



# 43<sup>RD</sup> ANNUAL CONFERENCE

AUGUST 26<sup>TH</sup> & 27<sup>TH</sup> 2024

**SOUTH SAN FRANCISCO  
CONFERENCE CENTER**

## Early Terminations: HUD & CAHI's role in the process

HUD: Lorraine Satterwhite, Angela Morrison

CAHI/CGI Federal: Charles Young, Ann Ninh, Darline Burrell



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# Agenda

- Housekeeping
- Intros
- Review the Early Term and Renewal Process
- Understand the steps so you have better insight into the process



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# “Normal” HAP Renewal

- 1 year Tenant Notification
- 6 month letter
- Owner submission 120 days prior to HAP expiry
- ‘Complete Package’
- PBCA reviews completeness and eligibility of submission
  - HUD 3<sup>rd</sup> Party RCS
  - Calculate Rents
  - Rent approval
  - Funding
- Prepare Rent Schedules, new HAP contract, Routing Slip for OA review\* (but not sign!)
- Give package to HUD to launch DocuSign
- Executed documents are distributed by DocuSign



California Affordable Housing Initiatives, Inc.

## Complete Package Requirements *Option 1A Mark Up to Market*

In order to be eligible for Option 1A – Entitlement, the property's most recent REAC score must be greater than 60 with no uncorrected Exigent Health and Safety violations **and** the ownership must be profit-motivated.

- Owner signed Attachment 3A-2, Contract Renewal Request Form and Worksheet (sample attached);
- An RCS prepared in accordance with Chapter 9 of the Section 8 Renewal Guide;
- Owner's RCS Certification (sample attached);
- Tenant One-Year Notification Letter (sample attached);
- Tenant notification of rent increase (sample attached);
- Full Utility Allowance Analysis, if applicable (guidance attached);
- If there is a decrease in UA, 30 day tenant notification of UA decrease (sample attached); and
- A signed Owner's Certification of Compliance with Tenant Comment Procedures executed after the 30-day comment period (sample attached)

NOTE: This list of documents is not exhaustive. Please be advised that other documents may be required for the renewal option selected. Additionally, with the exception of HUD-required (e.g. Attachment 3A-2), the sample attachments serve as acceptable templates. You are *not* required to use these documents.



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# Tenant Comment Postings

Tenant comment notices for rent increase and decrease in UA require comments to be submitted in writing.

