



Transfer of Physical Assets (TPA) Process

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TPA Process

- MHDC written consent is required prior to any transfer of ownership or ownership interest (except permitted transferee, which requires prior notice).
- Includes property transfer as well as transfer/change within general partner or managing member, change of limited partner, etc. of ownership entity.
- **November 1, 2019** is the deadline for all TPAs seeking MHDC consent prior to the end of the calendar year.



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TPA Overview



1. Complete and submit TPA Application along with fee, *Form #01 TPA* and mail to Sabrina Smith in KC office. See also TPA Policy and Process: http://www.mhdc.com/program_compliance/LIHTC/forms-documents.htm
2. MHDC Compliance Check on property and/or management agent.
3. MHDC sends checklist – Loan or tax credit property?
4. Review and approval of TPA documentation by MHDC Departments.
5. MHDC TPA Approval Letter issued, if approved.
6. Post-transfer requirements – timely submission of executed and/or recorded documents.





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TPA Review Times

APPLICATION FOR APPROVAL OF TRANSFER OF PHYSICAL ASSETS

The Missouri Housing Development Commission must consent prior to any transfer of ownership or transfer of ownership interest in a tax credit or loan property. This includes a limited partner's transfer of its interest in the owner of the property. See MHDC's Transfer of Physical Assets Process and Policy and website for additional details and requirements.

An APPLICATION FOR APPROVAL OF TRANSFER OF PHYSICAL ASSETS, MHDC Form #TPA01, must be submitted to MHDC prior to the transfer for review and consideration. Typical MHDC review and processing times are as follows:

Full ownership transfer	45 business days*after complete submission package received
General Partner transfer	30 business days* after complete submission package received
Limited Partner transfer	15 business days* after complete submission package received

***Additional forms and processing time are required for:** 1) loan properties with layered financing, such as Risk Share or Fannie Mae; 2) properties or management companies in noncompliance; or 3) change to a new management company that has not yet been certified by MHDC. Visit http://www.mhdc.com/program_compliance/index.htm for additional information on a change in management company. Guidance will be provided on a case-by-case basis.

These time frames are also based upon receipt of all required documents listed on the applicable MHDC checklist. Partial submissions may result in longer response times.

Notice for year-end transfers:

Due to increased year-end reporting requirements, all requests for MHDC approval of transfers that are scheduled to occur on or before December 31 must be submitted no later than November 1. Requests that are not received by November 1 are not guaranteed processing by December 31.

After MHDC receives Form # TPA01 and the TPA fee, MHDC will make its best effort to contact the requesting party within ten (10) to fifteen (15) business days. Upon receipt of Form # TPA01, MHDC will perform a noncompliance check on the property and incoming management company, where applicable. The requesting party will be provided with a checklist that contains items needed to process the transfer. A list of outstanding noncompliance at the property and/or the management company will be included with the checklist, or emailed to the requesting party as soon as possible thereafter.



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TPA Application



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APPLICATION FOR APPROVAL OF TRANSFER OF PHYSICAL ASSETS MHDC FORM # TPA01

If change affects multiple properties, submit an application and fee for each property

PROPERTY NAME: _____
MHDC PROJECT #: _____
PROPERTY LOCATION: CITY _____ COUNTY _____

Type of ownership interest change: (check all that apply)

Fee*:

- | | | |
|---|--------------------------------|--|
| <input type="checkbox"/> FULL OWNERSHIP TRANSFER - LOAN ASSUMPTION | <input type="checkbox"/> \$600 | <input type="checkbox"/> \$500 Nonprofit |
| <input type="checkbox"/> FULL OWNERSHIP TRANSFER - TAX CREDIT ONLY/LOAN PAYOFF ¹ | <input type="checkbox"/> \$500 | <input type="checkbox"/> \$400 Nonprofit |
| <input type="checkbox"/> GENERAL PARTNER/MANAGING MEMBER - LOAN | <input type="checkbox"/> \$550 | <input type="checkbox"/> \$450 Nonprofit |
| <input type="checkbox"/> GENERAL PARTNER/MANAGING MEMBER - TAX CREDIT ONLY | <input type="checkbox"/> \$500 | <input type="checkbox"/> \$400 Nonprofit |
| <input type="checkbox"/> LIMITED PARTNER/INVESTOR MEMBER | <input type="checkbox"/> \$250 | <input type="checkbox"/> \$200 Nonprofit |
| <input type="checkbox"/> TAX CREDIT DECONTROL PERIOD ONLY | <input type="checkbox"/> \$100 | <input type="checkbox"/> \$50 Nonprofit |
| <input type="checkbox"/> OTHER (please contact MHDC for fee requirements): _____ | | |

