U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Overview of the RAD Completion Certification

Presented by HUD's Office of Recapitalization:

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Agenda

➢ What is the RAD Completion Certification

➢ Requirements

➢ Due Dates and Extensions

➢ Online Walk-through

➢ Tips

What is the RAD Completion Certification?

➢ RAD Notice requirement for all transactions that are undertaking repairs as part of conversion (RCC includes a list of post-closing repairs):

   "Post-Closing Completion Certification. For all repairs included in the Scope of Work in the RCC, Project Owners must submit to HUD a completion certification, including a cost certification and other information about compliance with the requirements of the RCC. Project Owners can fulfill the cost certification element of this requirement by submitting a cost certification required by a lender or investor or, if one is not required by a financing source (or not applicable), another form as prescribed by HUD."

➢ REV-4 of the Notice will be introducing a Completion Certification requirement for no-rehab conversions…COMING SOON!

What is the RAD Completion Certification?

➢ At completion of repairs, you are asked to provide the following:

- ✓ Final S&U, including final amount spent on rehab/construction

- ✓ Date RAD Scope of Work (per RCC) was completed

- ✓ Description of any deviations from original Scope of Work

- ✓ Third party completion certification (if repairs > $2,000 PU); there is a template

What is the RAD Completion Certification?

✓ Certifications regarding Initial Deposit to the Replacement Reserve, no new unapproved HUD liens

✓ Information regarding the right to return for residents living at the project between CHAP issuance and HAP effective date

✓ Section 3 Hiring for Low Income Persons

When is it due?

➢ 45 days following construction completion

➢ Page 2 of the RCC contains the estimated number of months that the rehab will take

➢ For transactions that closed with the earlier version of the RCC, a period of 18 months was utilized

Due Date = Date Closed + Number of Rehab Months per RCC + 45 days

When is it due?

➢ If you encounter construction/rehab delays, extensions may be granted on a case by case basis

➢ Request an extension BEFORE your Completion Certification due date

➢ Email resourcedesk@radresource.net with an explanation for the delay and the date by which all RAD repairs will be completed

What happens if I don't comply?

➢ Failure to complete the RAD Scope of Work in a timely fashion means you are in default of your RAD Conversion Commitment (RCC) and can result in potential enforcement actions including a HAP contract default, inability to receive distributions from surplus cash, and/or forfeiture of the RAD Developer Fee

Why am I being contacted now?

➢ If you are being contacted by HUD, it means you are past due on the submission

➢ While this Notice requirement has always existed, HUD launched the online submission via the RAD Resource Desk in 2017

  ▪ For those who closed before 2017 and completed your work on schedule: we understand this may require some digging and we appreciate your efforts!

How do I submit it to HUD?

➢ Electronic submission via www.radresource.net

➢ Forgot your User ID or Password? Contact resourcedesk@radresource.net

➢ Instructions available in RAD Resource Desk Document Library

ONLINE WALK-THROUGH

Tips – RAD Scope of Work

❖ Consult your RCC to view the list of repairs that are **<u>REQUIRED</u>** to be completed as part of your RAD conversion - Exhibit D (current RCC) or Exhibit F (prior RCC)

❖ You must certify that all repairs listed in the RCC exhibit have been completed & provide the date that the work was done

❖ If any items were removed or added to the Scope of Work, provide a written explanation

Tips – Final Sources & Uses

❖ You must provide the final, post-rehab Sources & Uses electronically via the Transaction Log > Post Conversion Column

❖ The "Post Conversion" column has been pre-populated with the as-closed data so you only need to review/update the line items that have changed

❖ If you spent more or less money on the repairs, ensure the "Construction/Rehabilitation" line item is updated to reflect the actual amount spent

➢ If more money was spent, explain where the funding came from (contingency, operating reserve, grant, etc.)

➢ If less money was spent, explain where the excess funds were deposited (R4R account, operating reserve, etc.)

Tips – Right to Return

❖ This section is **<u>NOT</u>** about relocation – it's about the right to return to or remain in the property and **<u>is applicable to ALL projects</u>**, even if there was no relocation.

❖ HUD wants to know about household actions during two timeframes:

➢ To identify the number of households who had the right to return/remain during the RAD conversion, provide the number of move-ins, move-outs, and evictions from CHAP issuance through HAP effective date

➢ To identify the outcome of those households following the completion of the RAD scope of work, provide the number of households that returned to the property and the number that accepted alternative housing options

❖ Use the comment box to explain your data and describe unusual circumstances; the red text will prompt you to address specific data points

➢ *The red text does not indicate an error - it is just a prompt for you to provide an explanation. The red text will remain on the screen, even after you have provided an explanation.*

Tips – Section 3

❖ Project owners submit data on hiring of low-income persons and contracting to business that provide economic opportunities for low-income persons

❖ Submission made into the RAD Resource Desk in lieu of the Section 3 Performance Evaluation and Registration System (SPEARS)

Questions?

❖ Email resourcedesk@radresource.net

❖ Review the instructions found in the Document Library on www.radresource.net