

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

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

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

This collection of information is required to apply to the Rental Assistance Demonstration program as authorized by the Consolidated and Further Continuing Appropriations Act of 2012 and subsequent appropriations. Requirements for RAD were established in PIH 2012-32 and subsequent notices. The information will be used to determine program eligibility and provide information necessary to make an initial award. There are no assurances of confidentiality

<b>Complete each box, even if information is duplicative</b>			
Proposed Name and Address of Covered Project:	Proposed Project Owner:  <input type="checkbox"/> Check if another entity is the owner for Housing Assistance Payment (HAP) contract purposes and explain on page 2	Proposed Project Owner Notice Address:	
Existing Ownership Entity, Name and Address of Converting Project:	PHA:	PHA Notice Address:	
Total Dwelling Units in Covered Project: ____ RAD Units: ____; Other Affordable (non-RAD) Units: ____; Market Rate/Other Units: ____ (include non-revenue units, such as a manager's unit, in the "Market Rate/Other Units" category)			
PIH Information Center (PIC) removal application number (a/k/a Demolition-Disposition Application Number (DDA#)):			
Converting Project PIC Number(s) <i>(for all items to the right in this row, list data by each AMP # in the cells below):</i>	# of units converting to RAD to be removed from each AMP:	# of non-converting units to be removed from each AMP (e.g., due to a de minimis reduction):	Total # of units to be removed from each AMP (sum of two middle columns):
----- ----- -----			
<b>Subsidy Type</b> <input type="checkbox"/> Project-Based Rental Assistance (PBRA) <input type="checkbox"/> Project-Based Vouchers (PBV) If PBV, list Housing Assistance Payment (HAP) Contract Administrator (PHA or another housing authority): _____		<b>RAD HAP Contract</b> Number of RAD HAP Contracts and Term length of each RAD HAP Contract: ____ contract(s), ____ years  <input type="checkbox"/> Parties will execute a Delayed Conversion Agreement at Closing (Delayed HAP)	

**Project:**

**Reserve for Replacement**

- a. Amount of Initial Deposit to Reserve for Replacement (IDRR): \$ \_\_\_\_\_
- b. IDRR Due No Later Than: [At Closing] or [At Substantial Completion]
- c. Amount of Monthly Deposit to Reserve for Replacement: \$ \_\_\_\_\_
- d. First Monthly Deposit Due No Later Than: [HAP Effective Date] or [At Substantial Completion]

**Key Features of Covered Project:**

General:

- Ground lease  
If yes, input fee owner: \_\_\_\_\_
- Transfer of Assistance
- Scattered-site project
- RAD/Section 18 Blend
- Tenant Paid Utility Savings
- Existing Mixed Finance
- Joint RAD/CHOICE Transaction
- Demolition of current public housing units
- New Construction
- Rent Bundling
  - This is a donor property
  - This is a recipient property(In either case, identify below the associated property(ies) in the rent bundling and when the other project has or is expected to close)

Relocation

- No relocation anticipated
- On-site relocation only
- Tenants will be Relocated off-site for ≤12 months
- Tenants will be Relocated off-site for >12 months
- Transfer of Assistance: One-time permanent move to the on Covered Project

Financing:

- Public Housing Funds
- No new FHA-Insured, LIHTC or conventional financing
- Low-Income Housing Tax Credits
- FHA-Insured Financing  
If so, date of Firm Commitment: \_\_\_\_\_
- Conventional financing
- The property has been subject to prior or existing EPC, CFFP, or OFFP debt liens (explain below) and the status is as follows:
  - Previously paid off
  - To be paid off prior to or in conjunction with Closing
  - Debt to remain
- The property is subject to other existing debt (explain below) and the status is as follows:
  - To be paid off prior to or in conjunction with Closing
  - Debt to remain and subordinate to RAD Use Agreement

Unit Reduction/Reconfiguration:

- Change in unit configuration (explain below)
- Reduction in units. If checked, \_\_\_\_\_ units reduced based the following authority:
  - De minimis associated with this transaction (\_\_\_\_ units)
  - De minimis associated with another transaction (\_\_\_\_ units) (explain below)
  - Other (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:

**Choice Mobility:**

- Project Owner will comply with RAD Choice Mobility practices. [ PHA NAME ] has agreed to administer RAD Choice Mobility at the Covered Project.
- Project Owner is exempt from implementing the RAD Choice Mobility practices with respect to the RAD units in the Covered Project.

**Repairs and RAD Rehab Assistance Payments:**

Repairs in Exhibit D must be completed no later than three months after the estimated period set forth below.