****Fees must be included with application. Applications will not be processed without payment. Please mail completed application with fee enclosed to: Sabrina Smith, Missouri Housing Development Commission, 920 Main, Suite 1400, Kansas City, MO 64105.***

WITHDRAWING ENTITY(IES): _____
NEW ENTITY(IES): _____

Note: New entity and manager/general partner must be registered to conduct business in Missouri.

FOR LIMITED PARTNER CHANGE, IS THIS NOTICE BEING PROVIDED PURSUANT TO PERMITTED TRANSFEREE SECTION _____ OF THE PROJECT LEGAL DOCUMENTS?

- Yes
 No

IF THE MANAGEMENT AGENT IS CHANGING IN CONJUNCTION WITH THE PROPOSED TRANSFER, PLEASE PROVIDE NAME OF NEW MANAGEMENT AGENT: _____

IF MANAGEMENT AGENT IS CHANGING, HAS NEW MANAGEMENT AGENT BEEN CERTIFIED BY MHDC? See MHDC's management agent certification requirements at www.mhdc.com under "Asset Management."

- Yes
 No
 Not Applicable

Target transfer/closing date: _____

¹ Please notify MHDC's Finance Department at mlappin@mhdc.com of anticipated loan payoff date and payoff statement.



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TPA Application



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Requesting party's contact information:

Name and Title: _____
Company: _____
Address: _____
Phone: _____
Email: _____

Provide narrative and reason for transfer. Attach additional sheets if necessary. If limited partner transfer, please describe percentage(s) of transfer. If property transfer with loan assumption, please describe all of financial consideration flowing to project/seller as a result of sale.



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Remember to....



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- Have current owner of record sign application
- Include information on new management company
- Include an approximate transfer date
- Include description of transfer that is occurring and any other pertinent information



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Compliance Check



- All noncompliance should be addressed prior to transfer of property
- MHDC reviews noncompliance associated with the Property and Incoming Management Company:
 - Inspection-noncompliance/physical deficiencies
 - Reporting noncompliance
 - Accounting noncompliance



Most Common Types of TPAs



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1. Limited partner/investor member
2. General partner/managing member
(includes changes within GP and MM)
3. Full transfer to new owner entity



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Limited Partner/Investor Member Transfer



- Transfer of one or more of the limited partners (LP) or investor members (LLC)
- If a new entity is entering the partnership/LLC, MHDC needs to approve
- Permitted transferee exception
 - MHDC consent not required
 - Prior notice and submission of documentation
 - On TPA application – please include citation to permitted transferee authority and explanation of how your transfer meets this exception



Limited Partner Change

DEVELOPMENT NAME	MHDC #																																																																																																																																																
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For internal use only:	
Legal _____ Asset Management _____	Date _____ Date _____

Permitted Transferee is in good standing with MHDC, HUD and other HFAs ____ (AM). For 2013 deals going forward. Mark NA if deal is prior to 2013.

Limited Partner/Investor Member Transfer



- Partnership Amendment/Assignment must be dated no earlier than date of MHDC approval letter
- Submit IRS EIN/TIN letter
- Attorney Opinion (transfer does not cause dissolution of partnership under MO law) – must be original signature
- Certificates of Good Standing must be dated within 30-day of transfer date
- Pre-conversion transfers have more intensive review by Tax Credit Department and Underwriting





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General Partner/Managing Member Transfers

- Tax Credit Only
- Loan Property



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General Partner/Managing Member Transfer



- Foreign state entities and their General Partners/Managing Member must register to do business in Missouri.
- Organizational Documents for every tier of the general partner or member entity that is not a natural person. * *Organizational charts are encouraged.*
- Note that projects with Non-profit set asides and HOME Program Community Housing Development Orgs (CHDOS) have transfer limitations tied to minimum affordability periods.



