RAD for PHAs: Navigating Post-Closing RAD Requirements & Processing

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Agenda

➢ Reminder of RAD1 post-closing requirements

➢ RAD post-closing expectations

➢ Introducing the *new* RAD Post-Conversion Processing Guide

> ➢ Types of post-closing requests
>
> ➢ Figuring out which HUD office to contact
>
> ➢ How to make a submission

➢ Reminder of existing post-closing resources

➢ Questions

Reminder of RAD Post-Closing Responsibilities

1. After closing, upload the final closing docket to www.radresource.net
   ➢ This should be done immediately after closing and no later than 10 days following your HAP effective date

2. Complete & Submit the RAD Completion Certification on www.radresource.net
   ➢ No Rehab*: Due within 10 days of your RAD HAP Contract effective date
   ➢ Rehab: Due at completion of the RAD Scope of Work, no later than 45 days after the rehab period specified in your RCC

*Only applicable to no-rehab transactions that closed on 9/5/19 or later (RAD Notice REV-4 publication date)

RAD Post-Closing Expectations for RAD Scope of Work

➢ <u>Do the work</u>.

    ➢ You are required to complete all repairs in Exhibit D to the RCC within the timeframe specified in your RCC

    ➢ You reviewed and verified the items and costs shown in Ex D during the closing process

    ➢ Your construction budget in your final RAD S&U (Ex B to the RCC) should be based on final bids and include a contingency to cover cost overruns

➢ <u>Tell us you did the work</u>.

    ➢ Within 45 days of completing the RAD Scope of Work (Ex D to your RCC), submit the RAD Completion Certification via www.radresource.net

    ➢ LIHTC transactions: You should NOT wait for your LIHTC certification to be completed to submit this.

You closed a RAD deal! BUT, what if…

- You find a mistake in your RAD HAP contract or other RAD closing document?

- You under-budgeted the RAD scope of work?

- You need to take on additional debt or other funding?

- You are experiencing construction delays?

- You want to transfer ownership?

- Your forgot to request an OCAF adjustment at your HAP contract anniversary?

Introducing the RAD Post-Conversion Processing Guide
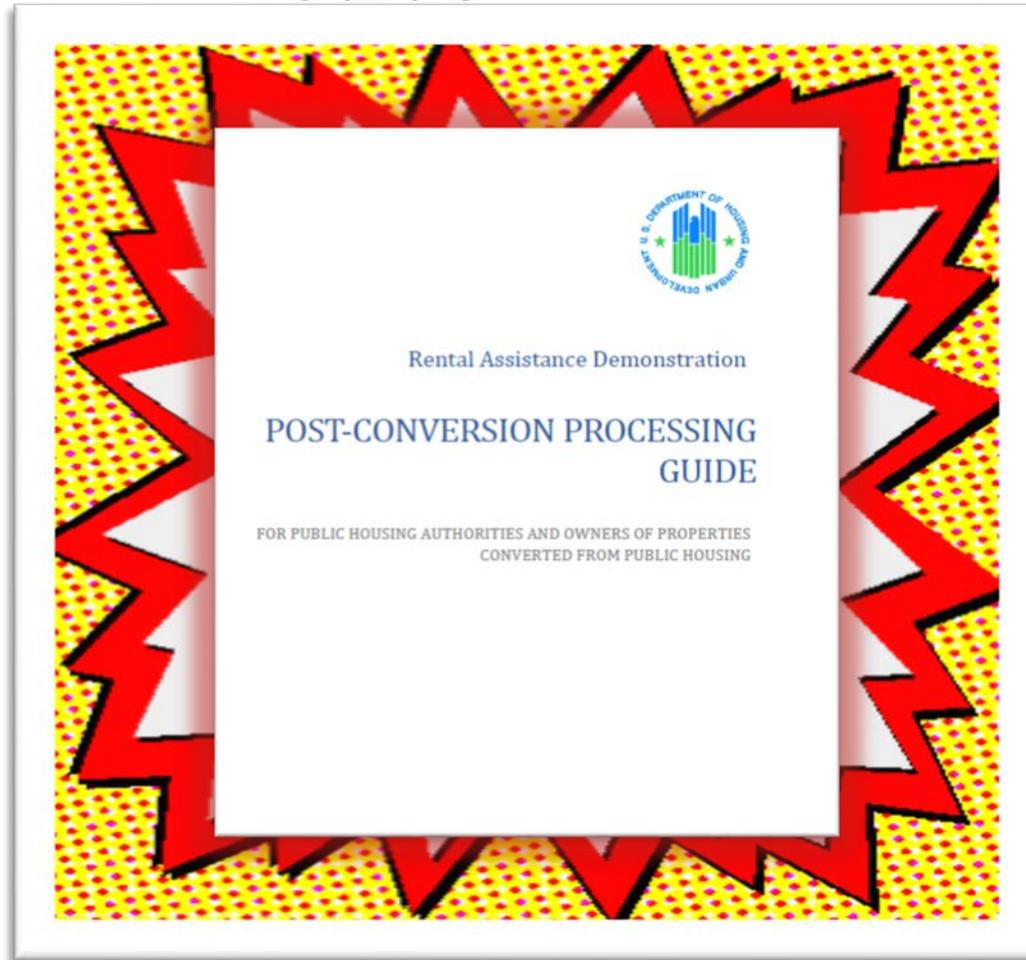
Guide: www.radresource.net > Document Library > Post Closing

