

Rental Assistance Demonstration (RAD)
Conversion Commitment (Public
Housing; First Component)

U.S. Department of Housing and
Urban Development
Office of Multifamily Housing

~~OMB Approval 2577-0276 (Expires 2/29/16)~~

Complete each box, even if information is duplicative

<u>Proposed Name and Address of Covered Project:</u>		<u>Proposed Project Owner:</u> <u>Contact phone/email:</u> <u>Project Owner is controlled by:</u> <input type="checkbox"/> <u>Public body</u> <input type="checkbox"/> <u>Non-profit body</u>	<u>Proposed Project Owner Notice Address:</u>
<u>Existing Ownership Entity, Name and Address of Converting Project:</u>		<u>PHA:</u> <u>Contact phone/email:</u> <u>PHA is an MTW agency:</u> <input type="checkbox"/> <u>Yes</u> <input type="checkbox"/> <u>No</u>	<u>PHA Notice Address:</u>
<u>Dwelling Units in Covered Project (specify total # of dwelling units, and # of RAD, non-RAD income restricted, market, and manager units):</u>			
<u>PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):</u>			
<u>Converting Project PIC Number(s)</u> <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	<u># of units converting to RAD to be removed from each AMP:</u>	<u># of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):</u>	<u>Total # of units to be removed from each AMP (sum of two middle columns):</u>
<input type="checkbox"/> <u>Project-Based Rental Assistance (PBRA)</u> <input type="checkbox"/> <u>Project-Based Vouchers (PBV).</u> <u>If PBV, list HAP Contract Administrator (PHA or another housing authority): _____</u>			<u>Number of HAP Contracts and Term length of each HAP Contract:</u>
<u>Reserve Fund for Replacements</u>			
<u>Amount of Total Monthly Deposit to Replacement Reserve upon the effective date of the HAP contract</u> \$ _____			

Key features of Covered Project:

<u>General:</u> <input type="checkbox"/> <u>Ground lease</u> <input type="checkbox"/> <u>Transfer of Assistance</u>	<u>Construction:</u> <input type="checkbox"/> <u>Demolition of current public housing units</u> <input type="checkbox"/> <u>New Construction. If new construction, is HAP contract to be entered into:</u>
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- Scattered-site project
- Major non-dwelling assets (e.g., free-standing buildings, community or commercial facilities or significant unimproved acreage) (explain below).
- Existing & included in the PIC removal application listed on page 1
- To be added to the Covered Project
- PHA's sole project or, together with substantially concurrent conversions, the PHA's last public housing project to convert

- at Closing, or
- upon construction completion

Relocation:

- Tenants will be Relocated for >12 months
- Tenants will be Relocated for ≤12 months
- No relocation anticipated

Financing:

- FHA-Insured Financing anticipated
- If so, date of Firm Commitment: _____
- Low-Income Housing Tax Credits anticipated
- Date of any allocating agency closing deadline: _____

- Conventional financing anticipated

- No new FHA-Insured, LIHTC or conventional financing

- Existing debt, such as EPC, CFFP, OFFP or existing mixed-finance debt (list below the type of debt, whether it will remain outstanding post-conversion and, if not, whether it will be paid off prior to or at closing)

- Public housing funds in Sources and Uses

Inter-Related Projects:

- Multi-phase conversion

- Converting Project is adjacent to public housing units within the same AMP that are not converting (not a full conversion of a contiguous project)

- Rent Bundling

- This is a donor property
- This is a recipient property

(Identify below the associated properties in the rent bundling arrangement and when the other projects have/are expected to close)

Unit Configuration:

- Reduction in units. If checked, _____ (#) units reduced based on the following authority:

- De minimis associated with this transaction (# of _____ units)

- De minimis associated with another transaction (# of _____ units) (explain below)

- Other (explain below)

- Change in unit configuration (explain below)

If additional information is necessary to clarify the features above and/or if there are other important features of the Transaction not described above, such additional information may be listed here: _____

RAD Rehab Assistance Payments:

Per Unit Monthly RAD Rehab Assistance Payment: \$ _____

Maximum # of units eligible for RAD Rehab Assistance Payments: _____ Units

Choice Mobility:

- Project Owner will comply with RAD Choice Mobility practices.

- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

Repairs:

Estimated number of months for completion for all Work (number of months the property is eligible for Rehab Assistance Payments): _____ months

Final completion deadline for all Work (after which Project Owner is in default): _____

This commitment ("Commitment") to participate in the Rental Assistance Demonstration ("RAD")
~~**Conversion Commitment (Public Housing and Section 8 Moderate Rehabilitation (Mod-Rehab) Program Conversions; First Component)**~~and convert the assistance of the Converting
Project named in the above table is entered into by and among
organized and existing under the laws of a public housing authority
U.S. ("PHA").

organized and existing under the laws of ^a the United States Department of Housing and Urban Development **Office of Multifamily Housing** (“Project Owner”); and

Property Name (“Project”) and Address:	Name of either the Public Housing Agency or Mod Rehab Owner (“Owner”):	Owner Address:
Click here to enter text.	Click here to enter text.	Click here to enter text.

PIC Development Number or Mod Rehab Contract Number	Number of Units in PIC Development or under Mod	Number of Units Converting and Included in this RAD Conversion
Click here to enter text.	Click here to enter text.	Click here to enter text.

~~The Secretary of Housing and Urban Development (“Secretary”), acting by and through various officials (“HUD”), offers this commitment (this “Commitment”) for the above project’s participation in the Rental Assistance Demonstration (RAD) Program created by the Consolidated and Further Continuing Appropriations Act of 2012, and Notice PIH-2012-32 (the “Program”). This Commitment is subject to the terms and conditions set forth below, acting by and through the Secretary, his or her successors, assigns or designates (“HUD”), as of the date executed by HUD below. If the PHA is to be the owner of the Covered Project, the PHA shall also be identified as the Project Owner.~~

TERMS AND CONDITIONS:

- Applicable HUD Regulations and Requirements.** ~~With regard to any Project covered by this Commitment, “Applicable HUD Regulations and Requirements” means (1) all applicable statutes and any regulations issued by HUD pursuant thereto that apply to the Project, including all Rental Assistance Demonstration (RAD) statutes and regulations, and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and (2) all current requirements in HUD handbooks and guides, notices, and Mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in the applicable closing document rather than add or delete provisions from such document. By converting assistance and entering into the Closing Documents contemplated in this Commitment, the PHA and Project Owner agree, each as and to the extent applicable, to operate the Covered Project in accordance with all applicable law, including without limitation the Consolidated and Further Continuing Appropriations Act of 2012 (Pub. L. 112-55, signed November 18, 2011, as amended) (“RAD Statute”); all applicable program requirements and guidance, including without limitation Notice PIH-2012-32, as amended and revised from time to time (the “RAD Notice”) or any successor or additional statutes, regulations or guidance; and the terms and conditions set forth below (collectively, the “Program Requirements”). Any conflicts between this Commitment and any other HUD requirements shall be conclusively resolved by HUD. Any capitalized terms used herein but not defined have the meanings given them in the RAD Notice.~~

2. Acceptance of Commitment/Expiration.

- a. This Commitment shall terminate thirty (30) days from the date ~~hereof~~executed by HUD unless the PHA and Project Owner ~~executes and returns a~~execute and return an unaltered copy of this Commitment to HUD, at the address that appears on the last page of this Commitment, ~~to the attention of the official whose signature appears on the last page of this Commitment. The Owner may not make any alterations or modifications to this Commitment other than to execute this Commitment. If,~~
- b. This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied in HUD's determination.
- c. Unless all conditions stated herein have been satisfied as determined by HUD and the transactions contemplated by this Commitment (collectively, the "Transaction") are ~~not~~ closed ~~to HUD's satisfaction~~ within 90 days from the date ~~this Commitment is issued~~executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect, ~~legal or~~

~~HUD Form 52624 otherwise.~~ Upon expiration, all rights and obligations of the respective parties shall cease.

~~In the case where, pursuant to paragraph 3, ownership of the project will be transferred, this Commitment shall also be executed by the transferred ownership entity at or prior to Closing and all requirements contained herein will apply to the new ownership entity.~~

3. ~~Closing Date.~~ ~~The date upon which the binding legal instruments in the Transaction are executed and filed for record shall be called the "Closing Date." The Owner and HUD estimate that the Closing Date will be no later than~~ Click here to enter text. (the "Estimated Closing Date"). ~~Attachment A hereto ("Closing Preparations") describes various conditions of closing and checklist items that must be completed before the closing can occur.~~ Closing Requirements and HUD Approvals. As used in this Commitment, "Closing" means execution of all binding legal instruments connected to the transaction contemplated by this Commitment and, if applicable, recordation of such instruments. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") is attached hereto as Exhibit E and incorporated herein. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD in order for the Closing of this Transaction to occur. Should HUD determine that any other documents or items (in addition to those listed on the Closing Checklist) are necessary to meet the terms of this Commitment or Program Requirements, the PHA and Project Owner agree to provide such documents or other items in such form and substance as acceptable to HUD or to terminate this Commitment and not proceed to Closing. Unless otherwise agreed by HUD, in the case where the Project Owner differs from the PHA, all post-closing requirements and obligations contained herein will apply to the Project Owner after the Closing. Any determination, approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. Unless otherwise set forth in writing by HUD prior to Closing, HUD's execution and release of the Closing Documents shall constitute any approvals or decisions required herein and not previously given in writing.

