

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
Summary of Comments Received and Department Responses

Amendments to the Loan Portfolio Restructuring (LPR) Guidelines
Prepared Pursuant to Government Code Section 11346.9(a)(3)

INTRODUCTION

The California Department of Housing and Community Development (Department) proposed amendments to the Loan Portfolio Restructuring (LPR) Guidelines to implement the provisions of Health and Safety Code Sections 50406.4, 50406.6, 50406.7, 50406.8, 50560, 50561, 50562, and 50565, as amended by AB 2562, AB 130, SB 686, and SB 21.

On January 12, 2026, the Department issued a Notice of Proposed Action and released the proposed amended Guidelines, along with the Initial Statement of Reasons, for a 21-day public comment period. On January 21, 2026, a public hearing was held during the 21-day comment period. The Department received a total of 185 comments from stakeholders through written email submissions and public hearing testimony.

This document provides a summary of each objection or recommendation received, together with an explanation of how the proposed action has been changed to accommodate each objection or recommendation, or the reasons for making no change, as required by Government Code Section 11346.9(a)(3). Where comments were repetitive, the Department has aggregated and summarized them as a group and provided a single response, as permitted by statute.

DETAILED SUMMARY OF COMMENTS AND RESPONSES

Topic	Summary of Objections/Recommendations	Department Response	Action Taken
Section 100 — Purpose and Scope (8 comments)			
Timeline and Process (3 comments)	Several commenters asked about the estimated timeline for adoption, whether a second public comment period would occur, and whether transactions could proceed during rulemaking.	The Department advised that adoption could occur following the close of the comment period and preparation of the Final Statement of Reasons. Stakeholders were encouraged to submit comments during the current period. The	No change to proposed text. Informational responses provided.

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		Department stated it may begin working on transactions that align with the publicly posted operational framework.	
MHP Guidelines Reference and "Future Amendment Thereto" (3 comments)	Commenters recommended incorporating the most recent version of the MHP Guidelines rather than the 2019 version and suggested adding "and any future amendment thereto" language to the UMR/MHP incorporation provision at Section 100(e).	The Department removed the draft language referencing "and any future amendment thereto" and retained the reference to the 2019 MHP Guidelines. The alternative of incorporating the most recent Super NOFA MHP Guidelines was not adopted, most projects expected to use these LPR/EE guidelines over the next few years were likely awarded under the 2019 guidelines or earlier. The Department also added 100(i), which states these Guidelines are expected to be revised after the Housing Development and Finance Committee (HDFC) adopts its guidelines.	Changed. Section 100(e) was modified to remove "and any future amendment thereto."
Demolition Policy Placeholder (2 comments)	Comments addressed the placeholder reference to a future demolition policy included at Section 100(f).	After the public comment period, the Department removed the placeholder reference to a demolition policy from Section 100(f) because	Changed. The placeholders were removed from Section 100(f).

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		the policy had not been adopted at finalization. The Department also removed the placeholder reference to a negative points policy.	
Section 101 — Definitions (5 comments)			
Terminology: "Extracted Equity Project" and "HCD Source Project" (2 comments)	Commenters recommended the Department adopt clearer, more indicative names for "Extracted Equity Project" and "HCD Source Project," suggesting alternatives such as "Recipient Project," "Donor EE Project," and "Equity Reinvestment Project."	The Department agreed and renamed "Extracted Equity Project" to "Donee Project" and "HCD Source Project" to "Donor Project." Alternatives considered and rejected included "Recipient Project," "Equity Reinvestment Project," and "Donor EE Project."	Changed. Sections 101(e) and 101(f) were revised throughout the Guidelines.
Household Income Definition and TCAC Alignment (1 comment)	A commenter questioned why the definition of Household Income was modified to refer to MHP Guidelines methodology instead of the California Tax Credit Allocation Committee (TCAC) calculation method.	The Department reversed the initially proposed change and realigned the Household Income definition with TCAC calculation methods, as recommended by the Department's Asset Management and Compliance unit. A reference to "Assisted Unit" as defined at Section 8301(a) of the UMRs was also added.	Changed. Section 101(k) was revised to align with TCAC methodology.
Senior Debt Definition (1 comment)	A commenter noted that senior debt is referenced later in the regulations	The Department did not add a standalone "senior debt" definition.	No change to proposed text.

