

Full Transfer of Physical Assets (TPA) Application Checklist

(This Checklist is to be used to seek HUD preliminary approval for a full ownership transfer of any **FHA** Insured Mortgage with or without a Project Based Section 8 Housing Assistance Payments Contract)

Project Name: _____

FHA#: _____

No.	Item {Items for legal review are marked with a double asterisk (**)}	N/A √	Incl. √
Section 1: Transaction (4350.1 REV-1, Chapter 13)			
1-1	Submission: A. Two complete copies of the application & attachments tabbed in the order of this checklist B. Original signatures on one copy.		<input type="checkbox"/> <input type="checkbox"/>
1-2**	TPA Application Form HUD-92266 (4350.1, REV-1, Chapter 13, Appendix A): A. Fully completed and signed by all parties. B. Form HUD-92266 must be signed by the Mortgagee if the property is being converted to a condominium or cooperative; or if there is secondary financing planned.	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
1-3	Nonprofit Owner selling to a Profit-motivated or Limited Dividend (LD) Purchaser must have obtained prior written approval from the Hub Director before submitting this application. If applies, the approval letter must be included. (4350.1 REV-1, Paragraph 13-17 & 24 CFR Section 265.7)	<input type="checkbox"/>	<input type="checkbox"/>
1-4	Application Fee Required of \$0.50 per \$1,000 of original face amount (0.0005 (X) multiplied by the original face amount of the mortgage), for the following transactions: A. Transfer of title including conveyance by installment sales contract, land contract and wrap-around mortgage; B. Transfer of any interest in a partnership which causes a dissolution of the partnership under applicable state law; C. Transfer of 100% of the beneficial interest in a passive land trust that holds title to the project, if the assignment results in a change in control of the project; D. Single transfer of more than 50% of the interests of a partnership/mortgagor which does not cause a dissolution of the partnership under applicable state law; E. Single transfer of more than 50% of the corporate stock of a corporate mortgagor; F. Single transfer of less than 50% of total corporate stock of a corporate mortgagor if it results in a change in control of the corporate mortgagor; G. HUD Use Agreement that incorporates provisions of the Regulatory Agreement H. OAHP-restructured property: Fee is based on original mortgage balance prior to restructuring. Multiple transfers may have more than one fee may be required (4350.1, REV-1, paragraph 13-6) HUD will waive the fee for TPAs approved for Mark-Up-to-Market Nonprofit Transactions. (Section 8 Renewal Policy Guidebook, Chapter 15, version dated 1/15/2008) (Check "N/A to indicate the TPA is being processed under the terms and conditions of Mark-Up-to-Market)	<input type="checkbox"/>	<input type="checkbox"/>
1-5	Mortgage Note Status: (4350.1 REV-1, Paragraph 13-13) A. If the mortgage note is delinquent, provide an explanation on how the mortgage will be brought current as a result of the TPA in the Purchasers Letter and Sources and Uses of Funds.	<input type="checkbox"/>	<input type="checkbox"/>
1-6	Physical Inspection Report: (Reference: 4350.1, REV-1, Chapter 13, Paragraph 13-12, C., 1-5)) A. Must contain these minimum requirements: <ol style="list-style-type: none"> a. Sufficient detail to list all required repairs and provide line item cost estimates for repairs; b. Should mandate all those repairs that are necessary to ensure that the project is structurally sound and that dwelling units and living conditions are decent, safe, and sanitary. The repair listing must be complete and deal with 100% of the units; c. Should specify that the project is energy efficient, or that repairs will make it so; 		<input type="checkbox"/>

