CC
- Once closing documents are recorded, follow instructions to send the documents to your RAD CC

Closing process

Funding – HAP

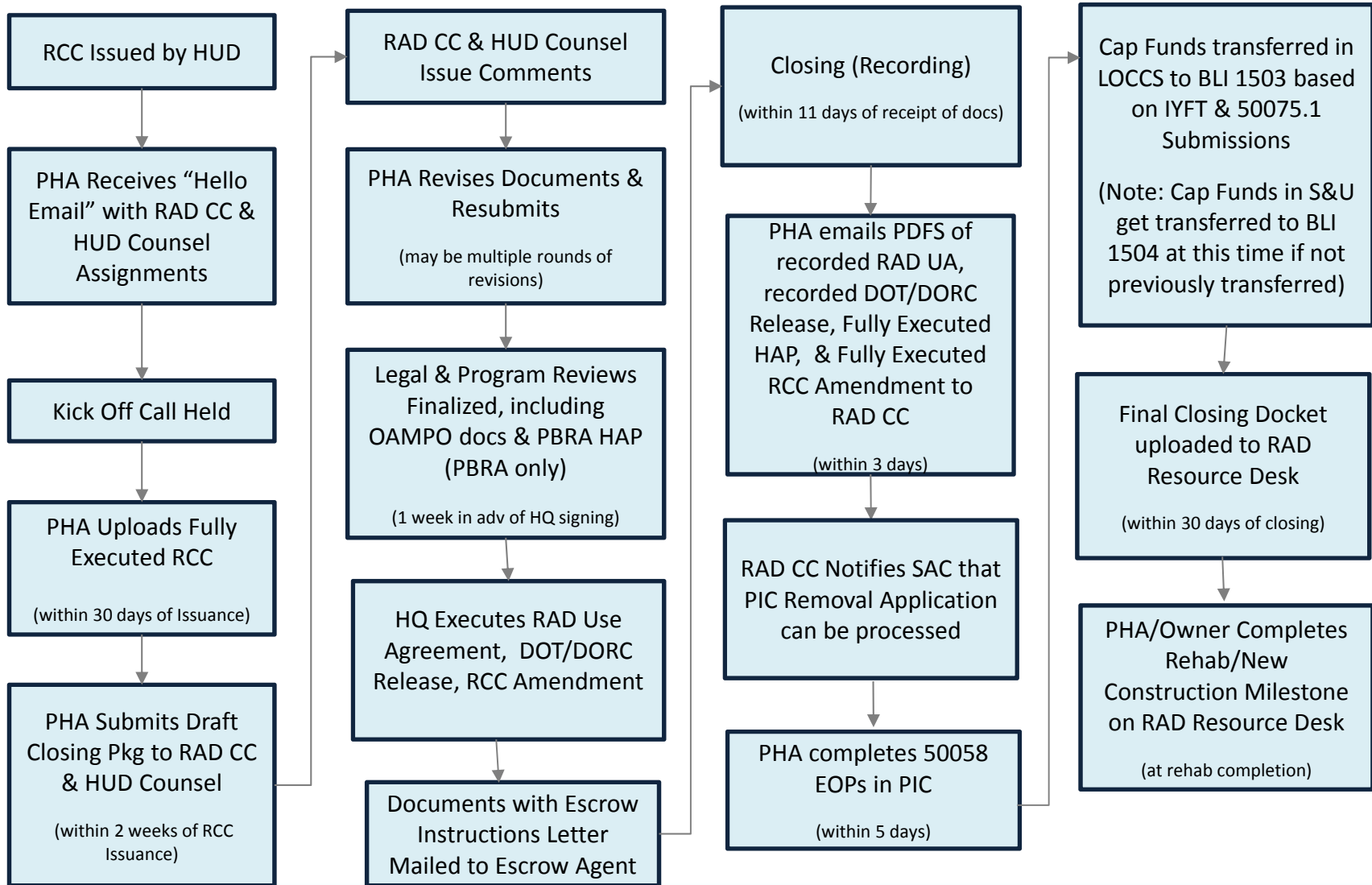
- Projects continue to receive public housing funding for the remainder of the calendar year of the HAP effective date (called the year of Conversion)
- Section 8 funding begins in January of the next year (following the year your HAP contract is effective)
- PHAs must complete and submit the Initial Year Funding Tool and the 50075.1 to convey the appropriate amount of Capital Funds to the project for the rest of the calendar year into BLI 1503 in LOCCS (HUD HQ moves these funds)
- Operating Reserves shown in the Initial Year Funding Tool do not need to be moved in LOCCS; the PHA is responsible for conveying the appropriate amount to the project
- See Year of Conversion Funding Instructions & Initial Year Funding tool on www.radresource.net