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	regarding lien priority and payments and suggested adding a formal definition.	The term is sufficiently addressed in context within the applicable sections.	
Section 102 — Eligible Projects (11 comments)			
Relocation Plan Requirements (1 comment)	SCANPH requested that the Department accept City-approved relocation plans in lieu of requiring a separate Department review and approval.	The Department declined this request. The Department must provide review and approval of all relocation plans to ensure compliance with Government Code Section 7260 and MHP Section 7315, especially when HCD funds are involved.	No change to proposed text.
Remaining Useful Life Standard (2 comments)	Commenters questioned whether the remaining useful life requirement should be for the full duration of the regulatory agreement.	The Department confirmed that the remaining useful life must cover the duration of the regulatory agreement and did not modify this requirement.	No change to proposed text.
Compliance and Default Provisions (5 comments)	Multiple commenters raised concerns about the compliance and default provisions, including the treatment of Qualifying Unpaid Matured Loans (QUML) and scattered-site limitations.	The Department retained the compliance provisions and the Qualifying Unpaid Matured Loan provisions at Section 102(c). After the public comment period, the Department revised Section 102(d) to provide that the	No change to proposed text in 102(c). Changed. Section 102(d) modified to permit Director approval of more than five scattered sites.

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		scattered-site cap of five sites may be exceeded with the prior written approval of the HCD Director. This exception provides flexibility in limited circumstances while preserving the default cap.	
Section 103 — Provisions Pertaining to All Projects (16 comments)			
Interest Rate and AFR Provisions (2 comments)	Commenters asked for clarification on the interest rate determination methodology, particularly whether the Applicable Federal Rate (AFR) may exceed the statutory 3% floor under HSC 50406.7(b).	The Department added clarifying language at Section 103(h) stating the AFR "which may exceed 3 percent (3%)."	Changed. Section 103(h) clarified; Section 103(b) reference removed.
Promissory Note and Loan Documentation Requirements (4 comments)	Commenters questioned whether the standard promissory note and deed of trust requirements at Section 103(b) should apply to all restructuring types, including Extracted Equity and Early Payoff transactions.	For clarity, the Department added an exception to Section 103(b): "except those projects that fall under Section 109 and 110 of these Guidelines." A cross-reference to Section 103(f) was also added.	Changed. Section 103(b) modified to add exception for Sections 109 and 110.
Rent Standards and Population Targeting (7 comments)	Multiple commenters raised concerns about how rent standards interact with population-targeting requirements, particularly for projects originally targeting special needs, supportive	The Department retained the population-targeting requirements as proposed. Rent standards are addressed in Section 108. The Department	No substantive change. Minor formatting revision.

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	housing, or senior populations.	reformatted the targeting examples to lowercase for consistency.	
Subordination and Lien Priority (3 comments)	Commenters expressed concern about the requirement that Department loan documents be secured and recorded against the property, and the interaction with existing lien structures.	The Department retained the requirement but clarified that it applies to how the Department secures its interest in the project.	No change to proposed text.
Compliance Reviews and Sponsor Standing (3 comments)	Commenters questioned the criteria for evaluating Sponsor experience and capacity, noting that the exemption for existing Sponsors in "good standing and compliant with all applicable HCD requirements" is vague and could create inconsistent application.	The Department retained the provision as proposed. The compliance review standard is an existing Department practice applied consistently across programs. The Department does not intend to draw distinctions between various compliance-related issues in these Guidelines.	No change to proposed text.
Section 104 — Provisions Specific to Loan Extensions Only (3 comments)			
Loan Extension Requirements (3 comments)	Commenters raised questions about the 10-to-55-year extension term, Fiscal Integrity pro forma requirements, and operating reserve provisions.	The Department retained the provisions as proposed. These requirements align with statutory authority (Health and Safety Code 50561(a)) and the Department's monitoring framework.	No change to proposed text.