TPA - Tax Credit Only GP

DEVELOPMENT NAME	MHDC #
OWNER	
CURRENT GP	Owner Contact Name and Phone Number:
PROPOSED OWNER/GP	

SEND TRANSFER DOCUMENTS TO: Submit Items (as individual documents/PDFs) to TPA@mhdc.com, or on a recordable CD:

**Legal Department Attention: Sabrina Smith
920 Main
Suite 1400
Kansas City, Missouri 64105**

Documents received by MHDC:

	Legal	Arch	Mtg Credit	Tax Credit	Asset Mgmt	Envir	RP/ UW
1 Application (MHDC Form #TPA01) submitted with fee							
2 Assumption Agreement (in recordable form)							
3 Ownership Documents							
A Ownership Entity							
Proposed amendment to the Partnership Agreement or Operating Agreement with Exhibits							
For limited partnership, Amendment to Certificate of Limited Partnership							
Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
B Incoming General Partner/Manager or Member							
Articles of Organization or Articles of Incorporation							
Operating Agreement or By-laws							
Certificate of Organization or Certificate of Incorporation							
Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
C Organizational Documents for every tier of the general partner or member entity that is not a natural person, if applicable							
Articles of Organization or Articles of Incorporation							
Operating Agreement or By-laws							
Certificate of Organization or Certificate of Incorporation							
Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
4 Resume of incoming owner, general partner/manager/member							
6 Exhibit G (Change of Ownership/Interests)(Must be notarized - electronic submission accepted.)							
7 Exhibit J (Authorized Representative Designation) (Must be notarized - electronic submission accepted.)							
8 Exhibit L (Property Information Sheet)							
9 FIN 105 (Experience Summary)							
10 FIN 116 (Credit Summary)							
11 Evidence from HUD of 2530 approval for new owner and management agent, if applicable.							
12 If applicable, noncompliance corrected, or plan for correction submitted							
13 If management agent is changing, submit:							
a Exhibit A-2 (Must be notarized - electronic submission accepted.)							
b Affirmative Fair Housing Marketing Plan (Must be signed - electronic submission accepted.)							
c Exhibit J-1 Management Authorized Representative Designation (Must be notarized - electronic submission accepted.)							
If the management company is new to MHDC, see certified management agent process at www.mhdc.com							
d New management company certified, if applicable.							
Post transfer documentation:							
14 Executed amendment to the partnership agreement/operating agreement with exhibits							
15 Recorded Assumption Agreement in form submitted							

For internal use only:

Legal _____
Mortgage Credit _____
Asset Management _____

Date _____
Date _____
Date _____

General Partner/Managing Member Transfer



- General Partner changes with Loan Assumption require additional review:
 - Financials - 3 years audited financials of key principals. If incoming GP is individual, 3 years of personal financials.
 - Pro forma date down endorsement or Informational Title report from title company which does not reflect any additional encumbrances or title exceptions



TPA (Modified)

DEVELOPMENT NAME		MHDC #
OWNER		
CURRENT GP		Owner Contact Name and Phone Number:
PROPOSED GP		

SEND TRANSFER DOCUMENTS TO: Submit Items (as individual documents/PDFs) to TPA@mhdc.com, gr on a recordable CD:
Legal Department Attention: Sabrina Smith
920 Main
Suite 1400
Kansas City, Missouri 64105