~~3. HUD Approval of Project Ownership.~~ ~~The Owner agrees that HUD approval of the legal entity that will own the Project following the closing of the Transaction is a condition of the Transaction.~~

~~a. Ownership-~~

- ~~☐; The project is currently owned by the Owner, which is the intended RAD ownership entity.~~

4. Public Housing Requirements. The PHA and Project Owner acknowledge that the Converting Project remains subject to the United States Housing Act of 1937, its Consolidated Annual Contributions Contract and any amendments thereto, and all other pertinent Federal statutory,

executive orders, regulations and other guidance, as those requirements may be amended from time to time (collectively the "Applicable HUD Requirements"), and shall not be subject to the HAP Contract, until the effective date of the HAP Contract. Unless HUD gives written instructions otherwise, for so long as the Converting Project remains public housing, the PHA and Project Owner shall take all steps necessary to ensure that:

- a. Fire and other property insurance as required under Applicable HUD Requirements are and shall be maintained in full force and effect;
- b. All ordinary and necessary operating expenses pursuant to Applicable HUD Requirements of the Converting Project are and shall be paid; and
- c. ~~At closing (or, in the case of Mod Rehab projects, prior to closing, if applicable), ownership of the Project will be transferred to Click here to enter text., a Click here to enter text. organized under the state of Click here to enter text. ("Transferee"). The Owner agrees that transfer of ownership of the Project will occur at or prior to the Closing Date. At or prior to such transfer of ownership of the Project, the Owner shall assign its interest in this Commitment to Transferee, but only after receiving HUD approval of Transferee, which approval shall include, without limitation, Previous Participation approval through the Active Partners Participation Certification System (APPS) or through Form HUD-2530. The Converting Project remains in compliance with Applicable HUD Requirements, including without limitation all requirements related to the physical condition of the Converting Project and any remedial agreements between HUD and the PHA and remedial judicial or administrative orders, except as expressly modified by this Commitment and/or the Closing Documents.~~

b.2530 Approvals-

- ~~☐;All needed 2530 approvals have been received. All 'principals' of the proposed ownership entity (as such term is used for purposes of Form HUD-2530) have been approved by HUD.~~
- ~~☐;All needed 2530 approvals have not been received. Prior to closing, all 'principals' of the proposed ownership entity (as such term is used for purposes of Form HUD-2530) shall have received Previous Participation approval from HUD, through the Active Partners Participation Certification System (APPS) or through Form HUD-2530.~~

c. Proposed Organizational Documents. ~~To the extent a new entity was created to own the converting property, the organizational documents must be reviewed by HUD's attorneys and the form and substance of those documents must be consistent with HUD requirements.~~

- ~~☐;HUD has approved the proposed organizational documents for the proposed ownership entity.~~

Upon the Closing, the PHA shall certify in writing that the foregoing requirements have been met through the date of the Closing.

5. ~~☐;HUD has not yet approved the proposed organizational documents and such~~ **Review of Project Ownership.** The PHA and Project Owner agree that HUD approval of the ownership and control of the Covered Project is a condition of closing the Transaction. The PHA shall not transfer any ownership interest in the Converting Project prior to the Closing.

6. **4-Closing Documents.** The PHA and Project Owner shall execute or cause to be produced, as appropriate, such agreements, instruments, certificates and other documents as HUD may require to complete the Transaction (collectively, the "Closing Documents"), using forms prescribed by or acceptable to HUD and completed, executed, recorded and/or filed in the number of copies and in such manner as directed by HUD. Without limiting the foregoing, the Closing Documents may include:

- a. If applicable, one or more releases or partial releases of the applicable Declaration(s) of Trust or comparable document;
- b. ~~The Closing Documents shall include a specified "a RAD Use Agreement", the form of which is attached to this~~ (document as Exhibit B-HUD-52625);

~~c. b. The Closing Documents shall include a specified "a Housing Assistance Payments Contract", the form of which is attached to this document as Exhibit C, (for PBRA, documents HUD-52620 and HUD-52618; for PBV, HUD-52530A Parts I and II and HUD-52621), including any required exhibits;~~

~~d. Certifications and assurances; and~~

~~c. Source of Financing. The Closing Documents will include such documents as may be required by lenders and other parties providing funds for the Transaction, which documents shall be acceptable to HUD in HUD's sole and absolute discretion.~~

~~5. Project Financial Condition. Unless HUD gives written instructions otherwise, prior to the Closing Date the Owner shall take all steps necessary to ensure that: Any additional documents required by HUD in order to determine whether criteria for Closing have been met.~~

7. Use Agreement Priority. A title report must be provided for the Converting Project and Covered Project. In addition, an owner's pro forma title policy may be requested for the Covered Project involving the addition of financing to be secured by the Covered Project. Unless otherwise approved by HUD, the RAD Use Agreement shall be superior to any and all liens and/or encumbrances against the Covered Project, including, without limitation, the lien evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Covered Project (including any LIHTC use agreement). The Project Owner shall obtain consents or subordination agreements, and have such documents executed, as HUD may determine necessary to establish such priority.

~~a. Fire and other property insurance as required under applicable HUD requirements are and shall be maintained in full force and effect.~~

~~b. All ordinary and necessary operating expenses under Applicable HUD Requirements of the Project are paid through the Closing Date.~~

~~c. All statutory, regulatory, and HUD administrative requirements pertaining to the Project are and shall be satisfied notwithstanding the Owner's participation in the Program, except as expressly modified by this Commitment and/or the Closing Documents.~~

~~Upon request by HUD, the Owner shall certify in writing that any or all of the foregoing requirements have been met.~~

~~6. Project Physical Condition. Except as expressly authorized in writing by the Secretary, during the period beginning with the date of this Commitment through the Closing Date, the Owner shall continue to maintain the physical condition of the Project in accordance with all applicable HUD regulations and requirements and all applicable local codes. Upon request by HUD, the Owner shall provide a written certification, in a form satisfactory to HUD, with respect to this requirement.~~

8. 7-Expenses and Transaction Costs. Except as otherwise set forth in this Commitment ~~and the attachments hereto~~, regardless of whether the Transaction is consummated, HUD shall not be responsible for any expenses or transaction costs incurred by or at the direction of the PHA or Project Owner in connection with the Transaction (including without limitation, fees for consultants, attorneys, environmental contractors, tax advisors and accountants; city, county and/or state taxes and/or fees; recording fees, prepayment penalties and/or premiums; costs for title insurance and title examination; surveys and appraisals).

~~8. HUD Claims, Causes of Action and Demands. Notwithstanding the execution of this Commitment by HUD or the consummation of the Transaction, HUD's obligations hereunder remain subject to, without limitation, the provisions of Notice PIH-2012-32, and any and all claims, causes of action or demands that may be asserted against the Owner (including any party related to, affiliated with, or a subsidiary of, the Owner) by or on behalf of the Secretary, HUD or others, civil or criminal, whether known or unknown, foreseen or unforeseen, asserted or unasserted, matured or not, shall remain uncompromised and not prejudiced.~~

9. **Tax, Financial, and Legal Consequences.** HUD has not provided, nor shall it provide, any opinions, representations, warranties, or covenants to any party regarding any federal, state

and/or local tax consequences, financial consequences, or legal consequences relative to the Transaction. The ~~Owner and all other parties to, or affected by the Transaction are advised by HUD to consult with their own legal counsel and tax advisers with respect to all such matters. The Owner agrees that it is relying on its own independent determination regarding the tax, financial and legal matters related to this Transaction and not upon any representation made by any other party to this Transaction or any other party's agent or employee. Under no circumstances shall the reliance or performance of the Owner on matters—including but not limited to the tax, or financial or legal matters—result in obligations, duties, or liabilities for HUD.~~ PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.