**Project:**

If not completed by such date the Project Owner is in breach of this Commitment, unless otherwise agreed to by HUD.

- a. Estimated number of months from the date of the RAD Closing for completion of all Work: \_\_\_\_\_ months
- b. Per Unit Monthly RAD Rehab Assistance Payment: \$ \_\_\_\_\_
- c. Maximum # of units eligible for RAD Rehab Assistance Payments: \_\_\_\_\_ units

This commitment ("Commitment") to participate in the Rental Assistance Demonstration ("RAD") and convert the assistance of the Converting Project named in the above table is entered into by and among

\_\_\_\_\_, a public housing authority organized and existing under the laws of \_\_\_\_\_ ("PHA");

\_\_\_\_\_, a \_\_\_\_\_ organized and existing under the laws of \_\_\_\_\_ ("Project Owner"); and

the United States Department of Housing and Urban Development, 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. If a separate entity executes the HAP Contract on behalf of the Project Owner, "Project Owner" shall also refer to such entity whether or not such entity acknowledges this Commitment.

#### TERMS AND CONDITIONS:

1. **Applicable HUD Regulations and Requirements.** 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 H-2019-09 PIH-2019-23 (HA), 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 executed by HUD unless the PHA and Project Owner execute and electronically return an unaltered copy of this Commitment to HUD pursuant to HUD instructions.
  - 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 closed within 90 days from the date executed by HUD, this Commitment shall, unless extended by HUD in writing, expire and be of no further force or effect. Upon expiration, all rights and obligations of the respective parties shall cease.
3. **Closing Requirements and HUD Approvals.**
  - a. As used in this Commitment, "Closing" means the date on which all parties to the transaction contemplated by this Commitment unconditionally release from escrow fully executed and binding versions of all legal instruments that HUD identifies in escrow instructions as necessary to implement the conversion contemplated hereby. Such instruments shall include, at a minimum, the fully executed RAD Use Agreement.

Project:

Recordation of the RAD Use Agreement and other instruments appropriate for recordation shall occur promptly following the Closing.

- b. All requirements set forth in this Commitment must be completed to HUD's satisfaction before the Closing can occur. A Closing checklist ("Closing Checklist") can be found on the RAD Resource Desk. The Closing Checklist lists those items HUD has determined necessary to be submitted to and approved by HUD 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. Closing may only occur following HUD authorization to implement the RAD conversion. 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.
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"), through the date of the Closing. 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. 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.

Execution of the Closing Documents by the PHA and Project Owner, respectively, constitute re-certification to HUD of the foregoing statements. From the date of Closing through and until the effective date of the HAP Contract, the PHA and Project Owner acknowledge that the Covered Project remains public housing subject to the Applicable HUD Requirements and shall not be subject to the HAP Contract to the extent that such Applicable HUD Requirements are not in conflict with the terms of the RAD conversion and the Closing Documents.

5. **HUD 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 PHA shall not transfer any ownership interest in the Converting Project prior to the Closing, unless otherwise approved by HUD.
6. **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. a RAD Use Agreement (document HUD-52625);
  - c. a Housing Assistance Payments Contract (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
  - e. 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.
8. **Expenses and Transaction Costs.** HUD is not 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) or the Work.
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 PHA and Project Owner acknowledge that funding of the contemplated Housing Assistance Payment Contract (HAP Contract) is subject to appropriations.
10. **Certifications, Representations and Warranties by the PHA and Project Owner.** Any statement, certification, representation or warranty made by the PHA or Project Owner in or pursuant to this Commitment is true and correct when given, and shall remain true and correct at all times through and including the Closing. 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 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 moves authorized under Section 7 of Notice H 2016-17 PIH 2016-17 (HA), or any such successor notice, 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

Project:

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. 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.