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	<ul style="list-style-type: none"> d. Describe how the inspection was performed and any assumptions that were made by the engineer. e. Provide a remaining useful life analysis of the major equipment and fixtures and judge the appropriateness of the Replacement Reserve needs. 	<input type="checkbox"/>	<input type="checkbox"/>
1-7	<p>Sources and Uses of Funds Statement: (4350.1, REV-1, Appendix F) In addition to the standard information on the Sources and Uses of Funds Statement, please ensure the following items are also clearly identified:</p> <ul style="list-style-type: none"> A. Purchasers Cash Contribution: Profit Motivated or Limited Dividend purchasers must contribute greater of 10 percent of the unpaid principal mortgage balance, or an amount sufficient to meet the present physical and financial needs of the project. (4350.1 REV-1, Paragraph 13-20) B. The Amounts of Other Funding commitments and evidence of approval (4350.1, REV-1 Paragraphs 13-27 thru 13-29) Examples of other funding sources: <ul style="list-style-type: none"> o Low-income housing tax credits (LIHTCs) o Historic Tax Credits o New Market Tax Credits o Other funds administered by federal, state or local governmental agencies. C. Cost of any required repairs and Replacement Reserve Escrow deposits as recommended by the Physical Inspection report. 	<input type="checkbox"/>	<input type="checkbox"/>
1-8**	<p>Secondary Financing: (4350.1, REV-1, Paragraph 13-15)</p> <ul style="list-style-type: none"> A. Proposed secondary financing documents (secured or unsecured). B. Deferred financing must be fully described and the proposed financing documents/agreements submitted. C. Financing secured by collateral other than the project must be fully described and the proposed financing documents/agreements submitted. 	<input type="checkbox"/>	<input type="checkbox"/>
1-9**	<p>Existing HUD Use Agreement: (i.e. Title II, Title VI, Flex Sub., etc) (4350.1, REV-1, Chapter 13, Section 5, paragraph 13-24 through 13-26; John Garvin Memorandum issued 1-9-2008)</p> <ul style="list-style-type: none"> A. Copy of the Use Agreement B. Flexible Subsidy Loans must be prepaid or a deferment of repayment requested. C. Proposed Assignment and Assumption Agreement. D. Identify the properties current use restrictions; make a comparison to any other funding commitments; (income and program eligibility requirements); and provide a description on how any conflicting requirements will be addressed. <p>Mark to Market (M2M), or Demo Use Agreement:</p> <ul style="list-style-type: none"> A. Copy of the Use Agreement B. OAHF written approval (Housing Notice H09-06) 	<input type="checkbox"/>	<input type="checkbox"/>
1-10**	<p>Low Income Housing Tax Credits (LIHTC): (4350.1 REV-1, Chapter 13, Section 6)</p> <ul style="list-style-type: none"> A. Certification Owner will not participate in the LIHTC Program. (Sample certification is available. See Housing Notice H 90-17, PIH 2002-22; & Handbook 4355.1, Appendix 4) B. If LIHTC are included: <ul style="list-style-type: none"> a. Evidence of LIHTC application or commitment letter from Syndicating Group. b. Proposed HUD LLC Rider. c. Ltd Investor proposed contribution schedule & description of the deal. d. Statement identifying the properties current income and program eligibility requirements; the proposed LIHTC income and program eligibility requirements; and a description on how any conflicting requirements will be addressed. e. Statement that no current resident will be involuntarily displaced due to this transaction. f. Proposed Tenant Selection Plan reflecting new LIHTC tenant preferences (i.e. homeless, 	<input type="checkbox"/>	<input type="checkbox"/>