Closing process

Funding – Development Costs

- If you want to use Public Housing funds as a Source, they must appear in the final, approved Sources & Uses in order to be used after conversion
- If you have Capital Funds or RHF in your Sources & Uses, you must take the proper steps to ensure these funds are available for use after conversion (HUD HQ moves these funds)
- Complete 50075.1 so that the funds can be moved to BLI 1504 in LOCCS (HUD HQ moves these funds)
- Operating Reserves shown in the S&U do not need to be moved in LOCCS; the PHA is responsible for conveying the appropriate amount to the project
- See Year of Conversion Funding Instructions
- Remember – funds left in Public Housing after closing cannot be used to support the newly converted Section 8 property

CLOSING PROCESS



Objective 3: Understand Closing Timelines

Timelines

Timelines

- RCC provides 90 days for closing. Be prepared to close when you get an RCC.
- Submit a draft closing package within 2 weeks of RCC issuance
- Closings tend to peak at year-end. Therefore, Recap has established deadlines and priorities—but there are no guarantees

Required Action	Deadline to close by November 30, 2018	Deadline to close by December 31, 2018
Upload all required Financing Plan documents*	June 15	July 13
Receive a HUD-executed RCC**	August 17	September 14
Submit complete closing package**	September 1	October 1
All RAD documents approved and ready for HUD signatures**	November 15	December 13

- See Schedule Requirements for Closing RAD PH Conversions in 2018 Memo dated 3/14/18

Timelines

What is Delayed Submission Status? NEW!!

- See Recap Delayed Submissions Closings Memo dated 4/27/18
- Applicable to RCCs issued on or after May 1st
- If a draft closing package isn't received within 2 months of RCC issuance, transaction will be placed in Delayed Submission status
- Your transaction will remain in Delayed Submission status for 2 months or until a draft closing package is received, whichever occurs first
 - Unassigned from RAD CC & HUD Field Counsel
 - Notify RecapClosingTeam@hud.gov via email when your draft closing package is ready to be submitted
 - Recap will then assign a closing coordinator & HUD Counsel and provide you with their contact information.
- RCCs will expire 4 months after issuance if no draft closing package is received
- Expired RCCs will be returned to the Transaction Division for a financing plan update

Objective 4: Become Familiar with Key RAD Closing Documents

Key Closing Documents

- The RAD Closing Checklists for PBV or PBRA (Exhibit E of the RCC) explain the documents required for your closing
- Copies of contracts, forms, and templates are available at www.radresource.net > Contracts & Closing Documents

Key Closing Documents

RAD Conversion Commitment (RCC)

- The Commitment that is issued after Financing Plan approval
- RCC Issuance begins the closing process
- Must be fully executed and uploaded to the RAD Resource Desk within 30 days of issuance or it will be terminated – no exceptions!
- RCC expires after 90 days of issuance unless otherwise extended by HUD

Key Closing Documents

RAD Conversion Commitment – Owner info and other specifics

- RAD Resource Desk data provided by the PHA and the RAD Transaction Manager flows through to the RCC.
- PHA is responsible for inputting correct information into the RAD Resource Desk via the “Ownership Data” page at Financing Plan submission.
- Take the time to make sure the information you input is accurate.

