U.S. Department of Housing and Urban Development (HUD)
Project-based Section 8 Contract Administration

CONSENT TOASSIGNMENT OF HAP CONTRACT TO FNMA AS SECURITY FOR FNMA CREDIT ENHANCEMENT

I. IDENTIFICATION OF ACC AND HAP CONTRACT

Annual Contributions Contract Number: _____

Section 8 HAP Contract Number: _____

Section 8 Project Number: _____

Project Name: _____

Project Location:

_____

_____

_____

II. NAMES

Contract administrator _____

_____

Contract administrator address

_____

_____

_____

Owner _____

_____

Owner address

_____

_____

_____

FNMA _____

_____

FNMA address

_____

_____

III. DEFINITIONS

ACC. Annual Contributions Contract.

ASSIGNMENT AS SECURITY. The creation of a security interest in the owner's interest pursuant to the HAP Contract.

CONTRACT ADMINISTRATOR. HUD or a PHA acting as contract administrator under an ACC with HUD.

FANNIE MAE. The Federal National Mortgage Association (FNMA).

FULL ASSIGNMENT. An assignment of the HAP contract other than an assignment as security. "Full Assignment" includes a sale, conveyance or other transfer of the HAP Contract, voluntary or involuntary, to an assignee or successor in interest.

HAP CONTRACT. The Housing Assistance Payments Contract for units in the project. The HAP Contract was entered between the owner and the contract administrator pursuant to Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f).

PHA. Public Housing Agency.

PROJECT. The project identified in section I of the consent to assignment.

IV. BACKGROUND

Pursuant to the terms of the HAP Contract, the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) may not be assigned without the prior written consent of HUD.

The owner has advised the contract administrator that the owner wants to grant the FNMA a security interest in the HAP Contract, as security for the obligations of the owner to FNMA on account of FNMA's credit enhancement of a loan to the owner.

V. CONSENT TO ASSIGNMENT AS SECURITY

By execution of this consent to assignment as security, HUD consents to the owner's assignment of the HAP Contract to the FNMA as security for FNMA's credit enhancement of a loan to the owner.

VI. EFFECT OF CONSENT TO ASSIGNMENT

The contract administrator is not a party to the loan or the loan documents, nor to any assignment of the HAP Contract by the owner to the FNMA as security for FNMA credit enhancement. Issuance of the consent to assignment does not signify that HUD or the contract administrator has reviewed, approved or agreed to the terms of any financing or refinancing; to any term of the loan documents; or to the terms of any assignment of the HAP contract by the owner to the FNMA as security for FNMA credit enhancement.

The consent to assignment of the HAP Contract as security for FNMA credit enhancement does not change the terms of the HAP Contract in any way, and does not change the rights or obligations of HUD, the contract administrator or the owner under the HAP Contract.

The creation or transfer of any FNMA security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract..

VII. EXERCISE OF SECURITY INTEREST – ASSIGNEE ASSUMPTION OF HAP CONTRACT OBLIGATIONS

Notwithstanding HUD's grant of consent to assignment by the owner of a security interest in the HAP Contract to the FNMA, HUD's execution of this consent does not constitute consent to a full assignment of the HAP contract to any entity, including the FNMA.

FNMA may not exercise any rights or remedies against the contract administrator or HUD under the HAP Contract, and shall not have any right to receive housing assistance payments that may be payable to the owner under the HAP Contract, until and unless FNMA has executed and delivered, in a form acceptable to the contract administrator in accordance with HUD requirements, an agreement by the FNMA to comply with all the terms of the HAP Contract, and to assume all obligations of the owner under the HAP Contract.

VIII. PAYMENT TO SECURED PARTY

When FNMA notifies the contract administrator, in writing, that housing assistance payments payable pursuant to the HAP Contract should be directed to the FNMA (in accordance with paragraph VII above), the contract administrator may make such payments to FNMA instead of the owner. In making such payments, the contract administrator is not required to consider or make any inquiry as to the existence of a default under the loan documents, but may rely on notice by FNMA; and any payments by the contract administrator to FNMA shall be credited against amounts payable by the contract administrator to the owner pursuant to the HAP Contract.

IX. WHEN ASSIGNMENT IS PROHIBITED

The consent to assignment as security shall be void ab initio if HUD determines that any assignee, or any principal or interested party of the assignee, is debarred, suspended or subject to a limited denial of participation under 24 CFR part 24, or is listed on the U.S. General Services Administration list of parties excluded from Federal procurement or nonprocurement programs.

HUD

Name of Authorized Representative (Print)

By: _____

Signature of authorized representative

Name and official title (Print)

Date _____

OWNER AGREEMENT TO ASSIGNMENT AS SECURITY

The owner has read the terms of HUD's consent to assignment by the owner of a security interest in the HAP Contract to the FNMA as security for FNMA credit enhancement. In consideration for the HUD's grant of such consent to assignment of a security interest, the owner agrees to all the terms of the consent to assignment, and agrees that any assignment by the owner is subject to all such terms.

OWNER

Name of Owner (Print)

By _____

Signature of authorized representative

_____

Name and title (Print)

Date _____

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