- ~~10. Owner Certifications. By executing this Commitment, the Owner hereby certifies to HUD that:~~
- ~~a. The Owner provided all notices relating to the Program in the form approved by HUD, to such persons and in the manner required by the Program in compliance with applicable Program requirements promulgated by the Secretary.~~
 - ~~b. The Owner continues to meet all program eligibility requirements as stipulated in PIH Notice 2012-32.~~
 - ~~c. As of date of this Commitment, the Owner is not subject to, or received any notice of any debarment, suspension or other administrative proceeding or investigation, including any sanctions against a public housing agency (including, but not limited to employees, Board Members and principals), initiated by HUD, or any other federal or state government agency against such party.~~
 - ~~d. Prior to the Closing Date, the Owner agrees to notify HUD immediately, in writing, of any proposed or actual transfer of any ownership interests in the Project (whether or not such transfer requires HUD approval).~~
 - ~~e. Through the Closing Date, the Owner agrees that no such transfer shall become effective until the Secretary has issued any approval that may be required under applicable HUD requirements.~~

~~Upon the request of HUD, the Owner shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications.~~

10. 14. Certifications, Representations and Warranties by the PHA and Project Owner. Any statement, certification, representation or warranty delivered made by the PHA or Project Owner in or pursuant to this Commitment shall be true and correct when given, and shall remain true and correct at all times through and including the Closing ~~Date~~. In the event any such statement, certification, representation or warranty is no longer complete or correct, and without limiting HUD's rights and remedies, the PHA or Project Owner, respectively, shall immediately provide to HUD an updated document completing or correcting the certification, representation or warranty, notify HUD in writing immediately. Without limiting the foregoing, the PHA and Project Owner, respectively, hereby represent and certify to HUD and warrant to maintain the veracity through Closing of the following statements:
- a. All notices required by Program Requirements relating to the transaction have been timely provided to such persons and in a manner complying with applicable Program Requirements.
 - b. The PHA and the Converting Project continue to meet all program eligibility requirements as stipulated in the RAD Notice.
 - c. With the exception of any transfers under the PHA's Admissions and Continued Occupancy Policy or as otherwise approved by HUD, the PHA has not relocated any residents of the Converting Project in connection with the Transaction prior to the date this Commitment is executed by all parties.
 - d. Except as specifically disclosed to and accepted by HUD in writing, neither the PHA nor the Project Owner (including, but not limited to Board Members, principals and executives of the PHA or Project Owner) has any knowledge that it (or any Board Members, principals and executives of the PHA or Project Owner in their official capacity as

members, principals or executives of the PHA or Project Owner, as applicable) is the current subject of, nor has received any pending notice of, any debarment, suspension or other administrative proceeding, audit or investigation by HUD, including without limitation by the Inspector General, the Departmental Enforcement Center, or the Office of Fair Housing and Equal Opportunity, or any other Federal or state government agency, whether or not sanctions have been imposed against such party.

~~e. 12. **Failure by Owner to Take Required Actions.** In the event that Owner fails to take any action, or deliver any information, called for under this Commitment, within the time frames contemplated under this Commitment (including any time frames provided under applicable law and regulations, and taking into account any requirements of applicable law and regulations regarding notices and opportunities to cure), HUD may (without further notice and without offering an additional opportunity to cure) declare that this Commitment is null and void and of no further force or effect. No disclosed debarment, suspension or other administrative proceeding, audit or investigation would impact the PHA's or the Project Owner's ability to carry out its obligations as contemplated under this Commitment.~~

~~13. **Controlling Provisions; Severability.** This Commitment is subject to all applicable law and regulations. In the event of a conflict between the terms and conditions of this Commitment and applicable law or regulations, the applicable law or regulations shall control. Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions. Upon the request of HUD, the PHA shall provide HUD with evidence satisfactory to HUD relating to each of the foregoing certifications. Execution of the Closing Documents by the PHA and the Project Owner, respectively, constitute re-certification to HUD of the foregoing statements.~~

~~11. 14. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and upon Owner's the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned by the Owner, in whole or in part, except upon the prior written consent of HUD.~~

~~15. **Conditions of Closing.** This Commitment shall not be effective or enforceable against HUD until all conditions stated herein have been satisfied.~~

~~16. **HUD Approvals and Decisions.** Any approval or decision of HUD pursuant to this Commitment shall be in HUD's sole and absolute discretion. No such approval or decision shall be deemed to have been made unless given in writing and executed by an authorized representative of HUD. HUD's execution of the Closing Documents shall constitute any approvals or decisions not previously given in writing.~~

~~12. 17. **Post-Closing Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agrees agree to execute, before or after the Closing Date, such documents, amendments or modifications as HUD deems necessary or appropriate to effectuate the intent of this Commitment or to complete or consummate the Transaction, including but not limited to instruments necessary to correct this Commitment or any of the Closing Documents.~~

~~13. 18. **Changes to This Commitment.** Amounts and other business terms identified in this Commitment are estimates, based on the information readily available at the time this Commitment is issued, and reflect an assumption that the Transaction will close on the Estimated Closing Date. In the event such estimates are later determined to be inaccurate, the parties agree to notify each other and (unless HUD determines that the Transaction is not economically and practically feasible or otherwise is unacceptable, in which case HUD may declare this Commitment null and void and of no further force and effect) execute HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD of any changes~~

to the terms set forth in the Financing Plan, or any other business terms submitted to HUD. If HUD determines such changes to be material, HUD may require an amendment to this Commitment reflecting the revised or other reviews or approvals as HUD determines necessary to account for the changed terms. The final ~~amounts and other~~ business terms shall be determined by as of the Closing Date and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute ~~the Owner's~~ acceptance of the final ~~amounts and other~~ business terms reflected therein. ~~At or after the Closing Date, HUD will execute a Final Administrative Amendment to this Commitment, reflecting the final amounts and other business terms, and the Owner will execute such Final Administrative Amendment if HUD so requests.~~

14. 20. Sources of Funds.

a. Type of Financing.

- ~~☐; **No commercial first mortgage.** The project will not be financed with a commercial mortgage loan.~~
- ~~☐; **Conventional First Mortgage Financing.** On the Closing Date, the Owner shall cause the Project and Transaction to be financed with a non-FHA insured mortgage loan (the "New Loan"). The terms of the New Loan shall be consistent with the terms and conditions of this Commitment, and must otherwise be acceptable to HUD as to form and substance. As a condition of closing, and not less than 40 calendar days prior to the closing, the Owner shall submit to HUD a binding commitment for the New Loan, which commitment shall be acceptable to HUD in its sole and absolute discretion.~~
- ~~☐; **FHA-Insured First Mortgage Financing.** On the Closing Date, the Owner shall cause the Project and Transaction to be financed, with a new FHA insured mortgage loan (the "New Loan"). The terms of the New Loan shall be consistent with the terms and conditions of this Commitment and the applicable HUD requirements for the New Loan. The Owner must deliver to HUD a copy of the fully executed FHA Firm Commitment for the New Loan within 40 calendar days prior to closing~~
- ~~☐; **Secondary Mortgage Financing.** On the Closing Date, the Owner shall cause the Project and Transaction to be financed with a secondary mortgage loan (the "Secondary Loan"). The terms of the Secondary Loan shall be consistent with the terms and conditions of this Commitment, and must otherwise be acceptable to HUD as to form and substance. As a condition of closing, and not less than 40 calendar days prior to the closing, the Owner shall submit to HUD a binding commitment for the Secondary Loan, which commitment shall be acceptable to HUD in its sole and absolute discretion.~~

b. Business Terms of the New Loan (see Exhibit E).

~~Note: The Mortgage or Deed of Trust securing the New Loan will be recorded after the RAD Use Agreement and will be subject to the RAD Use Agreement.~~

Other Sources of Funds.

- ~~i. The Transaction will include such other sources of funds as are described in Exhibit D Sources and Uses of Funds. Exhibit E shall describe the key business terms of all sources of funds other than any commercial first mortgage loan described in the preceding paragraph.~~
- a. ii. Other than any commercial first mortgage loan described in the preceding paragraph, no additional HUD must review and approve all debt (secured ~~or~~ and unsecured) ~~may be created against the Covered Project without the prior express written consent of HUD, which consent may be given or withheld in the sole discretion of the Secretary prior to Closing.~~

- b. Development Budget. HUD approval of this Transaction is based on the estimated Sources and Uses attached as Exhibit B. Any changes to this Sources and Uses shall be disclosed to HUD and if HUD determines that such changes are material, HUD may require additional review and approvals and/or amendment to this Commitment. PHA and/or Project Owner shall provide HUD with the final certified Sources and Uses upon Closing.
- c. ~~iii.~~ PHA Funds for Development Budget. Where the Transaction ~~will include~~ includes public housing funds to be contributed by the ~~Owner, the Owner~~ PHA for uses other than funding the HAP Contract, these funds must be shown on the Sources and Uses. The PHA certifies that all such funds are available and reserved for the Transaction, are irrevocable, and that the ~~Owner~~ PHA has obtained all consents necessary in order for the ~~Owner~~ PHA to commit such funds to the Transaction.
- i. Prior to Closing, public housing Capital Funds shown in the Sources and Uses must be moved within the HUD Line of Credit Control System (LOCCS) to the "RAD Investment" Budget Line Item (BLI 1504). These funds must be drawn down out of LOCCS at closing and, until they are disbursed for a use shown in the Sources and Uses, made subject to a General Depository Agreement (GDA, form HUD-51999).
 - ii. Until disbursed for a use shown in the Sources and Uses, Public housing Operating Reserves shown in the Sources and Uses must be held in an account or sub-account subject to a GDA.
 - iii. To the extent such funds must be subject to a GDA as described above, the PHA may use a pre-existing GDA if the PHA is making use of separate or segregated accounting. (For example, a PHA may have a pre-existing account for Operating Fund Reserves subject to a GDA and if the converted funds to be used as shown in the Sources and Uses may be adequately separated or segregated for accounting purposes in a sub-account or otherwise remaining subject to the pre-existing GDA, the requirements of this section are fulfilled.)
 - iv. If shown in the Sources and Uses, such funds may be used to satisfy obligations of the Covered Project, including without limitation, funding reserves (for example, to make an initial deposit for a replacement reserve (IDRR)) or payment of construction or other project costs in accordance with this RCC and other project documents. Methods by which the PHA may choose to disburse such funds in accordance with this section include:
 - In a lump sum as a loan to the Project Owner, subject to a loan agreement or other documentation;
 - Incrementally over time as a loan to the Project Owner, subject to a loan agreement or other documentation;
 - In a lump sum to the Project Owner as a grant or otherwise without the expectation of repayment; and/or
 - Incrementally over time to the Project Owner as a grant or otherwise without the expectation of repayment.
- d. ~~iv. As a condition of closing, and not less than 40 calendar days prior to the closing, the Owner shall submit to HUD binding commitments for all funding sources, which commitments shall be acceptable to HUD in its sole and absolute discretion. No Additional PHA funds.~~ Except for the amounts identified in the Sources and Uses and amounts identified in the HAP Contract to fund the Covered Project in the calendar year of conversion, no public housing funds may be used as an additional source of funds for the Covered Project. By way of illustration and not limitation, after Closing, no public housing funding (including any funds deemed "project funds" or "program income" under public housing regulations) may be used to pay for any costs for any work (Work or other work) done in connection with the Covered Project.

