

Chapter 8

Post-Closing Document and Data Distribution

Executive Summary

Section 8-1

This chapter describes the process for creating and distributing closing dockets and other supporting documents and data to HUD officials, loan servicers, portfolio managers, and other relevant parties with respect to Mark-to-Market debt restructuring transactions. The OAHP Preservation Offices receive bi-weekly reports from the OAHP MIS Team which include late dockets and transactions that have received signed 8.1s for the two-week period.

Internal Document Distribution

Section 8-2

The various HUD Divisions with an interest in Mark-to-Market restructurings will not need a full closing docket, however, specific internal administrative forms need to be distributed in a timely manner after closing, as follows:

- A. **OAHP HQ Closing Department.** The PAE or PAE's designee must deliver the following fully executed documents to the HQ Closing/Post-Closing Reviewer within three days of closing:
1. Form 7.16
 2. Endorsed 1st lien Note (if applicable)
 3. Mortgage Restructuring Note and Mortgage
 4. Contingent Repayment Note and Mortgage
 5. Final, signed Settlement Statement
 6. W-9 Form
 7. 236 Grant Agreement w/ old and new IRP re-use schedules (if appl.)
 8. Tax bill (if HUD is in 1st lien position)

- B. Multifamily Insurance Operations.** The following items must be sent immediately (within three (3) days, except as noted in d. below) after closing by the PAE or PAE's designee to the OAHP HQ Closing Team. The OAHP HQ Closing Team will ensure that the items are received by Multifamily Insurance Operations.
1. When FHA-insured restructuring results in a first mortgage insured under Section 223(a)(7):
 - a) Copy of the executed Restructuring Commitment including Exhibit A and Amendments
 - b) Copy of the Request for Firm Commitment/Risk Sharing Authorization or Credit Subsidy Obligation
 - c) Copy of the executed new first Mortgage Note
 - d) Original executed HUD 290 Closing Memorandum (this item is sent to the Preservation Office Closing Coordinator within one (1) day of closing. The Closing Coordinator reviews it and obtains the Preservation Office Director's signature, then sends it to the HQ Closing Department within two (2) days of closing).
 - e) Copy of the Initial Mortgage Insurance Premium Receipt
 - f) Original executed HUD 9807
 2. When FHA-insured restructuring does not result in FHA-insured take-out financing, an original executed HUD 9807 should be sent to Multifamily Insurance Operations (not applicable to HUD-helds).
- C. Multifamily Notes Servicing.** Immediately after closing, the OAHP HQ Closing Team will forward to the Multifamily Notes Servicing Cash Management Contractor a copy of each M2M Mortgage Restructuring and/or Contingent Repayment Note and Mortgage with sufficient information to enable the Cash Manager to accurately book these new assets in HUD's accounting records. Upon receipt of original documentation from the Closing Docket, specific documents will be forwarded to the Cash Manager for safekeeping.
- D. HUD FAD/FMC.** The original Section 8 HAP Contract must be forwarded to either the HUD FAD/FMC in Kansas City if the Section 8 contract was previously administered by a third party contract administrator, or to the CFO Accounting Center in Fort Worth if HUD will administer the contract, or if there is a new Section 8 Contract Administrator. The addresses and phone numbers for these Centers are:

Section 8 Financial Management Center
2345 Grand Blvd.
Kansas City, MO 64108

1-888-404-3893

Section 8 Financial Management Center
CFO Accounting Center
P. O. Box 901013
Fort Worth, TX 76101
(817) 978-5748

- E. **Local HUD Multifamily Field Office Director.** The OAHP Preservation Office is responsible for preparing the Mark-to-Market (M2M) Debt Restructuring Post-Closing Transmission to HUD (Form 8.3) Transmittal Memo and forwarding it to the Multifamily Field Office, along with an electronic copy to the designated Post-Closing Reviewer in OAHP HQ. A copy of the Form 8.3 must be maintained in the OAHP Preservation Office file.

Note: A copy of the HUD 290 must be forwarded to the local HUD Multifamily Field Office by the OAHP HQ Closing Team within 5 days of closing.

- F. **New Lender.** In a Section 223(a)(7) transaction, the OAHP Preservation Office must fax the executed endorsement panel of the new FHA-Insured note to the new insured lender on the day of closing. The original Note should be sent to the lender no later than the next business day by overnight delivery.