Introducing the RAD Post-Conversion Processing Guide

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
PBV with FHA-insured financing and All PBRA: 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
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

1) Explanation of what item(s) require correction
2) Evidence to support the correction (such as a CHAP amendment or utility allowance schedule)

Who Do I Contact?

- RAD Scope of Work is *incomplete*
- *Correction of errors* in legal/transactional documents

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Office of Recap

- RAD Scope of Work is *complete*
- *Changes* to legal/transactional documents

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PBRA: Assigned Account Executive
PBV: PIH

A Note about RAD/FHA Post-Closing Approvals & Processing

- Additional coordination will be needed for closed RAD transactions with an existing FHA-insured mortgage or closed RAD transactions seeking an FHA-insured mortgage

- Parties should always notify their assigned Account Executive in addition to Recap and/or PIH

Primary HUD POC = Office of Recap

- ✓ Final Closing Docket Submissions/Qs
- ✓ RAD Completion Certification Submissions/Qs
- ✓ Correcting errors in RAD closing documents, including the HAP
- ✓ Public Housing funding/subsidy issues during the calendar year of conversion
- ✓ Completing or Modifying a Delayed Conversion Agreement

Primary HUD POC = Office of Recap, cont'd

- ✓ Rehab Assistance Payment (RAP) extensions
- ✓ Rehab/construction delays/extension requests
- ✓ Changes to the RAD Scope of Work
- ✓ New financing or modifications to financing related to completed the RAD Scope of Work
- ✓ Conversions to permanent financing
- ✓ Changes in Relocation related to the RAD Scope of Work
- ✓ Release of a DOT/DORC after a RAD Closing
- ✓ Release of property from a RAD-related restrictive covenant

How to Make a Post-Closing Submission to Recap

- Submit online via www.radresource.net > Transaction Pages > Post Closing Processing
- Email resourcedesk@radresource.net with questions

Primary HUD POC = PIH

RAD PBV Conversions

- Section 8 reporting and funding issues starting January 1st of the calendar year following closing

- Adjustments or updates to the RAD PBV HAP contract (different from *corrections*)

- OCAF adjustments

- Deposits and withdrawals from Reserve For Replacement account questions

- Ownership changes, New Financing, or Modifications to Existing Financing after the RAD Completion Certification has been approved

Post-Closing Submissions to PIH

- See Guide for submission requirements
- New mailbox!
  - RAD.PBV.Requests@hud.gov

Primary HUD POC = Local MF Account Executive

RAD PBRA Conversions

- Section 8 vouchering issues
- Adjustments or updates to HAP contract (different from *corrections*)
- OCAF adjustments & signed Rent Schedule
- Requests regarding required monthly deposits to the Reserve For Replacement account
- Releases from Reserve For Replacement account
- New financing or modifications to existing financing after the RAD Scope of Work is complete
- Changes in the Management Agent
- Changes in Ownership (Transfer of Physical Asset)

Post-Closing Submissions to Local MF Account Executive

- See Guide for submission requirements and preferences

- Most submissions done via email to your AE

- Each field office has a mailbox - for example, ATL.INCOMING@HUD.GOV

Reminder of Existing RAD Post-Conversion Resources

- New! *Post-Conversion Processing Guide*
- Instructions for Final Docket Submission After Closing
- Instructions for Submitting the Completion Certification to HUD
- RAD PBV OCAF Adjustment Tool (Post-Closing)
- PIH Guidance for Owners Seeking to Refinance PBV RAD Developments
- Quick Reference Guide for Projects Converting to Project-Based Voucher Assistance (PBV) – u*pdated June 2020!*
- Quick Reference Guide to Multifamily Housing Requirements (PBRA) – *updated September 2020!*

All above resources can be found in the Document Library > Post Closing on www.radresource.net

Questions?

- Email resourcedesk@radresource.net

- Review the RAD Post-Conversion Processing Guide found at www.radresource.net > Document Library > Post Closing > Guidance

  https://radresource.net/output.cfm?id=postclguide