

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

**CONSENT TO ASSIGNMENT  
OF HAP CONTRACT  
AS SECURITY FOR FREDDIE MAC FINANCING**

OMB Control #2502-0587  
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**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**

<b>Contract administrator</b> _____
<b>Contract administrator address</b>
_____
_____
_____
<b>Owner</b> _____
_____
<b>Owner address</b>
_____
_____
_____
<b>Lender</b> _____
_____
<b>Lender address</b>
_____
_____
_____

### **III. DEFINITIONS**

**FREDDIE MAC.** The Federal Home Loan Mortgage Corporation (Freddie Mac).

**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).

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

### **IV. ASSIGNMENT OF HAP CONTRACT**

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. Assignment includes the creation of a security interest in the HAP Contract, or any sale, conveyance or other transfer of the HAP Contract, voluntary or involuntary, to any assignee, transferee or successor in interest.

The owner has advised the contract administrator (HUD or a public housing agency (PHA) acting as contract administrator under an annual contributions contract (ACC) with HUD) that the owner wants to assign the owner's interest in the HAP Contract to the lender, as security for a loan by the lender to the owner, and that the lender will assign the loan to Freddie Mac.

HUD consents to assignment of the HAP Contract by the owner to the lender as security for the loan, and consents that the lender may assign its security interest in the HAP Contract to Freddie Mac. The consent to assignment is not consent for any other or further assignment of the HAP Contract (including any interest in the HAP Contract or any payments under the HAP Contract) by the owner,

lender or Freddie Mac, to any other assignee, transferee or successor in interest.

## **V. 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 lender, nor to any assignment of the HAP Contract or the loan to Freddie Mac. 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 by the owner to the lender, or by the lender to Freddie Mac.

The consent to assignment of the HAP Contract 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 security interest in the HAP Contract is limited to amounts payable under the HAP Contract in accordance with the terms of the HAP Contract.

The grant of consent by HUD to assignment of the HAP Contract by the owner to the lender, and the grant of consent by HUD of the HAP Contract by the lender to Freddie Mac, does not constitute consent to any further assignment or other transfer of the HAP Contract or of any interest in the property, including any further assignment or transfer to any assignee, transferee or successor in interest.

## **VI. 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 lender, and to further assignment of such security interest by the lender to Freddie Mac, the assignee (lender or Freddie Mac) 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 the assignee seeking to exercise such rights or remedies, or to receive such payments, has executed and delivered, in a form acceptable to HUD in accordance with HUD requirements, an agreement by the assignee to comply with all the terms of the HAP Contract, and to assume all obligations of the owner under the HAP Contract.

## **VII. PAYMENT TO ASSIGNEE**

When the assignee (lender or Freddie Mac) notifies the contract administrator, in writing, that housing assistance payments payable pursuant to the HAP Contract should be directed to the assignee, the contract administrator may make such payments to the assignee 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 the assignee; and any payments by the contract administrator to the assignee shall be credited against amounts payable by the contract administrator to the owner pursuant to the HAP Contract.

## **VIII. WHEN ASSIGNMENT IS PROHIBITED**

The consent to assignment 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.

<b>HUD</b>
Name of Authorized Representative (Print) _____
By: _____ Signature of authorized representative
Name and official title (Print) _____
Date _____

<b>CONTRACT ADMINISTRATOR</b>
Name of Authorized Representative (Print) _____
By: _____ Signature of authorized representative
Name and official title (Print) _____
Date _____

**OWNER AGREEMENT**

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The owner has read the terms of HUD's consent to assignment of the HAP Contract by the owner to the lender, and by the lender to Freddie Mac. In consideration for HUD's grant of such consent to assignment, 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.

<p><b>OWNER</b></p> <p>Name of Owner (Print)</p> <p>_____</p> <p>_____</p> <p>By _____</p> <p>Signature of authorized representative</p> <p>_____</p> <p>Name and title (Print)</p> <p>Date _____</p>
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