Documents received by MHDC:	Legal	Arch	Mtg Credit	Tax Credit	Asset Mgmt	Envir	RP/ UW
1 Application (MHDC Form #TPA01) submitted with fee							
2 Pro forma date down endorsement or Informational Title report from title company which does not reflect any additional encumbrances or title exceptions							
3 Assumption Agreement							
Ownership Documents							
A Ownership Entity							
Proposed amendment to the Partnership Agreement or Operating Agreement with Exhibits							
For limited partnership, Amendment to Certificate of Limited Partnership							
Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
B Incoming General Partner/Manager or Member							
Articles of Organization or Articles of Incorporation							
Operating Agreement or By-laws							
Certificate of Organization or Certificate of Incorporation							
Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
C Organizational Documents for every tier of the general partner or member entity that is not an individual, if applicable							
Articles of Organization or Articles of Incorporation							
Operating Agreement or By-laws							
Certificate of Organization or Certificate of Incorporation							
Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
4 A letter addressing the physical and financial needs of the project, if any.							
5 An attorney's opinion that the transfer does not cause dissolution of the partnership under state law. Submit hard copy original signature letter.							
6 Resume of incoming general partner							
7 Financial Statement of incoming general partner. 3 years audited financials of key principals. If incoming GP is individual, 3 years of personal financials.							
8 Exhibit G (Change of Ownership/Interests) (Must be notarized - electronic submission accepted.)							
9 Exhibit J (Authorized Representative Designation) (Must be notarized - electronic submission accepted.)							
10 Exhibit L (Property Information Sheet)							
11 FIN 105 (Experience Summary)							
12 FIN 116 (Credit Summary)							
13 Evidence from HUD of 2530 approval for new owner and management agent, if applicable.							
14 If applicable, noncompliance corrected, or plan for correction submitted							
15 If management agent is changing, submit:							
a Exhibit A-2							
b Affirmative Fair Housing Marketing Plan (Must be signed - electronic submission accepted.)							
c Exhibit J-1 Management Authorized Representative Designation (Must be notarized - electronic submission accepted.)							
If the management company is new to MHDC, see certified management agent process at www.mhdc.com							
d New management company certified, if applicable.							
Post transfer documentation:							
16 Executed amendment to the partnership agreement/operating agreement with exhibits							
17 Executed Assumption Agreement in form submitted							
18 Executed Date down endorsement from title company (if Informational Title Report not sufficient)							

For internal use only:		
Legal	_____	Date _____
Mortgage Credit	_____	Date _____
Asset Management	_____	Date _____



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Full Transfers

- Tax Credit Only
- Loan Assumption



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Full Transfers



- Owner and GP/Manager/Managing Member must be registered to do business in MO if not a MO entity.
- Organizational Documents for every tier of the general partner or member entity that is not a natural person. * *Organizational charts are encouraged.*
- Dates on Purchase and Sale Agreements (PSAs), Contracts, Partnership/Operating Agreement Amendments, and related agreements must not include a closing date prior to MHDC approval
- Provide an assignment of contract if PSA is assigned to a different entity.



Full Transfers



- Assumption of LURA and other Regulatory Agreements required, if applicable
- Bond LURA Assumption may be required for projects with tax exempt bonds – check with MHDC
- Draft Deeds and Assumption Agreements must be submitted in recordable format.
- Legal descriptions on the proposed Deed, PSA, and Assumption Agreements generally must match those on the regulatory agreements. Legal description revisions may require a modification of the relevant document, e.g. LURA.



TPA - Tax Credit Only

DEVELOPMENT NAME	MHDC #
OWNER	
CURRENT GP	Owner Contact Name and Phone Number:
PROPOSED OWNER/GP	

Submit Items (as individual documents/PDFs) to TPA@mhdc.com, or on a recordable CD:

SEND TRANSFER DOCUMENTS TO:	Legal Department Attention: Sabrina Smith 920 Main Suite 1400 Kansas City, Missouri 64105
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Documents received by MHDC:	Legal	Arch	Mtg Credit	Tax Credit	Asset Mgmt	Envir	RP/ UW
1 Application (MHDC Form #TPA01) submitted with fee							
1a Contract for Sale. Include any amendments.							
1b Proposed deed in recordable format with legal description.							
2 Assumption Agreement (in recordable form)							
3 Ownership Documents							
A Ownership Entity							
Proposed Partnership Agreement or Operating Agreement with Exhibits							
Certificate of Limited Partnership or Certificate of Organization							
Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
B Incoming General Partner/Manager or Member							
Articles of Organization or Articles of Incorporation							
Operating Agreement or By-laws							
Certificate of Organization or Certificate of Incorporation							
Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
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Operating Agreement or By-laws							
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Missouri Certificate of Good Standing (dated within 30 days of transfer) (Dated _____)							
4 Resume of incoming owner, general partner/manager/member							
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5 Exhibit G (Change of Ownership/Interests) (Must be notarized - electronic submission accepted.)							
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8 FIN 105 (Experience Summary)							
9 FIN 116 (Credit Summary)							
10 If applicable, noncompliance corrected, or plan for correction submitted							
11 If management agent is changing, submit:							
a Exhibit A-2 (Must be notarized - electronic submission accepted.)							
b Affirmative Fair Housing Marketing Plan (Must be signed - electronic submission accepted.)							
c Exhibit J-1 Management Authorized Representative Designation (Must be notarized - electronic submission accepted.)							
If the management company is new to MHDC, see certified management agent process at www.mhdc.com							
d New management company certified, if applicable.							
12 Evidence of HUD 2530 Clearance for new owner and management agent, if applicable.							
Post transfer documentation:							
13 Executed partnership agreement/operating agreement with exhibits							
14 Recorded Assumption Agreement in form submitted							
15 Recorded Warranty Deed in form submitted							