~~e. 21. **RAD HAP Contract.** On the Closing Date, the Owner and HUD (or in the case of PHA conversions to PBVs, the voucher-administering PHA) shall enter into a Housing Assistance Payments Contract (the “RAD HAP Contract”), the form of which is attached hereto as Exhibit C. Upon the conversion of assistance, the Converting Project, including any real or personal property thereof, shall no longer be used for public housing purposes, as originally authorized by the U.S. Housing Act of 1937. This Commitment provides instruction for such conversion and the treatment of the Converting Project. Any proceeds of disposition of the Converting Project (or of any real property or improvements that as of the date of this Commitment are considered public housing) in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes as defined in the RAD Notice. Any proceeds of any loans of converted public housing funds made in connection with the conversion of assistance contemplated by this Commitment shall be used for affordable housing purposes. Any uses of converted public housing funds listed in the Sources and Uses attached hereto as Exhibit B shall be considered end uses for purposes of 2 CFR Part 200.~~

15. **Project Funding in Initial Year/Moving to Work Considerations.** Participation in RAD by a Moving To Work (MTW) agency does not reflect a determination that the agency will remain an MTW agency, only a determination that the Covered Project will continue to be a RAD project under the terms of the RAD program.

16. ~~⊖;The~~**RAD HAP Contract shall be funded from Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year ~~from, the Covered Project will be funded only from available~~ public housing amounts obligated prior to the effective date of the HAP Contract; and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the HAP Contract becomes effective. ~~In the latter case, to the extent sufficient appropriations become available, HUD will obligate such funding and provide the Owner written notification of (i) the amount of such funding, and (ii) the approximate amount of time within the remainder of the calendar year in which the Contract becomes effective to which it will be applied. The PHA hereby certifies that it will follow instructions provided by HUD to make all such funds available for the project for the initial year, including any amounts that may be required at closing.~~ **Project Owner acknowledges that this amount for the first year may be less than the contract rent for subsequent years.** During such time, the PHA will draw down funds from LOCCS as instructed by HUD and transfer amounts to the Project Owner as payments pursuant to the HAP Contract in its capacity as or on behalf of the Contract Administrator, as applicable.

~~⊖;For Mod Rehab Owners, the RAD PBRA or PBV contract will become effective upon the expiration of the existing Mod Rehab contract. The Owner agrees not to request or accept a Mod Rehab renewal contract if the project closes in accordance with this RCC.~~

b. Conversion Type:

- ~~⊖;The Owner has selected Project-Based Rental Assistance (PBRA).~~
- ~~⊖;The Owner has selected Project-Based Vouchers (PBV).~~

Choice-Mobility:

- ~~⊖;The Owner shall provide a Choice-Mobility option as described in Notice PIH-2012-32.~~
- ~~⊖;The Owner is exempt from the Choice-Mobility requirement described in Notice PIH-2012-32.~~

17. **RAD Rehab Assistance Payments.** It is anticipated that the Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its HAP Contract to the extent set forth on the second page of this Commitment.

18. ~~22.~~ **Section 8 Contract Rents.** ~~The RAD HAP Contract will specify Exhibit C sets out the monthly Section 8 contract rents as follows:~~ that will be specified in the HAP Contract.

Number of	Number of	Contract Rent	Utility Allowance	Gross Rent
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter
Click here to enter	Click here to enter	Click here to enter	Click here to enter	Click here to enter

19. 23.Required Repairs (not applicable in the case of new construction). The Owner agrees to complete the Repairs described in Exhibit F in accordance the following provisions.

a.The estimated cost of the Repairs, including contingency, shall be funded in the manner described below.

FHA 221(d) financing will be utilized. Because the transaction will be financed in accordance with Section 221(d) of the National Housing Act, the Repairs shall be funded through draws on the proceeds of the New Loan.

223(f), FHA risk sharing or other FHA financing will be utilized. Because the transaction will be financed in accordance with the National Housing Act, the estimated cost of the Repairs, plus contingency, shall be deposited into a Rehabilitation Escrow.

The Rehabilitation Escrow shall be held by the FHA-approved lender and shall be controlled and managed in accordance with HUD requirements applicable to the FHA program under which the New Loan will be endorsed for mortgage insurance.

Otherwise. The estimated cost of the Repairs, plus contingency, shall be deposited into a Rehabilitation Escrow.

The Rehabilitation Escrow will be held, controlled, and managed by

Click here to enter text. (“Rehab Administrator”).

The Repairs shall be administered in a commercially standard and reasonable manner, in accordance with a written agreement (“Rehabilitation Agreement”).

In the event of owner default under the Rehabilitation Agreement, the Rehab Administrator shall notify HUD within 10 calendar days after default and shall, within 30 calendar days after default, submit an action plan to HUD. HUD reserves the right (but is not obligated), at any point during the remaining life of the rehabilitation/construction escrow agreement, to take over administration of the rehabilitation, contract for the remaining repairs, pay for completion of repairs from rehabilitation funds, place a lien on the project for any actual costs of rehabilitation and administration that exceed available funds in the escrow, and enforce the lien in the event of nonpayment. Planned Construction and Rehabilitation. Exhibit D sets forth the planned construction, repairs and/or rehabilitation for the Covered Project, including any repairs that need to be completed before closing, to be funded in accordance with the Sources and Uses (the “Work”).

The ~~Project Owner and Rehab Administrator shall provide to HUD a certification, hereby represents, warrants and certifies to HUD and will update such representation, warranty and certification at Closing, in a form and substance acceptable to HUD in HUD's sole and absolute discretion, that the Repairs will be managed, that the sources of funds are sufficient to pay for the Work and that all Work will be completed timely and~~ in accordance with ~~all applicable requirements of the RAD Program. Requirements, including without limitation:~~

~~b. In carrying out the Repairs, the Owner shall comply with applicable requirements of:~~

- ~~i. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any temporary relocation of residents.~~
- ~~ii. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR Parts 8.22 and 8.23, with regard to any "substantial alterations" defined in such regulations.~~
- ~~iii. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR Part 8.23, with regard to any other "alterations" as defined in such regulations.~~
- ~~iv. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, with regard to housing first constructed after March 13, 1991.~~
- ~~v. Section 3 of the Housing Act of 1968 and all of the related regulations, rules and requirements for any Repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.~~
- ~~vi. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act, and all of the related regulations, rules and requirements for any Repairs that qualify as "construction" or "rehabilitation" as defined in such regulations, rules and requirements.~~
- ~~vii. The Residential Lead Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable~~

~~Failure by the Owner to complete the Repairs in accordance with this Commitment shall constitute a breach of this Commitment.~~

~~c. The Repairs shall be completed within 12 to 18 months following the Effective Date of the HAP Contract.~~

~~d. Any actual costs for the Repairs in excess of funds available shall be paid by the Owner from non-project funds.~~

~~e. The Owner shall not be entitled to earn or receive any cash flow distributions from the Project until after completion of the Repairs, inspection of the completed Repairs, certification of the actual cost of the Repairs, and written HUD acceptance of the completed Repairs.~~

~~HUD's written acceptance of the completed Repairs shall constitute HUD's consent for the Owner to direct the application of any remaining repair funds.~~

~~**24. New Construction.** In the case of New Construction, the Owner agrees to complete the Construction described in Exhibit F~~

~~a. The Work will be completed in accordance with the following provisions:~~

~~a. The plans and specifications for the Construction shall meet all requirements listed below:~~

~~i. The more stringent of the following:~~

~~1. A (1) any applicable national building code, such as Uniform Building Code, Council of American Building Officials Code, or Building Officials Conference of America Code; or~~

~~Applicable State (2) applicable state and local laws, codes, ordinances, and regulations;~~