Document Docket Preparation and Distribution

Section 8-3

- A. **General Responsibilities.** The PAE is responsible for preparing the Closing Docket for each full restructuring. Prior to preparing the Closing Docket, the PAE is required to review the documents and other contents of the docket, to ensure the information therein is complete, correct, and complies with the approved restructuring, the Official Term Sheet and the guidelines for legal documentation and requirements in Chapter 7 of this Procedures Guide. The Closing Docket must contain all required documents/forms generated by the closing. The PAE is responsible for distributing the Closing Docket to the proper parties as noted below. Each of these parties must acknowledge receipt of the documents and agree to fulfill assigned responsibilities. (See Form 8.1) The PAE must maintain the receipts and a copy of the Closing Docket in its project file.
- B. **Recipients of Closing Dockets.** Closing Dockets are to be prepared for the following recipients:
1. Washington D.C., Attention Closing/Post-Closing Department Manager (contains original documents)

Note: (The Section 223(f) and 221(d)(4) Closing Docket will be prepared by the field office's OGC, however; Closing Dockets for the OAHP part of the closing should include photocopies of the 223(f) or 221(d)(4) transaction documents)

2. OAHP Preservation Office
3. PAE
4. OAHP Post-Closing Portfolio Manager
5. HUD MF Hub or Program Center Director
6. Owner (if requested)

C. **Preparation of Closing Dockets.** The PAE will prepare complete sets of closing dockets, one (1) of which contains original documents, for distribution to designated recipients. Other dockets may be prepared at the request and expense of the owner/owner's attorney.

1. Using the Closing Documents Checklist (Form 7.2) as a source of information, add any additional documents relevant to each closing in the corresponding location (first mortgage documents, include in the first mortgage documents section; second mortgage documents, include in second mortgage documents section, etc.). Prepare a Table of Contents that lists and numbers each item consecutively from 1 to last number. Do not number each section separately.
2. Each docket will contain all of the legal documents and required forms listed in the final Closing Documents Checklist.
3. The documents should be placed in a 9" x 14" top fastening folder with each document placed under a numbered tab corresponding to the Table of Contents with a label on the front listing Project Name, City, State, Closing Date, existing FHA#, and REMS ID. Dockets that are more than three inches thick should be divided in to two separate binders.
4. Due to the nature of document recording, there will usually be documents that trail after the closing. Forward original trailing documents to the party in possession of the Closing Docket as soon as possible after receipt. Depending on the timing, the Closing Docket may be in the process of review and approval and be in the possession of the PAE, the HQ Post-Closing Department, or the PO Closing Coordinator; or it may be approved and all copies may have been distributed to the appropriate parties. Copies of trailing documents must be placed in every copy of the Closing Docket. If copy dockets have already been distributed, forward copies of trailing documents to each recipient with instructions regarding where the documents

should be inserted into the docket including an updated Table of Contents if necessary.

5. Closing Dockets may not be distributed until they are complete. The only 'trailing' documents that will be accepted are those that were delayed by the recording process. The exception is trailing documents for Closing Dockets for a Full Transfer of Physical Assets (TPA) transaction. For Full TPAs, the Closing Docket can be submitted in advance of the Final TPA Approval Letter, with the Final TPA Approval letter arriving as a trailing document. For Full TPAs processed by the HUD Field Office, the PAE must request the Final TPA Approval Letter from the Field Office, but should not delay submission of the Docket waiting for it. In such cases, the PAE should have a cover memorandum to the Closing Docket that clearly indicates it is a HUD Field Office processed TPA and does not currently contain a Final TPA Approval Letter. If the PAE is unable to obtain the Final TPA Approval Letter, the Post-Closing Reviewer will make an attempt to obtain it. For Full TPAs processed by the PAE, the Docket is to be provided within the required timeframe with or without the Final TPA Approval Letter. If the Final TPA Approval Letter is not included, the PAE should have a cover memorandum to the Closing Docket that clearly indicates what requirements of the Final TPA Approval Letter are pending and that the Final TPA letter will be sent to HQ Closing when received. A Modified TPA Approval generally occurs at or before the closing of the M2M restructuring and all documentation associated therewith must be included in the Docket for the restructuring.