For internal use only:	
Legal _____ Mortgage Credit _____ Asset Management _____	Date _____ Date _____ Date _____

Full Transfers



- Transfers with Loan Assumption require additional review:
 - Owner must be single asset, single purpose entity
 - Financials - 3 years audited financials of key principals.
 - Pro forma date down endorsement or Informational Title report from title company which does not reflect any additional encumbrances or title exceptions.
 - Evidence from title company that the MHDC lien will remain in 1st position after the sale has been consummated
 - Physical and financial needs statement
 - Seller/Purchaser Affidavit (Sworn statement that the sales contract recites all of the consideration moving to the seller or any person identified therewith)
 - Bill of Sale



Decontrol Period Transfers



- LIHTC Properties where LURA terminates (e.g. foreclosure/opt out) are still subject to a three-year decontrol period whereby owner shall not evict or terminate tenancy of existing tenant of any low-income unit other than for good cause and shall not increase the gross rent above the maximum allowed by MHDC limits with respect to the unit as of the date of the termination
- Owner is still required to submit annual compliance certification (Exhibit 3YDP) to MHDC during the three-year decontrol period

• TPAs during this 3-year period have a more limited review



TPAs with Management Changes



- Management Agents must be certified by MHDC
- Visit: http://www.mhdc.com/program_compliance/index.htm for the Certified Management Agent Application and Process
- As noted on the checklists, if management agent is changing with TPA process, property-specific documentation is required to be submitted:
 - Exhibit J-1
 - Exhibit J
 - Exhibit L
 - Exhibit A-2
 - Affirmative Fair Housing Marketing Plan



Exhibits

- **Electronic Documents Now Accepted.** MHDC will accept the following documents electronically, but they must be properly signed and acknowledged where required. MHDC in its sole and absolute discretion retains the right to request original signed hard copies as it deems necessary:
 - a. Exhibit A-2– must have notarized signature
 - b. Exhibit G – must have notarized signature (by current owner)
 - c. Exhibit J – must have notarized signature
 - d. Exhibit J-1 – must have notarized signature (include Authorized Representative(s) signatures as applicable)
 - e. Exhibit A-5 – must have notarized signature
 - f. Affirmative Fair Housing Marketing Plan – must be signed

Post-transfer Requirements



Within 45 days of transfer, submit:

- LP and GP transfers – executed amendments/assignments with any exhibits
- Full Transfers
 - Recorded Deed
 - Recorded Assumption Agreements
 - Original date down endorsement if applicable
- Notify MHDC if closing does not occur or occurs more than 30 days after the date of MHDC approval letter. Updated Certificates of Good Standing may be required.



Reminders/Tips



- **ALWAYS** check with MHDC if owner of a partnership interest changes. There may still be review requirements depending on the nature of the change.
- Submit TPA Application with check to MHDC's Kansas City Office per application instructions.
- Submit packages to TPA@mhdc.com or on recorded CD.
- If HUD financing or Section 8 PBCA
 - HUD 2530 approval required for a change in owner or management. Coordinate with HUD as early as possible. MHDC requires HUD approval prior to issuing TPA approval letter.
 - Full Transfers – Section 8 HAP contracts require HAP Assignment. Contact Wendy Clark wclark@mhdc.com to coordinate.





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Reminders/Tips

- **Additional forms and processing time are required for:**

1. Loan properties with layered financing, such as Risk Share or Fannie Mae
2. Properties or management companies in noncompliance; or
3. Change to a new management company that has not yet been certified by MHDC.

- Time frames are also based upon receipt of all required documents listed on the applicable MHDC checklist. Partial submissions may result in longer response times.

- TPAs with Loan payoffs requiring subordinations may also add review time. Coordinate with MHDC's Finance Department on loan payoff requirements



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