- Written comments are given to OA
- OA transmits them to PBCA

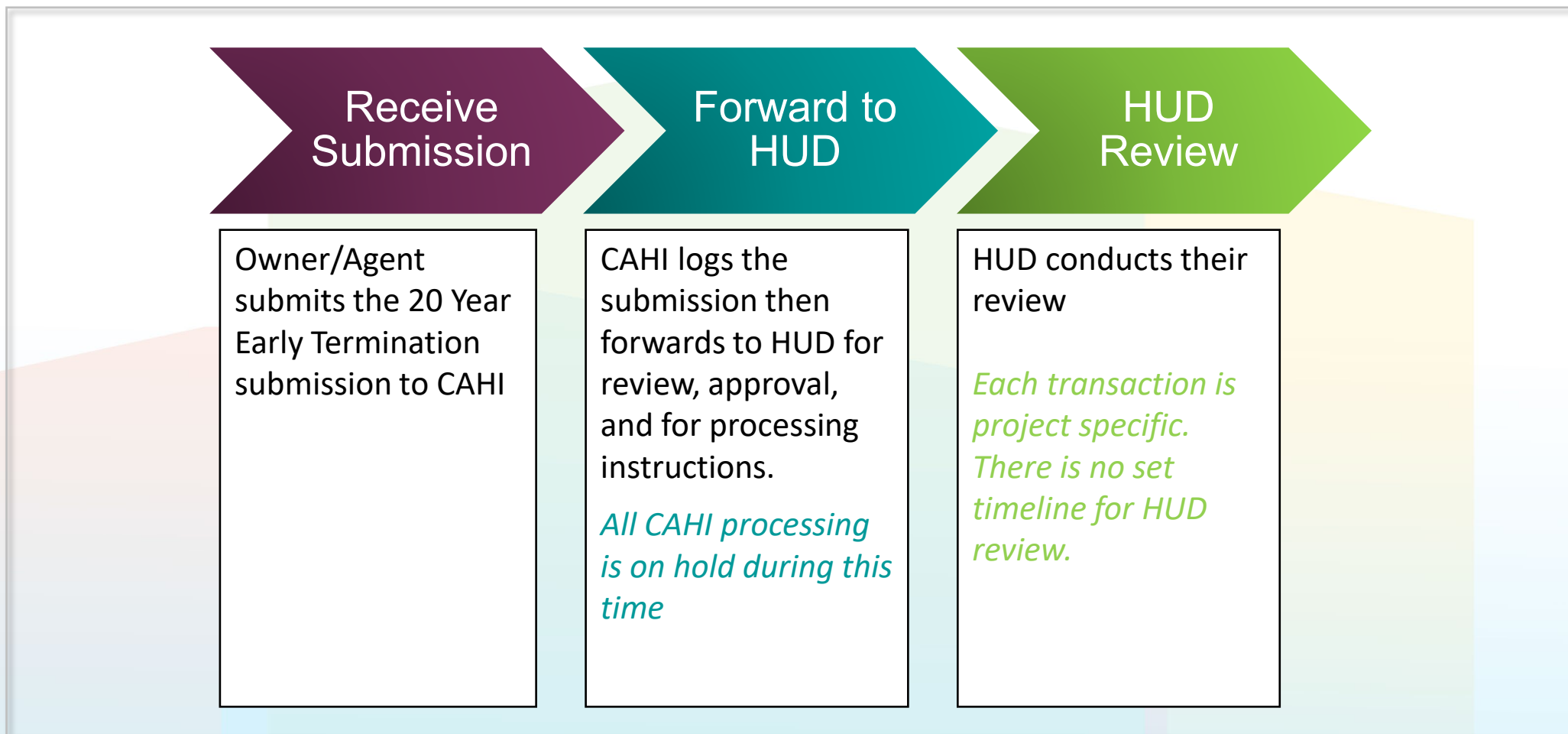


HUD AE/CAHI CCS phone number and email address must not be placed on the notice. Only CAHI's name and physical address must be listed



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# Need HUD Approval!