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Section 105 — Provisions Specific to Refinance/Syndication (5 comments)			
Refinancing and Subordination Requirements (5 comments)	Commenters questioned subordination requirements for refinancing transactions and the interaction between the 15-year Fiscal Integrity requirement and the 10-to-55/58-year extension term.	The Department retained the provisions as proposed. These requirements ensure long-term fiscal integrity and project viability.	No change to proposed text.
Section 106 — Provisions Specific to Senior Loans (16 comments)			
Subordination to New Senior Debt (8 comments)	Multiple commenters raised concerns about the subordination requirements for the Department's loan when a new senior loan is involved. Specific concerns included the prohibition on call options, fee disclosure requirements, and the impact on project feasibility.	<p>Section 106(e), formerly Section 106(a), was clarified for congruity with other provisions in this section, including a reference to rate and term refinancing.</p> <p>Commenters appear to have interpreted this provision to mean that an existing loan could only be refinanced with a loan of the same or smaller amount, which is not the Department's intent. To address this, the Department added a comma to the rate and term refinancing clause to clarify its meaning.</p> <p>The no-call-option provision, fee</p>	Minor grammatical change to add comma to separate clauses and clarify language added in 106(e).

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		disclosure, and interest rate cap requirements were not modified because the Department felt it was necessary to support long-term project feasibility and protect the Department's financial position. The limits on call options and the fee disclosure requirements provide stability and allow the Department to adequately assess project viability.	
Rehabilitation Scope ("Modest") (1 comment)	A commenter recommended removing the "modest in size, scope, and cost" standard for rehabilitation from Section 106(f).	The Department agreed and removed the "modest" language.	Changed. "Modest" language removed from Section 106(f).
"Unaffiliated" Restriction on Reimbursements (2 comments)	Commenters questioned the requirement that reimbursable costs at Section 106(g)(1) must be from "an unaffiliated" third party.	The Department removed the "unaffiliated" restriction. Additionally, the Department added new Section 106(g)(4) providing that projects subject to Section 106(g) reimbursement provisions are not subject to the Extracted Equity provisions in Section 109.	Changed. "Unaffiliated" removed from Section 106(g)(1); new Section 106(g)(4) added.
General Senior Loan	Additional comments addressed senior loan provisions including	The Department retained the provisions as proposed. The no-	No change to proposed text.

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Comments (5 comments)	refinancing terms, financial instrument requirements, and rate reset mechanics.	call-option, fee disclosure, rate cap, and financial instrument requirements were not modified. The Department retained the provisions as proposed. These requirements were carried forward from the 2019 LPR Guidelines and are consistent with the Department's existing underwriting standards for senior loan transactions.	
Section 107 — Program-Specific Requirements (2 comments)			
Special Needs/Supportive Housing Requirements (2 comments)	Commenters raised questions about the scope and duration of program-specific requirements for RHCP-O, Special Needs, and Supportive Housing projects.	The Department added language at Section 107(b) stating, “These requirements may be extended. All requirements <i>shall</i> be reflected in the Department Loan Documents” [emphasis added] clarifying that Special Needs and Supportive Housing requirements may continue beyond the initial term. “At least” was also added in the duration provision to clarify that the maturity date of the Original Program Regulatory	Changed. Section 107(b) modified.

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		Agreement is the minimum duration for these requirements.	
Section 108 — Rent Restrictions for Assisted Units (15 comments)			
TCAC Alignment for Rent Increases (6 comments)	Multiple commenters recommended aligning the rent increase methodology with TCAC standards and questioned potential conflicts between the proposed rent standards and existing TCAC regulations.	The Department retained the rent increase framework. The Household Income definition at Section 101(m) was aligned with TCAC methodology, which carries through to the rent calculations in Section 108.	No direct change to Section 108 rent increase methodology. TCAC alignment addressed through Section 101(m).
Rent Increase Floor (4 comments)	Commenters questioned the rent increase limitations and the duration of Special Needs and Supportive Housing requirements, and the interaction of these provisions with TCAC rules.	The Department retained the rent increase provisions as proposed. Language was added at Section 107(b) stating "These requirements may be extended. All requirements shall" be reflected in the Department Loan Documents, clarifying that Special Needs and Supportive Housing requirements may continue beyond the initial term. The phrase "in an Assisted Unit" was added at Section 108 to clarify the applicability of the rent cap for Existing Tenants.	Changed. Sections 107(b) and 108 modified.