Key Closing Documents

RAD Conversion Commitment - Data

Data for the RCC

Existing Name and Address of Converting Project: <ul style="list-style-type: none"><input checked="" type="radio"/> Property Name: <input type="text"/><input type="checkbox"/> Property Address: <input type="text"/><input checked="" type="radio"/> Property City: <input type="text"/><input checked="" type="radio"/> Property State: <input type="text"/><input checked="" type="radio"/> Property Zip Code: <input type="text"/><input type="checkbox"/> <input type="checkbox"/> Existing Mixed Finance Conversion that is transferring ownership.	Proposed Project Owner: <ul style="list-style-type: none"><input checked="" type="radio"/> New Owner Name: <input type="text"/><input checked="" type="radio"/> Contact Name: <input type="text"/>Contact Phone: <input type="text"/>Contact Email: <input type="text"/><input checked="" type="radio"/> <input type="checkbox"/> PHA is retaining ownership but creating a related entity to serve as HAP Owner. (Enter related entity name in Proposed Project Owner Name above.)Project Owner is controlled by:<ul style="list-style-type: none"><input type="radio"/> Control by a Public Body<input type="radio"/> Control by a Non-profit Body
Proposed Name and Address of Covered Project: <ul style="list-style-type: none"><input checked="" type="radio"/> Property Name: <input type="text"/><input checked="" type="radio"/> Property Address: <input type="text"/><input checked="" type="radio"/> Property City: <input type="text"/>Property State: <input type="text"/>Property Zip Code: <input type="text"/>	Proposed Project Owner Notice Address: <ul style="list-style-type: none"><input checked="" type="radio"/> Address: <input type="text"/>City: <input type="text"/>State: <input type="text"/>Zip Code: <input type="text"/><input checked="" type="radio"/> Ownership Structure: <input type="text"/><input checked="" type="radio"/> Ownership Structure State: <input type="text"/>
<input checked="" type="radio"/> PHA: Housing Authority of the City of Milwaukee <ul style="list-style-type: none">Contact: <input type="text"/>Contact Phone: <input type="text"/>Contact Email: <input type="text"/>Address: <input type="text"/>	
Will you be administering the PBV vouchers? <input type="text"/>	
Signature Blocks (as they should appear on the signature page of the RCC)	
<input checked="" type="radio"/> PHA Signature Block: <input type="text"/>	<input checked="" type="radio"/> New Owner Signature Block: <input type="text"/>

Key Closing Documents

RAD Conversion Commitment - Amendments

- If needed, submit an RCC amendment request in writing to your RAD CC
- Substantive changes to the Sources & Uses (Exhibit B) and repairs (Exhibit D) will require HUD approval
- Approved changes to the Sources & Uses (Exhibit B) must be documented via an update to the RAD Resource Desk Transaction Log
- Pay attention to the date in the RCC by which the repairs must be completed or the owner will be considered in default – this is important & HUD will be monitoring this! If closing gets delayed, make sure to request an amendment to this date
- HUD will typically issue a single RCC amendment at the end of the closing process. It must be fully executed and returned to HUD within 3 days of closing

Key Closing Documents

RAD Conversion Commitment - Amendments, cont'd

- Changes to unit configurations, rents, and/or utility allowances during the closing process
 - These items have been finalized at financing plan submission
 - Review your CHAP carefully prior to RCC issuance to ensure it accurately reflects your transaction, especially regarding utility allowances/responsibilities
 - Changes during closing require both a CHAP amendment and an RCC amendment; could also require a revised financing plan submission and FHEO reviews if changes are significant
 - Review the CHAP Amendment Overview & Contract Rent Flexibilities guide on www.radresource.net in advance of Financing Plan submission. Do not wait until closing to request changes

Key Closing Documents

RAD Use Agreement

- Form can be found on www.radresource.net
- Different from other HUD use agreements – it's RAD specific
- Recorded covenant that encumbers the property and outlines land use and affordability requirements
- Remains as an encumbrance unless released by HUD
- Typically covers all property being released from DOT/DORC
- Term of RAD Use Agreement will match term of HAP Contract
- May have multiple RAD Use Agreements (1:1 relationship with HAP)
- Executed by the Office of Recap and countersigned by Project Owner. There are some cases where the PHA or other fee estate owner also executes
- Recorded and must be superior to all financing documents

