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The TPA Process

An Overview



What is a TPA

TPA = Transfer of Physical Assets

- Substitution of a Mortgagor
- Change in Control of Mortgagor
 - IE. General Partner
- Deed Change.

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Who does it apply to and why?

- HUD approval of the TPA is required in every case where HUD exercises control over the mortgagor either as preferred stockholder, by regulatory agreement or certificate of beneficial interest.
- Intended to protect the Secretary's interest.

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Processing Responsibilities

HUD Asset Management is responsible for processing and approving all transfers.

PM's will review transaction documents and request legal review from the Office of Counsel as set forth in the protocols.

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TPA Review is done when?

When there is a transaction involving the transfer of all or a controlling interest in the ownership of a HUD-insured or HUD-held project from one individual, group of individuals or entity to another individual, group of individuals or entity.

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What does not require a TPA review?

- Organizational Changes
- Prepayments
- Management Agent Change

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Types of Reviews

- Full
- Modified
- "TPA-Like" Review

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Full TPA

- A Full TPA Review is required when –

Transfer of title from the mortgagor/seller to the buyer.

Transfer of interest in partnership mortgagor causing dissolution of partnership.

Transfer of 100% of beneficial interest in a passive trust resulting in change in control of the asset.

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Modified TPA

- A modified TPA review is required when
 - - Transactions which do not involve a complete change in ownership.
 - Usually a change in general partner (managing member) and/or transfer of more than 25 percent ownership for a limited partner/member.

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TPA Like Review

- A “TPA-Like” Review is required when –
 - The property being sold is subject to a HAP contract, with or without mortgage insurance.
 - Owner change approval is required as the result of a Use Agreement

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Steps Involved

- First Step: Receipt of Application
- Acknowledgment of receipt of TPA application will occur within 5 business days from date received.
- PM will either accept application or return it, if deemed incomplete.
- Letter of acknowledgment will be sent to submitter.

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Steps Involved

- Step Two: Preliminary Approval
 - PM will review packet and identify any items requiring additional information.
 - A deficiency letter to submitter will be sent out within 5-10 days of receipt.
 - Submitter will have 10 business days to respond.
 - Upon receipt of all info requested in the deficiency letter; PM will have 15 business days to complete review.



Steps Involved

- Step Two: Preliminary Approval
 - TPA packet will be forwarded to HUD's Office of General Counsel for review/approval.
 - HUD PM will send out a discrepancy letter identifying any items our Legal has identified.
 - Once all corrections are made to HUD's satisfaction – Preliminary Approval is granted.

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Steps Involved

- Final Approval
 - Submitter will be notified in writing of preliminary approval.
 - Submitter will have 45 business days in which to forward to HUD the Final TPA package (closing documents).
 - Upon receipt of final package, HUD PM and Office of General Counsel will review documents.

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Steps Involved

- Final Approval
 - Written final approval will be sent out to submitter.
 - Our office strives to complete the entire Modified/Full TPA Process within 45 – 60 days; providing no issues with 2530 or issues requiring HQ involvement.

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What Must be Submitted to HUD?

- If you are contemplating a Modified/Full TPA or HAP Assignment; first step is to contact your HUD PM.
- HUD PM will forward to you the appropriate forms and instructions.

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What Must be Submitted to HUD?

- Full Modified/Full or TPA Like Requires:
 - Two full copies of the initial TPA package from owner/purchaser/or agent
 - Include a flow chart of proposed owning entity or entity proposed changes
 - All new **business entities** must register with **Business Partner Registration HUD Multifamily** (even if the principals are already known to HUD).

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What Must be Submitted to HUD?

- This is **NOT** part of the **APPS 2530** submission process. **Accurate data is critical to smooth submissions in the REAC Financial Assessment Sub System (FASS). This data is also used in HUD's integrated Real Estate Management System (iREMs). The Business Partner Registration HUD Multifamily page is accessible by anyone, without password or ID. It requires the initial input of a TIN or SSN, and then input of about 10 specific, basic fields (name, address, zip, email, etc.).**
- Following completion and submission, the new entity or person is recorded as known to HUD systems. The process takes approximately 2 minutes to complete and between 1 and 24 hours before the HUD databases are updated.

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Approval Authority

- Headquarters Approval
 - Regulatory Agreement Waiver or Exception
- OAHP Approval
- HUD Field Office

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HUD Guidance

- TPA Process is explained in following resources:
 - HUD Handbook 4350.1
 - Sec 12.1.4.F MAP Guide
 - HUD Notice 99-13 extended with Notice 00-25

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Contract HAP Assignments

- When selling a property that has a HAP Contract, O/A should notify the CA/PBCA or HUD PM (whichever is applicable).
- CA/PBCA will apprise HUD PM of pending transaction.
- HUD PM will contact the O/A and begin the process of Contract HAP Assignment.

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Useful Tips

- Always talk to your HUD PM first to receive appropriate guidance.
- Let us work with you thru this process.

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