- ii. Other applicable Federal requirements including any Federal fire-safety requirements and HUD minimum property standards (e.g., 24 CFR part 200, subpart S for FHA- insured properties);
- iii. The relevant requirements of the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4821-484 6), the Residential Lead-Based Paint Hazard Reduction Act of 1992 (42 U.S.C. 4851-485 6), and implementing regulations at 24 CFR part 35, as applicable;
- ~~iv. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR Parts 8.22 and 8.23; and~~
- ~~v. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25.~~
- b. ~~The estimated cost of the Construction, including contingency, shall be funded, and the Construction shall be managed, in the manner described below.~~
 - ~~⊖: **FHA 221(d) financing will be utilized.** Because the transaction will be financed in accordance with Section 221(d) of the National Housing Act, the Construction shall be funded through draws on the proceeds of the New Loan.~~
 - ~~⊖: **Non-FHA construction financing will be utilized.** The Financing Plan must propose a financing and construction management approach that provides at least as much protection to HUD as the FHA Section 221(d) approach. The Financing Plan must also include full plans and specifications and be based on a fixed price general construction contract. The Construction shall be funded and controlled in the following manner:~~
 - ~~The Owner shall engage a qualified general contractor.~~
 - ~~1. The general contractor shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD in HUD's sole and absolute discretion; or (ii) a letter of credit, acceptable to HUD in HUD's sole and absolute discretion.~~
 - ~~2. The Owner shall provide a completion guarantee agreement, from a creditworthy guarantor, promising to complete construction if the general contractor fails to do so, and promising to pay any costs in excess of budget, including any costs due to change orders. Such completion guaranty, and guarantor, shall be acceptable to HUD in HUD's sole and absolute discretion.~~
 - ~~3. The Owner shall provide to HUD a certification, acceptable to HUD in HUD's sole and absolute discretion, that the Construction will be managed in accordance with all applicable requirements of the Program.~~
- c. ~~In carrying out the Construction, the Owner shall comply with applicable requirements of:~~
 - ~~i. The Notice PIH 2014-17 / H 2014-09, issued July 14, 2014 (and any amendments, revisions or successor documents), "Relocation Requirements under the Rental Assistance Demonstration (RAD) Program, Public Housing in the First Component," which relocation requirements include, as applicable, the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and its implementing regulations at 49 CFR Part 24 with regard to any temporary relocation of residents.~~
 - ~~ii. Section 504 of the Rehabilitation Act of 1973 and its implementing regulations at 24 CFR part 8, including but not limited to accessibility standards, with regard to any "substantial alterations" or other "alterations," each as defined in such regulations, as applicable.~~
 - ~~iii. The design and construction requirements of the Fair Housing Amendments Act of 1988 and its implementing regulations at 24 CFR Part 100.25, as applicable.~~
 - ~~iv. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 135.135 and all of the related regulations, rules and requirements as applicable; and~~
 - ~~v. Davis-Bacon prevailing wage requirements, section 12 of the United States Housing Act of 1937, and Contract Work Hours and Safety Standards Act,~~

and all of the related regulations, rules and requirements for any repairs that qualify as “construction” or “rehabilitation” as defined in such regulations, rules and requirements.

- ~~b. d. The scope of construction described in Exhibit F shall not be reduced. Any reduction in the scope of construction shall constitute a breach of this Commitment unless it has been approved by HUD.~~
- ~~e. Failure by the Owner to complete the Construction in accordance with this Commitment shall constitute a breach of this Commitment.~~
- ~~f. The Construction shall be completed within **Click here to enter text** months following the Closing Date.~~

25. Critical Repairs.

- ~~⊖; The project has critical repairs.~~ Exhibit G contains a list of critical repairs. On or before closing, the Owner will provide HUD with evidence, satisfactory to HUD in its sole and absolute discretion, that all critical repairs have been completed and paid for. Any Work not completed by the final completion date listed on page 2 of this Commitment and set forth in the HAP Contract, including any reduction in the scope of Work listed on Exhibit D, unless an extension of such date or such reduction in scope is approved in writing by HUD, constitutes a default of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon such default, HUD may terminate this Commitment and/or HUD may take action to terminate the HAP Contract relating to the Covered Project, as provided in the HAP Contract.
- ~~c. ⊖; The project does not have critical repairs.~~ Project Owner shall not be entitled to withdraw or take any Distributions from the Covered Project until after completion of the Work and certification of the actual cost of the Work.
- ~~d. To the extent the Work includes new construction or substantial rehabilitation, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain either (i) a payment and performance bond from a properly licensed surety, which bond and surety shall be acceptable to HUD, or (ii) a letter of credit, acceptable to HUD.~~

20. 26. Reserve for Replacements.

- ~~a. The new~~ The Project Owner shall establish upon Closing a Reserve for Replacements- balance to be established at Closing (Initial Deposit to Replacement Reserves, or IDRR)- is estimated to be **Click here to enter text**.
- ~~b. The initial monthly deposit to the Reserve for Replacements, to be made from project rental income, and to be effective after the Closing Date, and subject to annual increases as required by HUD, is estimated to be **Click here to enter text**, with an IDRR as set forth in Exhibit B, the Sources and Uses. Monthly deposits into the Reserve for Replacements will be made in the amount set forth on the first page of this Commitment as set forth in the HAP Contract and adjusted annually in accordance with the HAP Contract and Program Requirements.~~

- ~~21. 27. Owner's Counsel.~~ The Owner agrees to select counsel to represent the Owner in connection with this Transaction, which counsel shall not, in HUD's sole and absolute discretion, have a conflict of interest, defined as a situation in which the proposed counsel (a) has a financial interest in the Project, or in the provision of goods or services (including financing) to the Project; or (b) has one or more personal, business, or financial interests or relationships which would cause a reasonable person with knowledge of the relevant facts to question the integrity or impartiality of the proposed counsel. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of diligence and closing documents. The PHA and Project Owner, if different than the PHA, agree to select competent counsel in connection with this Transaction in a manner that satisfies the applicable rules of professional conduct. Counsel to the PHA and/or Project Owner, as appropriate, must

provide a legal opinion with respect to the following matters and any other matters reasonably requested by HUD:

- a. The PHA and Project Owner are each duly organized, validly existing and in good standing under the laws of the applicable jurisdiction(s);
- b. The PHA and Project Owner each have the requisite power and authority, and have secured all consents required, to consummate the Transaction;
- c. Each of the Closing Documents executed by or on behalf of the PHA and/or Project Owner in connection with the Transaction is a legally binding obligation of such party, duly executed and delivered on behalf of such party and enforceable in accordance with its terms;
- d. There is no litigation or other claim pending or threatened against the PHA, Project Owner or the Covered Project other than as disclosed to and consented to by HUD;
- e. Based upon a pro forma title policy acceptable to HUD and assuming the recordation of documents in the order contemplated by such pro forma title policy, provided counsel has no reason to believe the documents will be recorded in an order other than as listed in such pro forma title policy, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Covered Project; and
- f. All Closing Documents conform with the legal requirements set forth in this RCC and any and all changes to HUD forms or sample language have been disclosed to HUD.

28. Additional Special Terms and Conditions (as applicable):

~~☐; **Green Certification.** Owner has elected to pursue certification of **Click here to enter text.** as a condition of its participation in the Program. The Owner shall not be entitled to earn its final Development Fee draw until after HUD has concurred in writing that such Green certification has been achieved.~~

~~22. ☐; **Modification of Existing Junior Debt.** Within 30 days of execution of this Commitment, the Owner agrees to provide to HUD a true and correct copy of all notes, riders, allonges, security instruments and other documents evidencing that certain loan owed by Owner to **Click here to enter text.**, dated **Click here to enter text.** and in the original principal amount of **Click here to enter text.** Owner acknowledges that the Closing Date shall not be scheduled until such time as Owner has demonstrated that such loan has been satisfied (from non-project funds) or has demonstrated, to HUD's satisfaction, in HUD's sole discretion, that Owner and the lender have modified (or agreed to modify at or prior to the Closing Date) such loan in a manner satisfactory to HUD in its sole and absolute discretion. **Last public housing unit.** If, upon completion of this RAD conversion and other RAD conversions for which this PHA has an RCC and/or CHAP, the PHA will no longer have residential units in its public housing portfolio, the PHA agrees to comply with additional instructions provided by HUD regarding the close-out of its residential public housing portfolio prior to or after Closing. The PHA acknowledges that failure to comply with HUD instructions may result in withholding Section 8 or other cash payments after Closing pending cure of such violation to HUD's satisfaction.~~

~~☐; **Other special conditions (explain):**~~

- ~~a. **Click here to enter text.**~~
- ~~b. **Click here to enter text.**~~
- ~~c. **Click here to enter text.**~~
- ~~d. **Click here to enter text.**~~
- ~~e. **Click here to enter text.**~~

23. **Non-dwelling assets.** Any non-dwelling assets proposed for removal from PIC in connection with the Transaction must be listed in the PIC removal application (a/k/a Demolition-Disposition Application) identified on the first page of this Commitment and must be approved by HUD.

24. **Special Conditions.** This Commitment is subject to the Special Conditions set forth on Exhibit A.

