



**U. S. Department of Housing and Urban Development  
San Juan Multifamily Program Center  
Region IV**

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CIRCULAR LETTER- 09-06

MEMORANDUM FOR: Owners and Management Agents of Section 8 Assisted  
Multifamily Properties in Puerto Rico and the U.S. Virgin Islands

FROM:   
Sylvette A. Méndez, Director

SUBJECT: Section 8 Housing Assistance Payments Contract  
Transfer of Ownership and Assignment of HAP Contract Document List  
Non-Insured Properties

This memorandum provides guidance on the request for approval whenever there is a change in ownership and assignment of a Housing Assistance Payment (HAP) contract in non-insured properties. It sets forth the required documents to be submitted for HUD's review.

Typically, HAP contracts contain language similar to the following:

“The Owner agrees that it has not made and will not make any sale, assignment, or conveyance or transfer in any fashion, of this Contract...or the project or any part of them...without the prior written consent of HUD..”

Effective immediately, you must request prior written approval from this office whenever you contemplate a change in ownership in an uninsured property with an active HAP Contract. Attached you will find a list with the documents required for us to process your request.

The proposed principal(s) and managing general partner must obtain previous participation clearance. In addition, the prospective owner/managing general partner must satisfy the field office that his/her net worth is sufficient to sustain the project in time of difficulty and that she/he has sufficient experience to operate the particular project which he/she intends to purchase. In order to recommend approval of the proposed transfer, HUD must determine that the project will be restored to sound physical condition within 24 months from the date of the transfer.

Feel free to contact your assigned Project Manager if you have any questions.

Attachment

*HUD's mission is to increase homeownership, support community  
development and increase access to affordable housing free from discrimination.*

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SECTION 8 HOUSING ASSISTANCE PAYMENTS CONTRACT -  
TRANSFER OF OWNERSHIP AND ASSIGNMENT OF HAP CONTRACT DOCUMENT LIST  
(NON-INSURED PROPERTIES)

1. Unexecuted "Assignment, Assumption and Amendment Agreement Section 8 Housing Assistance Payments Contract (Uninsured Project)" using the January 2005 or most recent version. \*
2. Previous Participation Certification, form HUD-2530 for "new" owner. (See HUD Handbook 4065.1. and 24 CFR Part 200)
3. Affirmative Fair Housing Marketing Plan for "new" owner, form HUD-935.2. (See HUD Handbook 8025.1.)
4. Management Entity Profile, form HUD-9832, if there is a change in management agent. (See HUD Handbook 4381.5.)
5. Management Certification, form HUD-9839A, B, or C. (same as above)
6. Direct Deposit Form, Standard Form 1199, for new ownership entity. Include TIN and HAP Number on the form
7. Purchase and Sales Agreement.
8. Organizational documents; i.e. amended partnership agreement. (Please note, if the new ownership entity is an LLC, an LLC rider must be added to the LLC Agreement.)
  - If the organization has multiple layers, please include an organizational flowchart.
9. Personal Financial Statement, Form HUD 56142
10. If Low Income Housing Tax Credits are involved:
  - Subsidy layering statements/submissions;
  - Sources and Uses of funds, including repair list, if any (See HUD Notice H 95-4)
  - Copy of the Low Income Housing Tax Credit (ILHTC) lease rider
  - Copy of the Tax Credit Regulation Agreement/extended Use Agreement
11. Any proposed Use Agreements to be recorded against the property.
12. Any proposed lease or lease addenda.
13. Name and address of escrow agent and anticipated closing date.
14. Copy of Relocation Plan (if applicable)

\* Starting in June of 2004, the Department required that all Section 8 Housing Assistance Payments (HAP) contracts contain a provision for requiring both physical condition standards and annual financial statement reporting. These modifications are reflected in the January 2005 Assignment/Assumption Amendment.