Key Closing Documents

HAP Contract Parts 1 & 2 & Exhibits

- PBV and PBRA have their own unique HAP contract forms and exhibits – available for download on www.radresource.net
 - Addendum to the HAP Contract – Labor Standards is a required exhibit
- PHA/Owner drafts (fill in the blanks) and submits
- Reviewed by HUD Counsel and RAD CC
- Includes information on Rehab Assistance Payments (RAP)
- Mandatory contract renewal provision and resident procedural rights
- Provides HUD consent for certain common LIHTC assignments
- HAP effective date can be either the first day of the 1st month or the first day of the 2nd month following closing
- Option for a “Delayed HAP” via a PBV or PBRA Delayed Conversion Agreement – see “Overview of Master Leases & Delayed Conversion Agreements” on www.radresource.net

Key Closing Documents

HAP Contract Parts 1 & 2 & Exhibits, cont'd

➤ PBRA

- HUD & Owner are parties to contract
- RAD CC coordinates HUD signatures (HUD signs first & then transmits to your escrow agent for countersignature)
- If transaction involves multiples sites, HUD determines number of contracts

➤ PBV

- Contract Administrator (PHA) and Owner are parties to contract
- When PHA is CA and there is no transfer of ownership to an outside entity, then a new entity with responsibility for management and leasing must be created by the PHA to be the Owner for purposes of the Section 8 HAP contract.
- If transaction involves multiple sites, regs govern number of contracts

Key Closing Documents

DOT/DORC Release

- Sample available on www.radresource.net
- May be one or more full or partial releases depending on whether or not all land encumbered by the existing DOT/DORC is converting and on historical factors
- If non-dwelling buildings and/or vacant land are associated with the transaction, the PIH Field Office must determine whether such assets may be released as part of the RAD Conversion
- Legal descriptions must match the legal description used in the title work
- Executed by the GDAS for PIH
- Recorded

Key Closing Documents

Consolidated Owner Certification

- Sample available on www.radresource.net
- Contains various certifications applicable to all conversions and then additional certifications that may or may not apply to your specific deal
 - Project financial condition
 - Project physical condition
 - Resident meetings/notifications
 - Completion of repairs
 - PIC removal
 - Existing lease termination/new lease execution
- You identify the name of individual responsible for uploading the final closing docket after closing
- Must be fully executed & emailed to RAD CC prior to closing

Objective 5: Understand the
Unique Requirements for Different
Types of RAD Transactions –
PBV or PBRA
With FHA or not

Unique Closing Requirements

PBRA conversions

- Assignment of MF Resolution Specialist who will be your main POC following conversion
- Determine how many HAP contracts will be needed for your transaction
- Affirmative Fair Housing Marketing Plan (AFHMP)
 - Submit via email to local MF HUD Office at Financing Plan submission
 - Upload a copy of the approved AFHMP as part of your Financing Plan; if not yet approved, upload evidence that you made your submission to the HUD MF Office
 - Recap does not process these submissions
 - Approved AFHMP will be attached as an exhibit to PBRA HAP Contract
 - Transaction can close without an approved AFHMP but cannot perform marketing/leasing activities

Unique Closing Requirements

PBRA conversions, cont'd

➤ 2530s/APPS

- Previous participation review by HUD for industry partners participating in HUD projects
- Submission must be approved by MF prior to closing
- Submission is made electronically via APPS at Financing Plan submission stage
 - If you are having trouble using APPS, talk to your assigned MF Resolution Specialist regarding submitting paper 2530s

Unique Closing Requirements

PBRA conversions, cont'd

➤ 2530s/APPS, cont'd

- Who needs previous participation approval?
 - Owners & Management Agents per the below unless entity is a PHA or wholly owned by PHA
 - LLC: managing members and non-managing members with 25%+ ownership and all officers unless employed by the PHA
 - LP: limited partners with 25%+ ownership & all general and co-general partners unless wholly owned by PHA
 - Passive investors exempt from 2530 but subject to the Identification and Certification of Eligible Limited Liability Investor Entities
 - Even if entity is exempt from review process, the entity still needs to be setup in HUD secure systems
- See 2530 Guidance for RAD Transactions on www.radresource.net