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General Rent Restriction Comments (2 comments)	Additional comments addressed vacancy standards, project-based rental assistance provisions, and unit mix conversion requirements.	The Department retained the provisions as proposed.	No change to proposed text.
Section 109 — Provisions for Extracted Equity (82 comments)			
Permissible Uses of Extracted Equity (21 comments)	Numerous commenters addressed the permissible uses of Extracted Equity, including the types of qualifying expenditures, the scope of eligible reinvestment activities, and the treatment of deferred developer fees and organizational costs. Several commenters questioned the generic exclusion for uses that do not "demonstrably increase or improve the supply of affordable housing."	After the public comment period, the Department restructured Section 109(a) from five to six permissible uses to implement Assembly Bill 130 and incorporate Senate Bill 686's clarified reimbursement pathway: (1) rehabilitation or reserve funding for the Donee Project; (2) acquisition of limited partner interests and exit taxes, with a lookback to July 1, 2025; (3) reimbursement of documented Sponsor or related-party advances for predevelopment costs, capital improvements, and operating deficits, with a tiered lookback (60 months for Notices of Acceptance issued on or before December 31, 2028; 36 months thereafter), subject to prior Department	Changed. Section 109(a) substantially restructured to apply parameters and clarify uses described in the extracted equity statute. Expanded the eligible uses of Extracted Equity from 5 to 6.

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		<p>approval and third-party-verified documentation; (4) repayment of qualifying deferred developer fees on the Donor Project; (5) Sponsor organizational activities, capped at 10 percent of the total Extracted Equity requested under Sections 109(a)(1) through (a)(4), limited to verifiable and reasonably necessary costs, excluding discretionary bonuses, incentive payments, or similar costs; and (6) other uses approved by the Department, which are subject to a 50 percent housing reinvestment fee and full repayment of the Original Program loan(s) with all accrued interest since Sponsor’s use may not align with the legislative intent to improve or increase the supply of affordable housing.</p>	
<p>Housing Reinvestment Fee (7 comments)</p>	<p>Commenters objected to the initially proposed 50% housing reinvestment fee as too high, arguing it would discourage participation</p>	<p>The Department considered the comments received on this issue and revised the guideline language to narrow the circumstances under</p>	<p>No change to proposed 50% housing reinvestment fee. Changed.</p>

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	and reduce the economic viability of restructurings.	which the 50% housing reinvestment fee applies. It now applies only to situations under Section 109(a)(6), rather than to all situations under subsections 109(a)(1) through (6). In addition, the Department added language to subsection 109(a)(5) allowing Sponsors to support their organizational activities without being subject to full loan repayment.	Added 109(a)(5).
Terminology (Donee/Donor) (6 comments)	Commenters recommended clearer terminology throughout Section 109, specifically requesting that "Extracted Equity Project" and "HCD Source Project" be replaced with more intuitive names.	The Department renamed "Extracted Equity Project" to "Donee Project" and "HCD Source Project" to "Donor Project" throughout the Guidelines.	Changed. All references updated throughout Section 109.
LTV Requirement (4 comments)	Commenters objected to the proposed 70% loan-to-value (LTV) ratio requirement at Section 109(g), arguing it was overly restrictive and could prevent otherwise beneficial restructurings.	The Department deleted the LTV language from Section 109(g).	Changed. LTV language removed.
Subordination and Regulatory Agreement	Commenters raised concerns about: (1) the prohibition on subordination of the monitoring fee deed of	The Department made three changes: (1) Section 109(d) was changed from "shall not" to "may" be	Changed. Sections 109(d), 109(e), and 109(f) modified.