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. **Successors and Assigns.** This Commitment and its attachments are binding upon the PHA, the Project Owner and the successors and assigns of each. Unless otherwise provided herein, this Commitment may not be assigned, in whole or in part, except upon the prior written consent of HUD.
12. **Corrections.** Notwithstanding anything to the contrary contained in this Commitment, the PHA and Project Owner agree to execute, before or after the Closing, 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. **Changes to This Commitment.** HUD has approved a Financing Plan for this transaction. The PHA and Project Owner shall notify HUD prior to 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 or other reviews or approvals as HUD determines necessary to account for the changed terms. The final business terms shall be determined as of the Closing and inserted into the applicable Closing Documents. The PHA's and Project Owner's execution of the Closing Documents shall constitute acceptance of the final business terms reflected therein.
14. **Sources of Funds.**
  - a. **Required Approval of Debt.** HUD must review and approve all proposed debt (secured and unsecured) against the Covered Project 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 prior to Closing 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. Following Closing, any new Sources, any changes to the Sources in an amount greater than five percent (5%) of the total Sources set forth on Exhibit B, and any changes in the Uses which could impact the Project Owner's ability to complete the Scope of Work set forth in Exhibit D shall be promptly disclosed to HUD. If HUD determines that such changes are material, HUD may require additional review and approvals. Other changes to the Uses shall be disclosed to HUD in the RAD Completion Certification submission.
  - c. **PHA Funds for Development Budget.** Where the Transaction includes public housing funds to be contributed by the 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 PHA has obtained all consents necessary in order for the 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) 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. No Additional PHA funds. Except for the amounts identified in the Sources and Uses, 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 not identified in Exhibit B (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. Nature of Property and Funds. 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.
- f. Fungibility. The RAD program does not require the tracking of specific funds to specific uses. HUD shall review the availability of sources and their application to uses in the aggregate upon completion of the Work. HUD approves the use of unrestricted funds or of construction period project income for both hard and soft costs reflected in an approved Sources and Uses and as working capital to bridge the availability of funds during the course of the implementation of the Work.

Project:

15. **Moving to Work Considerations.** References to Moving to Work (MTW) in this Commitment do not reflect a HUD determination to amend any terms of conditions of the PHA's participation in the MTW program.
16. **RAD HAP Contract Funding in Initial Year.** From the effective date of the HAP Contract through the remainder of the calendar year, 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. **Project Owner acknowledges that this amount for the remainder of the calendar year in which the HAP Contract becomes effective may be less than the contract rent shown in Exhibit C.** 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.
17. **RAD Rehab Assistance Payments.** The Covered Project will be eligible for RAD Rehab Assistance Payments pursuant to its RAD HAP Contract to the extent set forth on the second page of this Commitment.
18. **Section 8 Contract Rents.** Exhibit C sets out the monthly Section 8 contract rents that will be specified in the RAD HAP Contract, subject to the limitation set out in Section 16 above.
19. **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 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, that the sources of funds are anticipated to be sufficient to pay for the Work. The Project Owner will ensure that Exhibit D is amended prior to Closing to reflect the final pricing. **The Project Owner is responsible for funding all cost overruns with non-Public Housing funds.** The Work will be completed timely and in accordance with applicable RAD Program Requirements, including without limitation:

- a. The Work will be completed in accordance with:
  - i. The more stringent of: (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 (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. Notice PIH 2016/17 / H 2014-09, issued November 10, 2016 (and any amendments, revisions or successor documents), "Rental Assistance Demonstration (RAD) Notice Regarding Fair Housing and Civil Rights Requirements and Relocation Requirements Applicable to RAD First Component – Public Housing Conversions," 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 relocation of residents;
  - v. 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

Project:



- regard to any “substantial alterations” or other “alterations,” each as defined in such regulations, as applicable;
- vi. 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;
  - vii. Section 3 of the Housing Act of 1968 and its implementing regulations at 24 CFR Part 75 and all of the related regulations, rules and requirements as applicable; and
  - viii. 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. Any Work not completed by the time period listed on page 2 of this Commitment, 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 breach of this Commitment.
  - c. The 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 has been submitted to HUD via the RAD Completion Certification submission and HUD has issued its approval.
  - d. To the extent the Work includes new construction or rehabilitation in excess of 60% of the locally applicable public housing “hard construction cost” limit, unless otherwise approved by HUD, the PHA and/or Project Owner shall engage a qualified general contractor who shall obtain prior to Closing 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. **Reserve for Replacements.** The Project Owner shall establish a Reserve for Replacements, with an initial deposit to the replacement reserves as set forth in Exhibit B, the Sources and Uses. Initial monthly deposits into the Reserve for Replacements will be made in an amount equal to the amount set forth on the first page of this Commitment. Monthly deposits into the Reserve for Replacements shall be adjusted annually as approved by HUD in accordance with the HAP Contract and Program Requirements. No later than the date specified on the first page of this Commitment, unless such date is extended in writing by HUD, the Project Owner shall make an Initial Deposit to the Reserve for Replacements. If “Substantial Completion” is referenced on the first page of this Commitment, “Substantial Completion” shall mean the date thirty (30) days following completion of those portions of the Work which represent 95% of the dollar amount of the Work, as such dollar amount may be adjusted by any change orders necessary to complete the Work, or, if approved by HUD, such other definition of “Substantial Completion” as used by a lender to, investor in, or regulator of the Covered Project, as specified in an Additional Provision to the RCC in Exhibit A. The date of Substantial Completion shall be disclosed to HUD in the RAD Completion Certification.
21. **Counsel.** Closing is conditioned upon review and approval of the Transaction by HUD, including without limitation a legal review and approval of due 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; unless otherwise approved by HUD; 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.
22. **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 disclosure of future public housing development activities or the close-out of its residential public housing portfolio. 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.
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. **Non-Real Property Assets.** The Project Owner and PHA shall be responsible for entering into any necessary agreement, prior to or at Closing, regarding the conveyance from the PHA to the Proposed Project Owner of any non-real property assets associated with the Converting Project which are anticipated to be used for the Covered Project.
25. **Special Conditions, Necessary Approvals and Additional Provisions.** This Commitment is subject to the requirements set forth on Exhibit A. All Special Conditions and Necessary HUD Approvals must be satisfied prior to or at closing. The Additional Provisions listed in Exhibit A represent ongoing commitments that will survive Closing.
26. **Breach and Default.** Any failure to comply with the terms of this Commitment constitutes a breach of this Commitment and of any HAP Contract entered into with respect to the Covered Project. Upon failure to cure such breach within thirty (30) days of notice thereof, the enforcing party may declare an event of default under this Commitment and the HAP Contract(s). Upon an event of default, the enforcing party shall have all remedies available to it at law or in equity. The enforcing party shall have the right to seek specific performance and/or to enjoin any breach, which rights shall be in addition to all other remedies available at law or in equity. Without in any way limiting the forgoing, if HUD is the enforcing party, HUD may take any remedial action permitted at law or in equity under this Commitment or the HAP Contract(s), including, without limitation, termination of this Commitment, suspension of distributions of cash to the Project Owner, suspension of payment under the HAP Contract(s), petitioning a court for appointment of a receiver for the Covered Project, transfer of the HAP Contract(s) to other units, and termination of the HAP Contract(s). No person or entity, other than the parties hereto, has any rights or remedies under this Commitment.

27. **Exhibits.** The following exhibits are a part of this Commitment and incorporated herein by this reference:
- a. Special Conditions, Necessary HUD Approvals, and Additional Provisions
  - b. Sources and Uses of Funds
  - c. Monthly RAD HAP Contract Rents
  - d. Scope of Work
28. **Entire Commitment; 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.
29. **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 RAD Use Agreement, DOT Release, and other documents specified by the HUD Closing Coordinator immediately following Closing, in the manner and timeframe prescribed, and will provide copies of the remaining Closing Documents as directed by HUD within thirty (30) days of Closing. The PHA and Project Owner agree to submit the RAD Completion Certification as directed. In addition, the PHA must follow instructions provided by HUD to remove the Converting Project, or portions thereof, from PIC to effect conversion.
30. **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.
31. **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.
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)

Signature Page to RAD Conversion  
Commitment  
Project Identification:

---

**HUD: U.S. Department of Housing and Urban Development**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**PHA: [Insert PHA signature block.]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**Project Owner: [Insert Project Owner signature block.]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**If the Converting Project is not owned by the PHA, the terms of this Commitment are acknowledged and agreed to by the existing owner entity.**

**[Insert Existing Owner signature block.]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**If the HAP Contract will be executed on behalf of the Project Owner by a party other than the Project Owner, the terms of this Commitment are acknowledged and agreed to by such party.**

**[Insert HAP Contract Owner signature block.]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

*The above signatories certify that the information provided on this form and in any accompanying documentation is true and accurate. The above signatories understand that any misrepresentations may be subject to civil and/or criminal penalties including, but not limited to, fine or imprisonment, or both under the provisions of Title 18, United States Code, Sections 1001 and 1010.*

**Project:**

**EXHIBIT A**

**Special Conditions**

*List any special conditions.*

1.

**Necessary HUD Approvals**

*List any necessary HUD approvals:*

1.

**Additional Provisions to the RCC**

*List any additional provisions:*

1.



**EXHIBIT B**  
**Sources and Uses**

(Populated from Transaction Log)

**Construction Financing**  
**Lender:**  
**Amount:**

**Project:**

**EXHIBIT C**  
**Monthly RAD 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.)*

Number of Contract Units	Number of Bedrooms	Contract Rent	Utility Allowance	Gross Rent
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.

**EXHIBIT D**  
**Scope of Work**

*(List all work to be done in connection with the Transaction that need to be completed before Closing.)*

Description of Repair	Approximate Cost	Target Completion Date

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

Description of Improvement Work	Budget
<b>Total</b>	