Unique Closing Requirements

PBRA conversions, cont'd

- HAP Contract Number - RAD CC will provide this to you
- Obtain access to MF HUD Systems
- HUD MF Forms – rental schedule, management entity profile, management agent certification
- Copy of Management Agreement
- Evidence of adequate Fidelity Bond coverage
- References
 - RAD Quick Reference Guide to Multifamily Housing Requirements
 - RAD PBRA Closing Checklist (Exhibit E to RCC)

Unique Closing Requirements

PBV conversions

- The Contract Administrator and Owner cannot be the same entity
 - Address this early in the process, before Financing Plan submission
- Proposed Contract Administrator (PHA) must currently operate a voucher program
- If an IOI exists between Contract Administrator and Owner, an independent third party must perform HQS inspections and rent reasonableness

Unique Closing Requirements

PBV conversions, cont'd

- Determine number of HAP Contracts based on PBV regs
- The following types of units may be placed under the same RAD PBV HAP Contract:
 - Units within a single building
 - Units within multiple contiguous buildings
 - Units within multiple buildings on contiguous parcels of land
 - Multiple single-family buildings (scattered site single family buildings)
- Consult RAD Quick Reference Guide to Project-Based Voucher Assistance

Unique Closing Requirements

RAD/FHA Conversions

- Recap must be ready to issue RCC before FHA issues the Firm (FHA Firm issued first, followed shortly by RCC)
- FHA RAD transactions will be assigned a RAD Closing Coordinator and a MF Closing Coordinator located in the jurisdiction where the project is located
- MF Closing Coordinator drives the closing following the standard FHA closing process, with help from the RAD CC on RAD-specific closing documents
- Coordination between all parties is necessary for a successful closing

Unique Closing Requirements

All Conversions

- Executing new leases
- Preparing EOPs (End of Participation) – HUD Form 50058
- Movement of PH Funds
 - Initial Year Funding Tool
 - 50075.1

Unique Closing Requirements

Last Public Housing Project to Convert

- If following closing your PHA will no longer have a public housing program, consult with your PIH Field Office to identify closeout procedures
- Review Notice PIH 2016-23 (HA) – Requirements for PHAs Removing All Public Housing Units. Copy is available on www.radresource.net
- Ensure your S&U includes any PH funds that are being converted

Objective 6: Learn about Post-Closing Responsibilities

*(You've closed...but you're not
done yet!)*

Post Closing Responsibilities

Submission of “3 day docs” to your RAD Closing Coordinator

- Send these documents to your RAD CC within 3 days of recording:
 - PDF of fully executed and recorded RAD Use Agreement(s)
 - PDF of fully executed and recorded DOT/DORC Release(s)
 - PDF of fully executed HAP contract(s) with all exhibits
 - PDF of fully executed RCC amendment(s)

Post Closing Responsibilities

Online Submission of Final Closing Docket

- No more hardcopy submissions!
- Within 30 days of recording, all final transaction documents must be uploaded to the Resource Desk – “Final Closing Docket Milestone”
- Send a CD of the final closing docket to HUD Counsel
- See Post Closing Document Submission Instructions posted on www.radresource.net

Post Closing Responsibilities

Rehab/Construction Completion Milestone

- Required if RCC included any post-closing work in Exhibit D (Scope of Work)
- Submit following completion of all repairs (within 45 days of the Work Completion Date shown in the RCC)
- See Instructions for Completing the Rehab/Construction Completion Milestone on www.radresource.net
 - Owner must confirm full RCC SoW was completed, final amount spent, and date work was completed
 - Certify that initial deposit to the replacement reserve (IDRR) was made at closing
 - Relocation/right to return procedures were followed
 - Section 3 reporting information