- D. **Distribution Timeframe.** One original Closing Docket must be submitted to the HQ Post-Closing Department within 65 days of the closing date. Once the PAE has been notified that the Form 8.1 has been approved, copies of the Closing Docket can be made and distributed as noted in the following paragraph. When dockets for Full TPAs processed by the PAE are received without a Final TPA Approval Letter, the HQ Post Closing Department will authorize distribution of the copies of the Closing Docket, but the Form 8.1 will not be approved until the Final TPA Approval Letter is provided. The Final TPA Approval Letter is required within 90 days of closing and it should be handled as a trailing document. All requirements for Modified TPA Approvals are expected to be included in the Docket and submitted within the 65 day requirement. When dockets for Full TPAs processed by the Field Office are received without a Final TPA Approval Letter, the HQ Post Closing Department will make one attempt to collect the Final Approval. After this attempt, the Post Closing Department will authorize distribution of the copies of the Closing Docket, and the form 8.1

will be approved. It is then the Field Office responsibility to insert the Final Approval letter in to the copy docket and to distribute copies to all other parties in receipt of closing dockets. In other instances, HQ Post Closing may authorize distribution of incomplete copy dockets to the HUD Field Office prior to approval of the Form 8.1. In these cases, any outstanding documents, recorded or not recorded, are treated as trailing documents.

The Closing Dockets must be distributed even if the recorded documents cannot be obtained prior to receipt of the Form 8.1. In this circumstance, the PAE must insert photocopies of the fully executed documents in their respective locations and notate the Table of Contents that the original recorded documents are "trailing." Note, however, the restriction at 8-3(C)(5) above. Copies of all trailing documents must be delivered to all parties who currently possess a docket.

E. Distribution of Closing Dockets.

Distribute the Closing Dockets as follows:

Washington D.C.	OAHP HQ Closing/Post-Closing Department Manager 451 7 th Street SW, Room 6222 Washington, DC 20410
OAHP Post-Closing Portfolio Manager	Post-Closing Portfolio Manager Contractor 451 7 th Street SW, Room 6222 Washington, DC 20410
MF Hub or Program Center	MF Hub or Program Center Director
Owner, if requested	Owner
OAHP Preservation Office	Preservation Office Director
PAE	PAE

Post-Closing Internal Review by PAE and OAHP

Section 8-4

A post-closing internal review will be conducted at the PAE to compare the Final Administrative Amendment of the approved restructuring plan with the closing docket. The review will encompass compliance with the delegated authority, and with the OPG.

- A. **Requirements for Closing Dockets.** The PAE may not distribute the Closing Docket until its own internal review has been completed. Closing Dockets may not be distributed until they are complete, with the exception of the Final TPA Approval Letter (Full TPAs only; Modified TPAs are generally approved at or before closing). No "trailing documents" will be allowed except those documents that

were delayed by the recording process and the Final TPA Approval Letter. For transactions involving post-M2M FHA-insured financing, the Closing Docket must contain a copy of the fully executed 290 Closing Memorandum. (Note, however, the timeframes for the 290, as described in section 8-2.B. above, and Appendix N, Attachment 7). One original Closing Docket must be submitted to OAHP within 65 days of closing, with the Form 8.1 attached. When the PAE receives the Form 8.1 signed by OAHP, the PAE may then proceed to make and distribute the other copies. In some instances, most commonly for Full TPAs processed by the PAE and for which the Final TPA Approval Letter is not included in the Closing Docket, OAHP will authorize the distribution of the copies of the Closing Docket but will not approve the Form 8.1 until the Final TPA Approval Letter, or other outstanding documents, are provided to all Closing Docket holders.