# Early Termination Process of HAP contracts

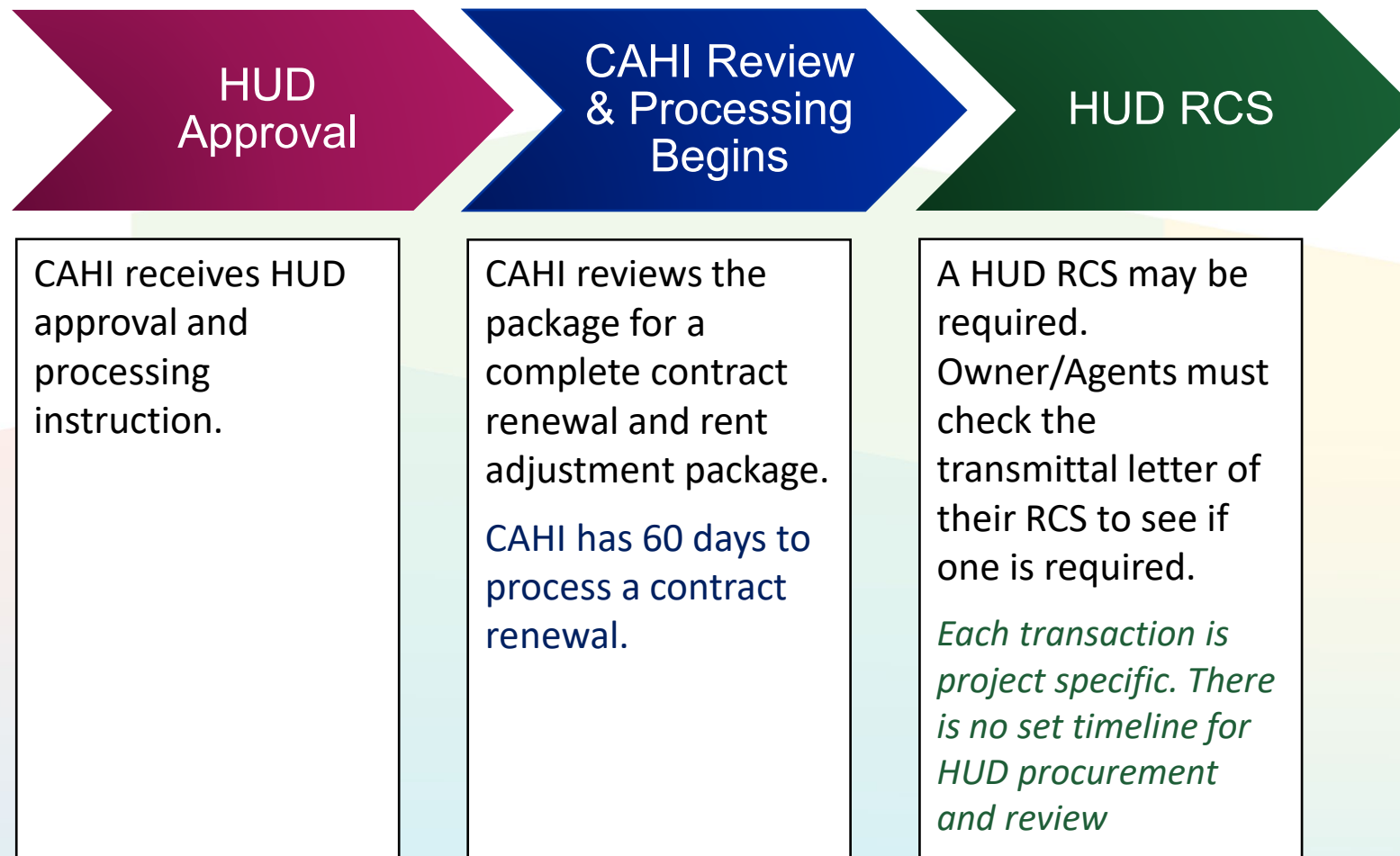
The elements HUD will review when authorizing a term and re-issue of the HAP contract:

- a) Physical condition of property
- b) Financial condition of the property
- c) Operational condition of the property