Post Closing Responsibilities

Delayed Conversion Agreements

- When you are ready to execute a HAP contract, notify HUD in advance (90 days)
- Follow instructions in the agreement (PBV or PBRA)

Objective 7: Understand Available Resources

Resources

- RAD Resource Desk: www.radresource.net
 - Forms/Templates for closing- <http://www.radresource.net/closing.cfm>
 - Quick Reference Guide to Multifamily Housing Requirements (PBRA)
 - Quick Reference Guide for Projects Converting to Project-Based Voucher Assistance (PBV)
 - FDS Reporting Requirements for RAD Conversion (Accounting Brief #22)
 - PIH Notice 2016-23: Requirements & Guidance for PHAs Removing All Public Housing Units
 - Initial Year Funding Tool
 - 2530 Guidance for RAD Transactions
 - Overview of Master Leases & Delayed Conversion Agreements
 - Overview of CHAP Amendments & Contract Rent Flexibilities
 - PBV & PBRA RAD Closing Checklists
 - FAQs
 - Email: resourcedesk@radresource.net

Resources

- Tenant Rental Assistance Certification System (TRACS) Website (for PBRA):
 - http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/mfh/trx/trxsum
- HUD Multifamily Handbooks (PBRA Conversions)
 - https://www.hud.gov/program_offices/administration/hudclips/handbooks/hsg
- RAD Website: www.hud.gov/rad
- Bev Rudman, Director of Closing & Post Closing, Office of Recap
 - beverly.n.rudman@hud.gov
 - (202) 402-8395

Objective 8: Tips for a Smooth Closing

Tips for a Smooth Closing

Prior to RCC Issuance

1. Ownership Considerations

- a) Setup your new ownership entity
- b) Ensure new ownership entity meets ownership/control requirements outlined in RAD Notice
- c) Review all Ownership Data that you have input on the RAD Resource Desk for correctness
- d) PBRA & PBV w/ FHA: Ensure you have completed & submitted all required APPS/2530 submissions to your local MF Field Office; ensure you have submitted your AFHMP

Tips for a Smooth Closing

Prior to RCC Issuance

2. Operations/Property Management Considerations

- a) Select an experienced management agent
- b) Discuss the number of HAP contracts required for your conversion with your RAD Transaction Manager
- c) Systems – ensure your internal systems and staff are ready for the transition to the Section 8 funding platform
- d) Understand your Section 8 reporting requirements
- e) PBV: If an IOI exists between the CA & HAP Owner, ensure you have identified a third party to perform inspections and rent adjustments
- f) Review waitlist policies and admission preferences

Tips for a Smooth Closing

Prior to RCC Issuance

3. Identify/Assemble Closing Team

- a) Identify who in-house will be main contact for RAD closing or if you wish to utilize external consultants
- b) Obtain experienced outside counsel that knows RAD
- c) Review current title encumbrances and exceptions to ensure there are no surprises
- d) Review the PBV or PBRA Closing Checklists and contracts/forms found on www.radresource.net. Don't wait until RCC issuance to begin thinking about closing!

Tips for a Smooth Closing

Prior to RCC Issuance

4. Financing

- a) Ensure all lenders/investors have completed their due diligence and understand unique RAD requirements (including subordination)
- b) Understand how the funding works for the remainder of the calendar year following closing– review the Initial Year Funding Tool instructions
- c) Existing Mixed Finance conversions: Ensure all existing lenders/investors have reviewed the RAD conversion and subordination requirements in advance of RCC issuance.

Tips for a Smooth Closing

Prior to RCC Issuance

5. Review your RAD CHAP Award for the following:

- a) Is the unit mix and count correct?
- b) Do the utility allowances reflect the current Public Housing Utility allowances in place or does your transaction meet an exception?
- c) Have you reviewed and incorporated all potential rent flexibilities as outlined in the RAD CHAP Amendment & Rent Flexibility guide?

6. Residents

- a) Establish and maintain communication with existing residents
- b) Communication is crucial to a smooth conversion, especially when rehab and relocation is involved

Questions?

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