- B. **Form 7.19 Official Term Sheet.** The final Official Term Sheet is required as a checklist *in addition to* the Closing Checklist, Form 7.2, to verify the consistency and completeness of the Closing Docket, final underwriting model, and executed Restructuring Commitment (as amended).
- C. **Acceptance of the Washington D.C. Closing Docket.** The HQ Post-Closing Department will complete its review of the Washington D.C. Closing Docket within 15 days of receipt. Upon approval of the Closing Docket, the HQ Post-Closing Department will provide the PAE with a signed Form 8.1 that will authorize payment of the final installment of the PAE base fee. To ensure the final portion of the base fee is payable, a copy of the signed revised Form 8.1 must be attached to the invoice. In the event of a Full TPA processed by a PAE, where the Final TPA Approval Letter is a trailing document, the Form 8.1 will be approved upon receipt and satisfactory review of the Final TPA Approval Letter by the HQ Post-Closing Reviewer.
- D. **Tracking of Docket Receipt and Discrepancies.** The Preservation Office Closing Coordinator will follow up with the PAE if the Closing Docket is not received within the 65-day time frame. Similarly, if the Closing Docket is not complete or correct, the HQ Post-Closing Department will note the reconciliation items, and notify the Preservation Office Director and Closing Coordinator. The Closing Coordinator will follow-up with the PAE to correct the docket. The PAE will provide the corrections to the Preservation Office Closing Coordinator, who then reviews and confirms the corrections, and returns the corrected Docket to the HQ Post-Closing Department. Corrected documents should be submitted to the party that currently holds the docket, either the PAE, the Preservation Office or HQ Post-Closing. If the PAE or Preservation Office are in receipt of the docket, they should ensure that all correctional

documents are placed behind the appropriate tabs and that the Table of Contents is updated as needed. Documents should not be sent to HQ Post-Closing if the docket is not in their possession. In addition, if the docket has been returned to the Preservation Office for correction, it should not be resubmitted to HQ Post-Closing until all deficiencies have been corrected.

Post-Closing M2M MIS and Model Data

Section 8-5

Revision 4.0 (and later) to the M2M underwriting model provides for an electronic transfer of data from the final (as-closed) underwriting model to the M2M MIS. Immediately after closing, the final underwriting model must be loaded and saved in the M2M MIS Closing Module.

The Data Integrity Person in the Preservation Office is responsible for reviewing the final model, approving the MIS, and generally, for producing the Transmission memo. The Form 8.3 M2M Debt Restructuring Post Closing Transmission Memo is produced from the approved MIS and Model by the Preservation Office.

Post-Closing adjustments to the final model will require the PAE to re-transfer data to the M2M MIS and re-load the final version of the model to the M2M MIS and may result in the need for a revised Transmission Memo to be generated and sent to the HUD Field Office.

Post-Closing Post-Closing Data Reconciliation

Section 8-6

The responsibility for tracking the resolution of post-closing reconciliation items contained in the Closing Dockets, the M2M MIS, the Underwriting Model and the Transmission Memo, rests with the Post-Closing Department for closings that occurred prior to July 1, 2002, and with the OAHP Preservation Offices for closings that occurred thereafter. The PAE is ultimately responsible for completing the corrections needed to properly document the transaction, regardless of closing date.

Review and Reconciliation:

- A. The Post-Closing Reviewer will review the final model from the MIS, the MIS Closing Module, the Closing Docket, the closing file and the Transmission Memo in order to make certain that they are consistent with each other, and that they are complete and accurate. Any discrepancies will be brought to the attention of the appropriate parties for correction.
- B. The OAHP HQ Post-Closing Department will track document discrepancies, coordinate correction of discrepancies and maintain

and provide reporting information. For closings that occurred prior to July 1, 2002, the Post-Closing Reviewers are in direct contact with PAEs to obtain necessary corrections. For closings that occurred on or after July 1, 2002, after an initial 15-day review period, the Post-Closing Reviewer will notify the Preservation Office Closing Coordinator of outstanding items and will return the docket to the respective Preservation Office Director. At that point, it is the responsibility of the Closing Coordinator to work with the PAE to obtain the necessary corrections. Corrective documents should be compiled in the Preservation Office until the revised docket is complete. When the Closing Coordinator concurs with the corrections and confirms the docket is complete, the Closing Coordinator will distribute the corrected Docket to the HQ Post-Closing Department for approval.

- C. If reconciliation items are identified in the Underwriting model, the validated model must be re-uploaded and saved to the M2M MIS by the PAE. At the conclusion of the reconciliation, and after receipt of the signed Form 8.1, the Data Integrity Person closes out the M2M MIS system.
- D. If the Post-Closing Reviewer identifies discrepancies in the Transmission Memo, the Debt Restructuring Specialist and Restructuring Analyst are notified. The Debt Restructuring Specialist must send a revised Transmission Memo to the appropriate HUD Field Office, with a copy to the Post-Closing Reviewer. This reconciliation item will not affect approval of the Form 8.1.

Business Forms

Section 8-7

- 8.1 Letter of Acknowledgement of Document Receipt
- 8.2 Sample Table of Contents for Closing Docket