- 25. ~~29.~~ Exhibits.** The following exhibits are a part of this Commitment, ~~as follows and incorporated herein by this reference:~~
- ~~a. Closing Preparations~~
 - ~~b. Form of RAD Use Agreement.~~
 - ~~Form of RAD HAP Contract.~~
 - a. Special Conditions
 - b. Sources and Uses of Funds
 - ~~Key Business Terms~~
 - ~~c. List of Repairs or Description of New Construction~~
 - ~~List of Critical Repairs~~
 - ~~d. Form A of Owner Certification Re: Accounts Payable and Form B of Owner Certification Re: Accounts Payable~~
 - c. Monthly HAP Contract Rents
 - d. Scope of Work
 - ~~e. Excess Obligations Approved for Payment as Transaction Costs and Excess Obligations to be Satisfied Prior to the Closing Date~~Closing Checklist
- 26. ~~30.~~ Entire Agreement; Survival.** The information listed on the chart on the first pages of this Commitment is a part of this Commitment. All prior and contemporaneous oral and written communications are merged herein and superseded hereby, and this Commitment and all exhibits attached constitute the entire agreement between the PHA, Project Owner and HUD with respect to the Transaction. This Commitment, and the responsibilities relating to each respective party, shall survive Closing of the Transaction.
- 27. ~~31.~~ Binding Effect.** ~~The binding effect and implementation of this Commitment is not contingent in any way upon the provision by Congress of any funds. Owner acknowledges that Congress is not obligated to appropriate any funds to satisfy this Commitment~~Post-Closing Responsibilities. The PHA and Project Owner agree to follow the directions of the HUD Closing Coordinator with respect to post-Closing obligations. Without limiting the foregoing, the PHA and Project Owner, as appropriate, will provide evidence of recording of the applicable Closing Documents and copies of any applicable executed HAP contract, recorded Use Agreement, and DOT Release within three (3) business days thereof and will provide copies of the remaining Closing Documents as directed within sixty (60) days of Closing. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
- 28. Severability.** Should any provision of this Commitment be held by a court of law to be unenforceable, such determination shall in no way compromise the enforceability of the other provisions.
- 29. Counterparts.** This Commitment may be executed in counterparts. Electronic copies of signatures (such as those in portable document format (pdf)) shall be evidence of and treated as original signatures.
- 30. ~~32.~~ Consistency with Federal Law.** Nothing contained in this Commitment shall impose on HUD any duty, obligation, or requirement, the performance of which would be inconsistent with federal statutes, rules, or regulations in effect at the time of such performance.

(signature page follows)

~~This Commitment shall be binding upon the parties hereto and their successor and assigns. I certify under penalty of perjury that the foregoing is true and correct.~~

Department of Housing and Urban Development

~~By: _____ Name: Margaret Solle Salazar Title: Associate Deputy Assistance Secretary, Office of Affordable Housing Preservation Date: _____~~

~~ACCEPTED AND AGREED TO:~~

~~Owner: [Click here to enter text.](#)~~

By: _____ Name: Title: Date: _____ - By: _____

Transferee: ~~Click here to enter text.~~

By: _____ - Name:
Title:

Date: _____ - _____

PHA:

[Insert PHA signature block.]

Date:

Proposed Project Owner:

[Insert Project Owner signature block.]

Date:

Existing Ownership Entity:

[If not owned by the PHA, insert Existing Owner signature block.]

Date:

Return the signed RAD Conversion Commitment to: ~~Beverly N. Rudman~~
RAD Closing Manager and Division Director
Office of Recapitalization – Closing Division
U.S. Department of ~~HUD~~ Housing and Urban Development
451 7th Street SW, Room 6222
Washington, DC 20410-~~Beverly.n.rudman@hud.gov~~ ~~202-402-8395~~

EXHIBIT A Closing Preparations

Special Conditions

List any special conditions.

1.

1. HUD Approval of Project Ownership.

- ~~a. HUD Previous Participation approval of all 'principals' is a condition of closing.~~
- ~~b. HUD approval of proposed organizational documents of the project owner is a condition of closing.~~
- ~~c. Note: unless paragraph 3 of the RAD Conversion Commitment permits transfer of the project, no transfer of the project may take place prior to closing.~~
- ~~d. Note: no change of 'principals' may occur (either before or after the closing) without HUD's prior written approval.~~
- ~~e. Note: no change to the proposed organizational documents may occur without HUD's prior written approval.~~

2. Availability of Public Housing Funds.

~~The Contract shall be funded from the effective date of the Contract through the remainder of the calendar year from public housing amounts obligated prior to the effective date of the Contract, and from any additional public housing amounts that HUD obligates in full or in part, subject to the availability of sufficient appropriations, for the remainder of the calendar year in which the Contract becomes effective. In the latter case, to the extent sufficient appropriations become available, HUD will obligate such funding and provide the Owner written notification of (i) the amount of such funding, and (ii) the approximate amount of time within the remainder of the calendar year in which the Contract becomes effective to which it will be applied. The PHA hereby certifies that it will follow instructions provided by HUD to make all such funds available for the project for the initial year, including any amounts that may be required at closing.~~

Necessary HUD Approvals

3. Sources and Uses of Funds.

- ~~a. On the Closing Date, the Owner shall prepare and certify to HUD, a final Sources and Uses of Funds Statement. This statement must be in the form of Exhibit D, the preliminary Sources and Uses of Funds Statement, attached. Note: if there will be construction financing, both construction and permanent Sources and Uses statements should be submitted.~~
- ~~b. The final Sources and Uses of Funds Statement must reflect all of the final elements of the Transaction and must further demonstrate the following:
 - ~~i. no disbursement of funds have been made to the Owner, except as otherwise expressly identified on the final Sources and Uses of Funds Statement and approved by HUD in writing; and~~
 - ~~ii. no disbursements of funds have been made to any of the principals or affiliates of the Owner, except as otherwise expressly identified on the final Sources and Uses of Funds Statement and approved by HUD in writing; and~~
 - ~~iii. no disbursements of funds have been made to any other party, except as otherwise expressly identified on the final Sources and Uses of Funds Statement and approved by HUD in writing~~~~

List any necessary HUD approvals:

1.

- ~~4. **Restrictions on New Junior Debt.** If the Financing Plan includes new junior debt, the following requirements are applicable. If the Owner is considering adding new junior debt, prior written HUD approval is required (to document a change to the Financing Plan), and the following requirements will be applicable.~~

- ~~a. For PHAs, any new debt must be expressly subject to the RAD Use Agreement.~~
- ~~b. If the transaction involves FHA-insured financing, the proposed new junior debt must be unsecured, payable only from positive annual audited surplus cash, and must have a maturity date equal to or greater than the expiration date of the RAD Use Agreement.~~
- ~~c. For PHAs, if there is no FHA-insured financing, the senior lender must submit a request to HUD to allow new junior debt, the request must specify that the proposed new junior debt shall be subject to the RAD Use Agreement, the request must include the consent of both the senior lender and the proposed junior lender, and the request must discuss whether the proposed new junior debt will be secured (and if so the lien position that is~~

Additional Provisions to the RCC

~~acceptable to both lenders), the repayment provisions that are acceptable to the both lenders, and the maturity date that is acceptable to both lenders. List any additional provisions:~~

1.

5. Closing Documents.

- ~~a. Execution of the RAD Use Agreement (for PHAs only):~~
 - ~~i. The RAD Use Agreement shall be recorded in the land records for the jurisdiction in which the Project is located.~~
 - ~~ii. The RAD Use Agreement shall be superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents related to the Project (including any LIHTC use agreement).~~
 - ~~iii. The Owner shall obtain such consents, and have such documents executed, as HUD may determine necessary to establish such priority. At a minimum, the note / loan agreement of each secured lender must acknowledge the RAD Use Agreement and must acknowledge that its mortgage lien is subject to the RAD Use Agreement.~~
- ~~b. Execution of the RAD HAP Contract (for PBRA or PBV, as applicable).~~
- ~~c. Bond Financing (as applicable):~~
 - ~~i. The Owner must submit documentation that issuance of the bonds has been authorized.~~
 - ~~ii. The owner must submit the firm commitment to purchase the bonds.~~
- ~~d. Low-income Housing Tax Credits (LIHTC) Equity (as applicable):~~
 - ~~i. The pay-in schedule must be included in the equity commitment.~~
 - ~~ii. The pay-in schedule must be acceptable to HUD.~~
 - ~~iii. The first equity installment must be funded into the closing escrow.~~
 - ~~iv. The Owner must submit the LIHTC reservation letter (from the state allocating agency) as well as the equity commitment letter (from the investor).~~
- ~~e. Form HUD-92458 Rental Schedule, approved by HUD. (as applicable)~~
- ~~f. Property Management Agreement and Certification. (as applicable)~~
 - ~~i. The Owner shall provide a contract for competent management of the Project, by and between the Owner and approved property management firm, the form and sufficiency of which must be satisfactory to HUD.~~
 - ~~ii. Such contract shall be consistent with the HUD-approved Financing Plan and with this Commitment.~~
 - ~~iii. HUD approval of a properly executed Management Certification (Form HUD-9839), to take effect at the Closing Date, consistent with such contract, shall be a condition of closing.~~
 - ~~iv. The Management Certification must reflect a residential property management fee in a percentage that does not exceed the percentage noted in the~~