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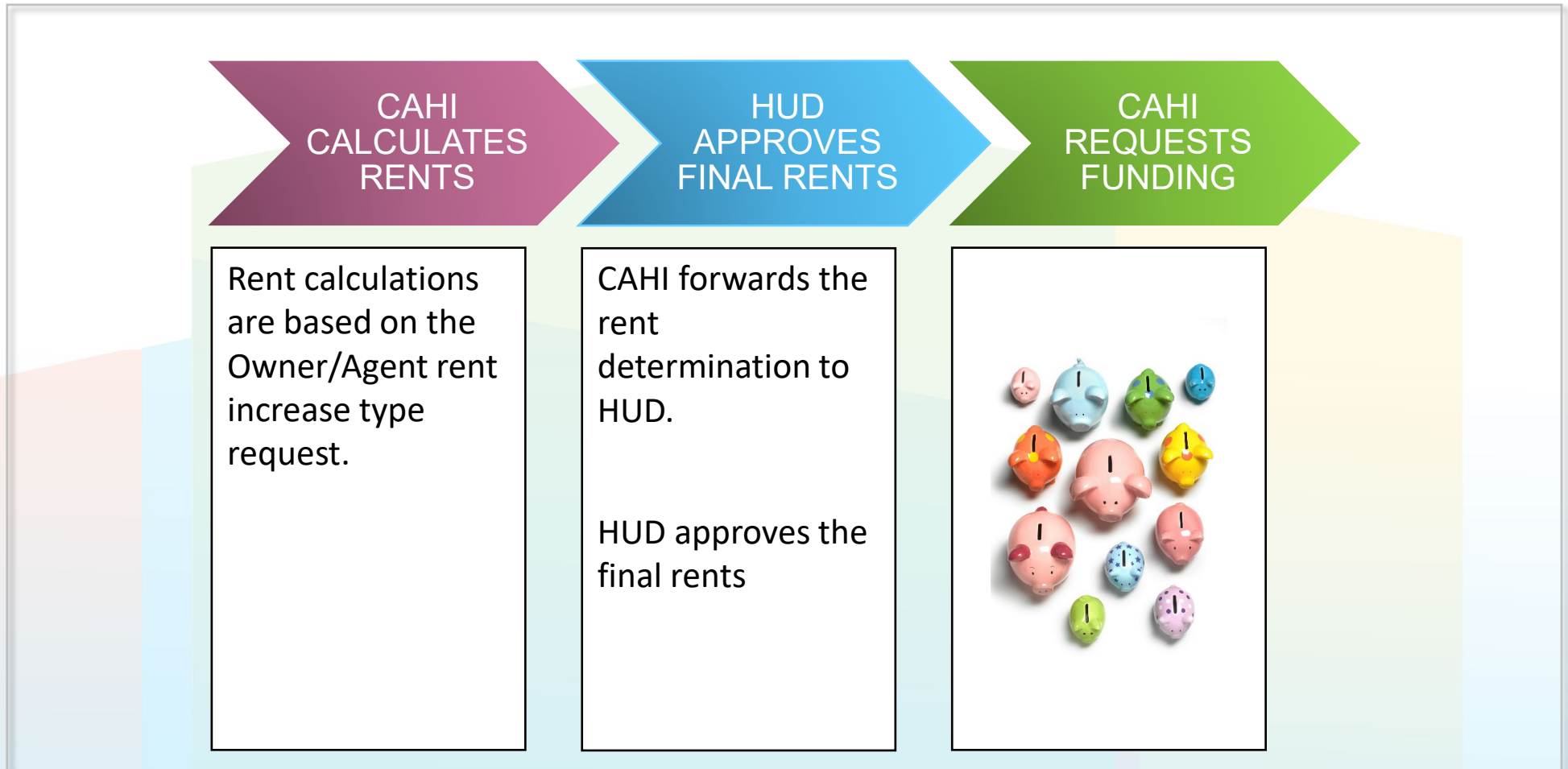
# Next Steps After HUD Approval





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# Rent Approval and Funding







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# Execution

## DOCUSIGN

- All contract renewals must be executed using DocuSign
- Prior to launching DocuSign, CAHI will ask the Owner/Agent to confirm the accuracy of the information listed on the contract and the rent schedule
- CAHI will also ask for the Owner/Agent to complete a routing slip for DocuSign



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# Timeframe

## KEEP IN MIND

- CAHI has 60 days of active processing time to complete a contract renewal. Allow CAHI and HUD to utilize the appropriate processing time to complete your specific transaction
- If the transaction close date is quickly approaching, consider requesting a comfort letter from HUD

# Comfort Letters from HUD

Comfort Letters are **provided only by HUD** if the buyer is seeking outside funding and needs confirmation of the rents to obtain the financing.

Only HUD staff provides comfort letters, after the rents are determined, and only if requested.



# Summary

- First reviewed the 'normal' HAP renewal processes
  - 60 days for processing by PBCA
  - Clock stops and starts
- Differences with Early Terms
  - Need HUD Approval
  - Rents must always be approved by HUD
  - Comfort letters