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	elderly, disabled, family size, income, etc.) (4350.3, REV-1, Section 1 – see also Figure 4-2) C. Other federal subsidies: evidence of related agreements or commitments	<input type="checkbox"/>	<input type="checkbox"/>
1-11**	Conversion to Condominium or Cooperative A. Indemnity Agreement acceptable to HUD	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
1-12	Form HUD-2880, Applicant/Recipient Disclosure/Update Report		<input type="checkbox"/>
1-13	Mortgagee’s Statement of Escrow and Reserve Accounts.		<input type="checkbox"/>
1-14**	Executed but Unrecorded Sale and Option, or Land Contract/Lease.		<input type="checkbox"/>
1-15	Executed Seller/Purchaser Affidavit.		<input type="checkbox"/>
1-16**	Executed but Unrecorded Documents: A. Release, Assumption and/or Modification Agreement; B. Regulatory Agreement; C. Proposed Secondary Financing Docs; D. Proposed Deed; E. Bill of Sale and Assignment;		<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1-17**	Preliminary Title Report		<input type="checkbox"/>
1-18**	Executed but Unrecorded Allonge (if applicable): A. Security Agreement with Legal Description and Description of Collateral; B. Financing Statement(s) (State & County Uniform Commercial Codes) with legal description and description of Collateral.	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
1-19	Resident Relocation: A. Detailed copy of the relocation plan.	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>
Section 2: Current Owner			
2-1.	Interim Unaudited Financial Statements for the property with schedule of aging accounts payable.		<input type="checkbox"/>
2-2	Electronic Audited Financial Statement Submissions for the past 3-years have been filed in the HUD REAC FASS (Do not provide a copy. Check “incl.” to indicate they have been filed with HUD)		<input type="checkbox"/>
Section 3: Purchaser (the purchasing entity may not conduct any other business other than the operation of this particular property (aka Single Asset Entity))			
3-1	New Business Partner Online Registration: (Check “incl” to indicate the purchaser has registered in HUD’s online Business Partner’s Registration System.) https://hudapps1.hud.gov/apps/part_reg/apps040.cfm Caution! It is critical that all information be entered accurately. Please ensure that the registration specifies the full legal name of the entity and proper business organization, e.g., whether the entity is a partnership, corporation, Limited Liability Company versus Limited Liability Corporation, etc.		<input type="checkbox"/>
3-2	Previous Participation Review and Clearance. (4061.1 REV-1, as amended by the Active Partner Performance System (APPS) implemented July 1, 2006.) HUD currently allows participants to submit paper form HUD-2530, or electronically through the Active Partners Performance System. Certain Investors in HUD Multifamily Housing Programs, known collectively as "Passive Investors" may qualify as Limited Liability Corporate Investors (LLCI) pursuant to the Preservation Approval Process Improvement Act of 2007. The following web site contains information on this subject, Secure System login information and user guides: http://www.hud.gov/offices/hsg/mfh/apps/appsmfhm.cfm A. Active Partner Performance System (APPS) submission signature page(s) containing original signatures. (Check “incl” if an APPS electronic submission has been completed and the signature pages is enclosed, or check “N/A” if paper form HUD-2530 is provided.) B. Paper form HUD-2530 containing original signatures: (Check “incl” if paper form is enclosed, or check “N/A if APPS electronic submission has been completed)	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