- ~~approved Financing Plan and that is acceptable to the Multifamily Field Office with jurisdiction for the Project.~~
- ~~v.If the property has commercial income. The Management Certification must reflect a commercial property management fee that does not exceed the percentage noted in the approved Financing Plan and that is acceptable to the Multifamily Field Office with jurisdiction for the Project.~~
- ~~g.Fidelity Bond. (as applicable) As a condition of closing, the Owner will submit to HUD evidence that the property management agent has a fidelity bond in an amount equal to at least two months' potential rent collections for the Project, which bond shall be from a surety and in a form acceptable to HUD, and which bond names the lender of the New Loan, and HUD, as additional loss payees.~~
- ~~h.Consents. HUD's receipt, on or before the Closing Date, of written evidence, in a form satisfactory to HUD, that the Owner has received any and all consents required in order to consummate the Transaction. This may include the consent of any party whose consent is required pursuant to the Owner's organizational documents or applicable law, and any other parties that have contracts or agreements that may be modified, breached, or terminated as a result of the Transaction. The Owner shall be obligated to obtain these consents at its own cost and expense.~~
- ~~i.Other. Any other documents necessary to implement the Transaction.~~

EXHIBIT B
Sources and Uses

<u>SOURCES</u>	<u>AMOUNT</u>	<u>NOTES</u> <i>(List name of capital source and, for all debt, the amortization period, term and interest rate)</i>
<u>Public Housing Operating Reserves (by year)</u>		
<u>Public Housing Capital Funds (by year)</u>		
<u>Replacement Housing Factor Funds (by year) or Demolition and Disposition Transitional Funding (by year)</u>		
<u>Low Income Housing Tax Credit Equity - 4%</u>		
<u>Low Income Housing Tax Credit Equity - 9%</u>		
<u>HOME</u>		
<u>HOPE VI</u>		
<u>CDBG</u>		
<u>Other Federal Funds</u>		
<u>Other State/Local Funds</u>		
<u>Other Private Funds</u>		
<u>Seller Take Back Financing</u>		
<u>Deferred Developer Fee</u>		
<u>Other:</u>		
<u>Other:</u>		
<u>Other:</u>		

<u>Other:</u>		
<u>Other:</u>		
Total Sources:		

~~e. Accounts Payable:~~

- ~~a. If the Owner submitted Form A (no payables), the following requirements are applicable.~~
 - ~~i. The Owner submitted a certification titled "Form A Owner Certification Re: Accounts Payable" (the "Certification") to HUD, containing representations and warranties with respect to the financial condition of the Project. The Owner acknowledges that HUD has relied upon the Certification as a basis for the issuance of this Commitment. The Owner represents and warrants that the Certification remains true and correct as of date the Owner executed this Commitment.~~
 - ~~ii. Prior to the Closing Date, at the request of HUD, the Owner shall reaffirm the truth and accuracy of the Certification ("Final Certification"), upon which the PAE and HUD shall rely for the purposes of the Transaction. Any deviation that arises between the Certification and the Final Certification is subject to the review and approval of HUD as a condition of closing of the Transaction.~~
- ~~b. If the Owner submitted Form B, the following requirements are applicable.~~
 - ~~i. The Owner submitted a certification titled "Form B Owner Certification Re: Accounts Payable" (the "Certification") to HUD containing four (4) attachments. Generally, Attachment A to the Certification was a list of Accounts Payable, Attachment B was a list of all Other Project Liabilities, Attachment C was a list of the balances in all cash accounts, and Attachment D disclosed all other sources of funds of the Project for the satisfaction of the Accounts Payable and Other Project Liabilities. The Certification defines or characterizes in detail the items contained in each attachment. The Owner acknowledges that HUD has relied upon the Certification as a basis for the issuance of this Commitment. The Owner represents and warrants that the Certification remains true and correct as of date the Owner executed this Commitment.~~
 - ~~ii. Items on Attachments A and B of the Certification were compared against items on Attachments C and D of the Certification to determine if there are obligations that exceed available assets ("Excess Obligations"). Excess Obligations that will be paid as costs of the Transaction, if any, are listed on Exhibit C-1 to this Commitment. Any remaining Excess Obligations, if any, are listed on Exhibit C-2 to this Commitment, and shall be paid by the Owner as a condition of closing of the Transaction, without utilization of any assets of, or any assets secured by a lien on, the Project.~~
 - ~~iii. The Owner's Form B accounts payable certification must be updated, prior to closing, to establish the final payables to be cleared as transaction costs. HUD and the owner will select the most appropriate date for the Final Certification. Prior to the Closing Date, as of a date that is acceptable to HUD, the Owner shall update and revise the Certification ("Final Certification"), upon which HUD shall rely for the purposes of the Transaction. Any deviation that arises between the Certification and the Final Certification is subject to the review and approval of HUD as a condition of closing of the Transaction. HUD will revise Exhibits C-1 and C-2 to this Commitment based upon the Final Certification and based upon the Secretary's review of the Final Certification.~~
 - ~~iv. Closing cannot be scheduled until the owner has cleared the payables listed on Exhibit C-2 and provided acceptable documentation of payment (from non-project funds) to HUD and to the closing escrow agent. The Owner shall provide information sufficient to ensure proper payment of the Excess Obligations listed on Exhibit C-1, on the Closing Date, by the closing escrow agent. Prior to the~~

~~Closing Date, the Owner shall provide evidence satisfactory to HUD that the Excess Obligations listed on Exhibit C-2 have been paid in full (or otherwise satisfied) by the Owner, without utilization of any assets of, or any assets secured by a lien on, the Project.~~

USES	AMOUNT
Acquisition Costs	
<u>Building and Land Acquisition</u>	
<u>Other Acquisition Costs</u>	
Payoff Existing Loans	
Construction Costs	
Relocation Costs	
Professional Fees	
<u>Architecture</u>	
<u>Engineering</u>	
<u>Physical Condition Assessment</u>	
<u>Borrower's Legal Counsel</u>	
<u>Lender's Legal Counsel</u>	
<u>Feasibility Studies</u>	
<u>Environmental Reports</u>	
<u>Appraisal / Market Study</u>	
<u>Accounting</u>	
<u>Survey</u>	
<u>Other Professional Fees</u>	
Loan Fees and Costs	
<u>FHA MIP</u>	
<u>FHA Application Fee</u>	
<u>FHA Inspection Fee</u>	
<u>Financing Fee</u>	
<u>Organizational Costs</u>	
<u>Title Insurance/Exam Fee</u>	
<u>Recordation Fee</u>	
<u>Closing Escrow Agent Fee</u>	
<u>Prepayment Penalty/Premium</u>	
<u>Payables</u>	
<u>Construction Interest</u>	
<u>Construction Loan Fees</u>	
<u>Cost of Bond Issuance</u>	
<u>Other Loan Fees and Costs</u>	
Reserves	
<u>Initial Deposit to Replacement Reserve</u>	
<u>Initial Operating Deficit Escrow</u>	
<u>Operating Reserve</u>	
<u>Tax and Insurance Escrow</u>	
<u>Other Reserves</u>	
Developer Fees	

<u>Total Uses</u>	
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~~7. **Opinion of Owner's Counsel.** Owner's counsel must give an opinion, unless an opinion from another counsel is approved by the HUD Closing Attorney, specifically supplementing the opinion given by Owner's counsel at the closing. HUD's obligations under the Commitment are conditioned further upon its receipt from the Owner's Counsel (including local counsel, as applicable), on or before the Closing Date, of a legal opinion in a form prescribed by HUD which~~

EXHIBIT C

Monthly HAP Contract Rents

(If the Covered Project contemplates more than one RAD HAP Contract, include a separate table for each RAD HAP Contract. The table for each HAP Contract should match the anticipated rent schedule to be attached to the applicable HAP Contract. If Initial Repairs are intended to result in tenant paid utilities savings and a revised rent schedule, include both the initial and revised rent schedules in Exhibit C.)

~~states the following:~~

- ~~a. the Owner is duly organized and validly existing under the laws of the applicable jurisdiction(s);~~
- ~~b. the Owner has the requisite power and authority to consummate the Transaction;~~
- ~~c. the Owner has secured all consents that are required to consummate the Transaction;~~
- ~~d. each of the Closing Documents executed by or on behalf of the Owner in connection with the Transaction is a legally binding obligation of such party, enforceable in accordance with its terms;~~
- ~~e. there is no litigation or other claim pending or threatened against the Owner or the Project other than as disclosed therein;~~
- ~~f. for PHAs, the RAD Use Agreement is superior to the lien and/or encumbrance evidenced by any and all mortgages, deeds of trust and other financing documents and regulatory documents of record relating to the Project;~~
- ~~g. the Owner's counsel will provide, upon request by HUD, a dispositive legal opinion on any additional matter HUD considers pertinent to this Transaction; and~~
- ~~h. that the documents are in accordance with Applicable HUD Regulations and Requirements.~~

<u>Number of Contract Units</u>	<u>Number of Bedrooms</u>	<u>Contract Rent</u>	<u>Utility Allowance</u>	<u>Gross Rent</u>
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.