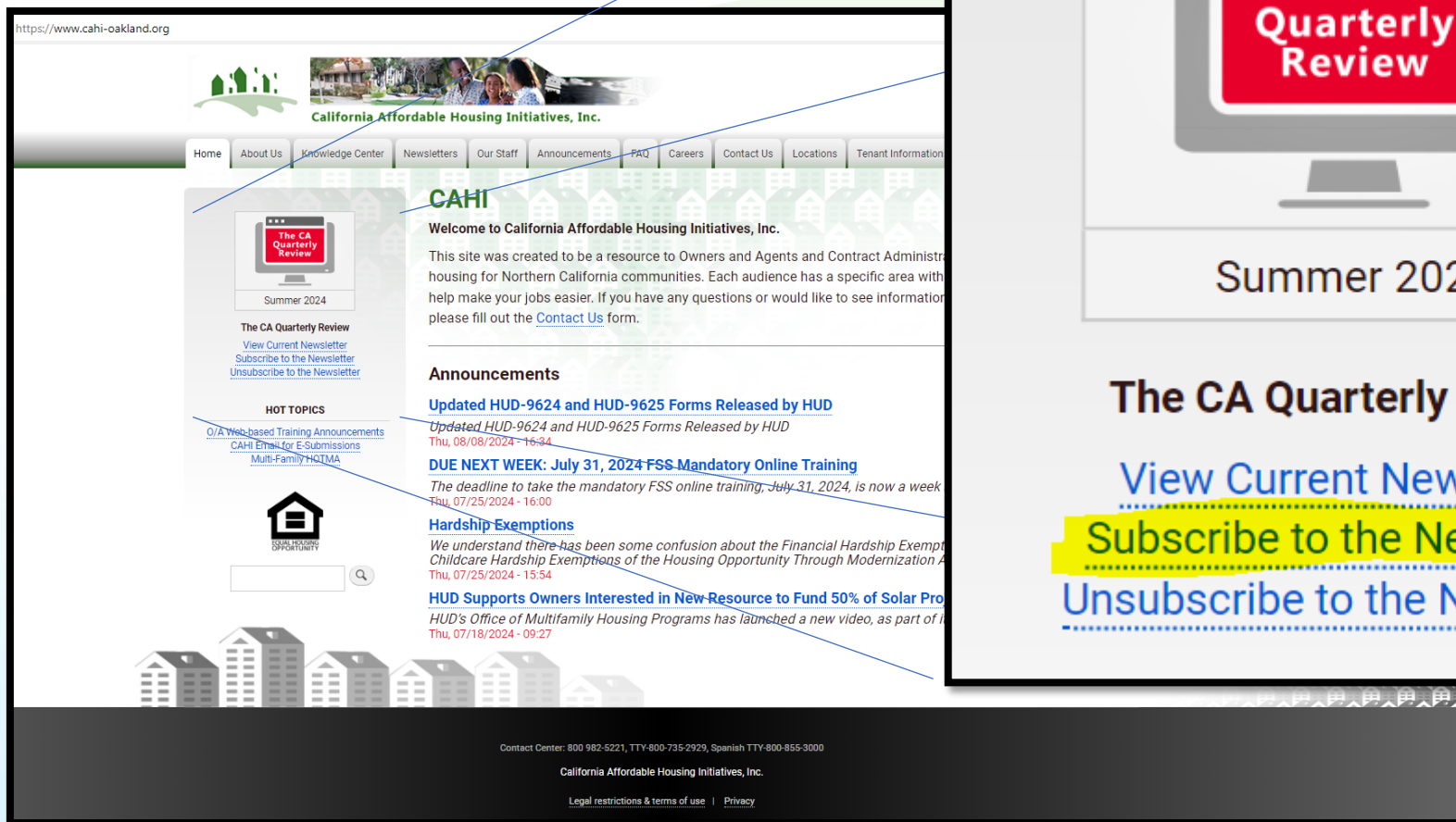
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Q&A



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# Q&A and Thank you!



A graphic for the "The CA Quarterly Review" newsletter. It features a computer monitor icon with the text "The CA Quarterly Review" on the screen. Below the monitor, it says "Summer 2024". Underneath that, there are three lines of text: "The CA Quarterly Review", "View Current Newsletter", "Subscribe to the Newsletter" (highlighted in yellow), and "Unsubscribe to the Newsletter".

The logo features the word 'ahmann' in a white, lowercase, sans-serif font. The letters are positioned on top of a series of overlapping, semi-transparent rectangular blocks. The 'a' is on a red block, the 'h' is on a green block, the 'm' is on a green block, the 'm' is on a green block, the 'a' is on a yellow block, and the 'n' is on a light blue block. The 'ch' is positioned below the 'n' in a grey, lowercase, sans-serif font. The background consists of several overlapping, semi-transparent rectangular blocks in various colors: light blue, light green, light yellow, and light pink. The overall design is modern and colorful.

ahmann  
nch