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3-7	Credit Reports for Purchaser Entity & Principals w/> 10% interest		<input type="checkbox"/>
3-8	Pro forma operating budget for the property		<input type="checkbox"/>
3-9	Pro forma Balance Sheet effective the day after closing		<input type="checkbox"/>
3-10	Proposed Rent Schedule (form HUD-92458)		<input type="checkbox"/>
3-11	Mortgagor's Oath (Form FHA-2478)		<input type="checkbox"/>
3-12	Byrd Amendment Certification: (Standard Form SF-LLL, <i>Disclosure of Lobbying Activities</i>)		<input type="checkbox"/>
3-13**	Attorney's Certification (4350.1, REV-1, Chapter 13, Appendix A-11)		<input type="checkbox"/>
Section 4: Management Agent			
<p><i>HUD approval of management fees is necessary per HB 4381.5 Rev-2, par. 3.8. for all properties except for:</i></p> <ul style="list-style-type: none"> ✓ <i>Profit-Motivated (PM) with AAF Rents</i> ✓ <i>HUD Preservation projects with OCAF Rents (PM only)</i> ✓ <i>HFA (883) Section 8 contracts with fees controlled by the HFA</i> 			
4-1	<p>HUD Forms:</p> <p>A. HUD Management Form HUD-9832, Management Entity Profile.</p> <ul style="list-style-type: none"> ○ If form HUD-9832 for the management entity has been previously submitted to the HUD Field Office, and is still accurate, check "N/A". Otherwise a current HUD-9832 must be submitted. <p>B. Management Agent Resume'.</p> <p>C. One of the following certifications: (4381.5 REV-2, paragraph 2-9)</p> <ul style="list-style-type: none"> a. HUD 9839-A, Project Owner's Certification for Owner-Managed Projects; or b. HUD 9839-B, Project Owner's Certification for Identity of Interest or Independent; or c. HUD-9839-C, Project Owner's/Borrower's Certification for Elderly Housing Projects Managed by Administrators: include the proposed Employment Agreement. <p>D. Affirmative Fair Housing Marketing Plan for "new" owner: form HUD-935.2 (8025.1)</p> <p>E. Part A of Addendum B to form HUD-9834</p>	<input type="checkbox"/>	<input type="checkbox"/>
4-2	<p>New Business Partner Online Registration: (Check "incl" to indicate the Management Agent is registered in HUD's online Business Partner's Registration System.)</p> <p>https://hudapps1.hud.gov/apps/part_reg/apps040.cfm</p> <p>Caution! It is critical that all information be entered accurately. (Ensure that the registration specifies the full legal name of the entity and proper business organization, e.g., whether the entity is a partnership, corporation, Limited Liability Company versus Limited Liability Corporation, etc.)</p>		<input type="checkbox"/>
4-3	<p>Active Partner Performance System (APPS)</p> <p>A. Active Partner Performance System (APPS) submission signature page(s) containing original signatures. (Check "incl" if an APPS electronic submission has been completed and the signature pages is enclosed, or check "N/A" if paper form HUD-2530 is provided.)</p> <p>B. Paper form HUD-2530 containing original signatures: (Check "incl" if paper form is enclosed, or check "N/A" if APPS electronic submission has been completed)</p>	<input type="checkbox"/>	<input type="checkbox"/>
4-4	List of positions to be charged against the project's operating account. (4381.5 REV-2, paragraph 2-9)		<input type="checkbox"/>
4-5	Provide a description of the system employed by the agent for resolving resident complaints and an example of how the agent implemented the system.		<input type="checkbox"/>
4-6	Proposed Tenant Selection Plan (TSP) (4350.3, REV-1, Section 1 – see also Figure 4-2)		<input type="checkbox"/>

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Section 5: Subsidy Contract – (Section 8 Renewal Policy Guidebook and HAP Assignment document are located at: http://www.hud.gov/local/shared/working/r10/mf/hapchklist.cfm?state=wa)			
5-1	Assignment and Assumption of the Housing Assistance Payments Contract (HAP): A. Four (4) original copies of the HAP Assignment and Assumption form approved for use in the Multifamily Hub –Alaska, Idaho, Oregon & Washington. All four copies must contain the original signature of the purchaser and seller. B. Form 1199-A, Direct Deposit with voided check submitted for purchaser.	<input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
5-2	Other HAP Issues: A. Extension of the HAP Contract Term exceeding 5 years: Letter detailing the need and benefits of a long-term contract, with the length of contract term requested. B. Chapter Fifteen (15) of the Section 8 Renewal Policy Guidebook provides guidance on Mark-Up-To-Market for Nonprofit Transfers. The Department wants to obtain practical case-by-case experience processing these types of transactions before promulgating, by regulation, requirements. Purchasers should refer to the Local HUD Field Office in advance of submitting the TPA application for guidance. (Check “incl” if HUD Field Office review has been conducted)	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>

HUD Processing Timeframes:

- Within 5 Business days from receipt of the package HUD verifies whether the DC package is complete. During this time, if any of the required items are not included, HUD notifies the purchaser via e-mail of the incomplete package deficiencies.
- Once a complete package is received, the HUD Program Center has 30 days to complete the DC review.
- If the package requires HQ approval (FAF proposals for example), the 30 day clock may be extended pending receipt of HQ’s response. (If the PM is unable to elicit a response from HQ’s within 10 business days of HQ’s receiving the submission, then management intervention, starting with the Program Center Director, may be necessary to obtain HQ’s approval.)
- If the purchaser is required to submit amended documentation for reasons out of their control after the receipt date, 10 additional days will be added to Program Center’s processing time. (An example would be if the interest rates changed after the final submission.)