~~8. **Existing Loans That Will Survive the Closing.** If the Financing Plan provides for any existing loan to survive the closing, the following requirements will be applicable. If the Owner is considering a change to allow an existing loan to remain after closing, prior written HUD approval is required (to document a change to the approved Financing Plan), and the following requirements will be applicable.~~

- a. Any existing loans to Owner from any party (including, without limitation, affiliates of Owner), that are to remain outstanding after the Closing Date hereunder (collectively, the "Existing Loans"), shall be subordinated in all respects to the lien, payment and priority of the RAD Use Agreement, the New Loan if any, and all associated Mortgages, Deeds of Trust and other security instruments.
- b. No Existing Loan shall be secured by the Project or any interest therein or related thereto after the Closing Date, unless HUD gives its permission in writing.
- c. No Existing Loan shall be payable during the Use Restriction Period, except to the extent that they may be repayable solely from Surplus Cash, as defined by the Secretary, distributable and distributed to the Owner under and subject to all applicable HUD rules, regulations, guidelines and/or requirements, unless HUD gives its permission in writing.
- d. On or before the Closing Date, Owner and the holders of any Existing Loans (that will not be paid off or otherwise satisfied at or prior to the Closing Date) shall acknowledge the foregoing and execute and deliver one or more subordination agreements satisfactory to HUD in HUD's sole and absolute discretion.

9. Removal of Units from PIC (for PHAs only).

PHAs must follow instructions provided by HUD to remove the project, or portions thereof, from PIC to effect conversion.

10. Submission of Budget Revision.

EXHIBIT D
Scope of Work

This submission is to satisfy paragraph 20(a) of the RAD Conversion Commitment, and must be completed in a manner acceptable to HUD. (List all work to be done in connection with the Transaction that need to be completed before Closing.)

11. Additional Certifications That HUD May Request.

- a. Certification of project financial condition (see paragraph 5).
- b. Certification of project physical condition (see paragraph 6).

~~EXHIBIT B Form of RAD Use Agreement~~

~~EXHIBIT C Form of RAD HAP Contract~~

<u>Description of Repair</u>	<u>Approximate Cost</u>	<u>Target Completion Date</u>

(List all work to be done in connection with the Transaction following Closing.)

<u>Work Item</u> <u>(A)</u>	<u>Description of</u> <u>Improvements Work</u> <u>(B)</u>	<u>Quantity</u> <u>(C)</u>	<u>Unit</u> <u>Cost</u> <u>(D)</u>	<u>Budget</u> <u>(E)</u>	<u>Date of Bid</u> <u>Expiration</u> <u>(F)</u>
<u>Rehab Items (Code, Description)</u>	<u>Increase row height to fully display description text</u>				

~~EXHIBIT D Sources and Uses~~

~~EXHIBIT E Key Business Terms~~

~~EXHIBIT F List of Repairs or New
Construction~~

~~EXHIBIT G~~

~~List of Critical Repairs~~

~~EXHIBIT H~~

~~FORM A OF OWNER CERTIFICATION RE: ACCOUNTS PAYABLE~~

~~[date]~~

~~[US Department of Housing and Urban Development]~~

~~Dear [HUD]:~~

~~Re: [name of project, PIC ID number, city, state] (the
"Project") Owner's Certification Regarding Accounts
Payable~~

~~This certification is given in connection with the planned RAD conversion of the Project,
[reflected in / to be reflected in] a RAD Conversion Commitment by and between [name of
ownership entity] (the "Owner") and the United States Department of Housing and Urban
Development ("HUD"). The Owner hereby certifies that:~~

- ~~1. The information contained herein is true and correct. The person whose signature
appears below is duly authorized to make this certification on behalf of the Owner
and has reviewed all relevant books and records of the Project. The Owner
understands that HUD will rely upon the accuracy of this certification in
developing and approving the RAD conversion of the Project. In the event any
statement in this certification is no longer correct or complete, the Owner agrees
to immediately issue an amended certification.~~
- ~~2. The Owner believes that, if the Project were to issue audited financial statements
as of the date of this certification, such statements would reflect positive Surplus
Cash.~~

~~Owner represents and warrants that this certification is correct and complete, and that no
changes have been made to the wording of the standard form of certification promulgated
by HUD. Owner agrees that failure to certify correctly and completely is a breach of the RAD
Conversion Commitment.~~

~~[name and title of authorized Owner representative]
[date]~~

FORM B OF OWNER CERTIFICATION RE: ACCOUNTS PAYABLE

~~[date]~~

~~[US Department of Housing and Urban Development]~~

Dear ~~[HUD]:~~

Re: ~~[name of project, PIC ID number, city, state] (the
"Project") Owner's Certification Regarding Accounts-
Payable~~

~~This certification is given in connection with the planned RAD conversion of the Project,
[reflected in / to be reflected in] a RAD Conversion Commitment by and between [name of
ownership entity] (the "Owner") and the United States Department of Housing and Urban-
Development ("HUD"). The Owner hereby certifies that, as of [insert 'as of' date for
certification]:~~

- ~~1. The information contained herein is true and correct. The person whose signature
appears below is duly authorized to make this certification on behalf of the Owner
and has reviewed all relevant books and records of the Project. The Owner
understands that HUD will rely upon the accuracy of this certification in developing
and approving the RAD conversion of the Project. In the event any statement in this
certification is no longer correct or complete, the Owner agrees to immediately issue
an amended certification.~~
- ~~2. Attachment A hereto is a complete list of Accounts Payable of the Project, indicating
date incurred, amount, vendor name, general nature of the goods or services
purchased, and indicating whether the vendor has any Identity of Interest with any
Principal of the ownership entity and/or any Principal of the property management
agent. "Accounts Payable" means all items eligible to be reported on HUD/FASS
Account 2110 "Accounts Payable – 30 Days." "Identity of Interest" is defined in HUD
Handbook 4370.2, Chapter 3, paragraph 3-4, item 17. "Principal" is defined in the
Mark to Market Operating Procedures Guide, Appendix A.~~
- ~~3. Attachment B hereto is a list of all Other Project Liabilities of the Project. "Other
Project Liabilities" means amounts eligible to be reported on HUD/FASS Surplus-
Cash accounts S1300-080 "Loans and Notes Payable [due within 30 days]",
S1300-100 "Accrued Expenses [not escrowed]", 2210 "Prepaid Revenue", or
S1300-110 "Other Current Obligations."~~
- ~~4. Attachment C hereto is a complete list of the balances in all cash accounts (including
any investment and petty cash accounts) eligible to be reported on HUD/FASS
account 1120 "Cash – Operations."~~
- ~~5. Attachment D hereto is a complete disclosure of (a) all applications that have been
made by or on behalf of the Project or the Owner for withdrawals from the Project's~~

~~Reserve for Replacements or Residual Receipts accounts; (b) all Accounts Receivable of the Project (other than from Project tenants); (c) all insurance claims that have been filed on behalf of the Project or the Owner (for which proceeds have yet to be received); and (d) all events that have occurred with respect to the Project or the Owner and for which insurance claims may be filed. "Accounts Receivable" means amounts eligible to be reported on HUD/FASS Surplus Cash account S1300-030 "Other Cash."~~

~~Owner agrees that Accounts Payable and Other Project Liabilities of the Project, incurred prior~~

~~to the RAD closing date but not referenced in this certification, are not "eligible project expenses" as defined by the Secretary of HUD, shall not be paid from Project funds, and shall be paid promptly by the Owner from Non-Project Funds, except as follows:~~

- ~~Accounts Payable and Other Project Liabilities for normal monthly recurring costs incurred after the date of this certification, that are consistent with typical monthly amounts incurred previously by the Project, may be paid before or after the closing as eligible project expenses.~~
- ~~Other pre-closing Accounts Payable and Other Project Liabilities may be paid after the date of this certification as eligible project expenses only after HUD issues specific prior written approval.~~

~~"Non-Project Funds" means funds of the Owner that are not assets of the Project, and that are not proceeds of any loan secured by the Project.~~

~~Owner represents and warrants that this certification is correct and complete, and that no changes have been made to the wording of the standard form of certification promulgated by HUD. Owner agrees that failure to certify correctly and completely is a breach of the RAD Conversion Commitment.~~

~~[name and title of authorized Owner representative]
[date]~~

~~[list attachments]~~

**EXHIBIT-
I-1**

EXCESS OBLIGATIONS APPROVED FOR PAYMENT AS TRANSACTION COSTS

~~(Include amount, date, and vendor, and indicate to whom payment will be made by the Closing Escrow Agent.)~~ [Closing Checklist](#)

~~[Attach Transaction's closing checklist.]~~



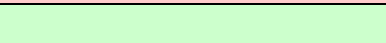
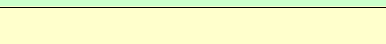

**EXHIBIT-
I-2**

EXCESS OBLIGATIONS TO BE SATISFIED PRIOR TO THE CLOSING DATE

(Include amount, date and vendor.)

Document comparison by Workshare Compare on Thursday, May 11, 2017
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Rendering set	Standard

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Deletion	
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Moved to	
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Padding cell	

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