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Scope (6 comments)	trust at Section 109(d), (2) the scope of the LPR Regulatory Agreement at Section 109(e), and (3) the need for subordination exceptions for land-use approvals at Section 109(f).	subordinated; (2) Section 109(e) was narrowed from "the Department's entire" LPR Regulatory Agreement to a "Extracted Equity LPR senior regulatory agreement"; and (3) Section 109(f) was revised to be consistent with 109(e) with respect to an "Extracted Equity LPR senior regulatory agreement" and to allow subordination to "land-use approvals, including California's density bonus law and local land-use ordinances that incentivize affordable housing production."	
Scope of 15-Year Funding Restriction (4 comments)	Commenters questioned the 15-year restriction	Per public comment request, the Department renamed "Source Project" to "Donor Project" then clarified that the Donor Project shall be ineligible for additional Department funding for 15 years following the date of the Extracted Equity transaction.	Changed. Section 109(h) terminology updated and Donor Project ineligibility clarified.
Negative Points Policy (3 comments)	Commenters raised questions about the application of the negative points policy referenced at Section	The Department replaced the specific reference to Administrative Notice No. 22-01 with a	Changed. Section 109(k) reference generalized.

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	109(k), including the specific Administrative Notice citation.	generic reference to "a negative points policy adopted by the Department," providing flexibility for future policy updates without requiring a guideline amendment.	
Rent Standards for Donor Project (7 comments)	Commenters raised questions about the rent standards applicable to the Donor (formerly Source) Project and how Existing Tenants would be affected.	Section 109(j) provides that rent standards for the Original Program loan shall apply to Existing Tenants of the Donor Project for the duration of their tenancy. No modification was made to this provision.	No change to proposed text.
General/Other Section 109 Comments (24 comments)	Additional comments addressed various aspects of the Extracted Equity framework, including questions about the Department's portfolio assessment, the interaction between Extracted Equity provisions and other sections, the treatment of operating deficits, and the application of these provisions to existing loans.	The Department provided informational responses addressing each concern. Portfolio assessment questions were noted. The Department confirmed that operating deficit reimbursement provisions are addressed in Section 109(a)(3), which covers documented Sponsor and related-party advances for predevelopment costs, capital improvements, and operating deficits. Regarding applicability to existing loans, the Department stated these Guidelines apply to restructurings	No change to proposed text. Informational responses provided.

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		<p>processed under this rulemaking framework. For Section 109(i), commenters recommended removing or modifying the provision that makes Restructurings with outstanding HCD funding awards that are not fully disbursed ineligible for Extracted Equity. The Department retained this provision. Projects with undisbursed Department funding awards are still in the active development pipeline, and permitting Extracted Equity transactions on such projects could compromise the intended use of those awards.</p>	
Section 110 — Early Payoff and Post-Payoff Requirements (10 comments)			
Department Discretion Standard (3 comments)	Commenters objected to the "sole and absolute discretion" standard for Department approval of early payoffs at Section 110(a), arguing it was overly broad and provided insufficient borrower protections.	The Department agreed and changed "sole and absolute discretion" to "reasonable discretion."	Changed. Section 110(a) modified.
Net Cashflow and Post-Payoff Requirement	Commenters raised questions about borrower rights on fully paid-off loans that remain subject	The Department added a net cashflow provision at Section 110(c) providing that	Changed. Sections 110(c) and 110(f) modified.

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s (4 comments)	to regulatory requirements, and the treatment of maturity and residual receipt payoffs.	on fully paid-off loans, all net cashflow may be paid to the Borrower for so long as the Borrower remains in compliance. Section 110(f) was revised to add "but have remaining time on the recorded Regulatory Agreement(s)."	
Fee Waivers and Monitoring (3 comments)	Commenters asked about the interaction between monitoring fee requirements and early payoff provisions.	The Department retained the monitoring fee requirements as proposed since the Department must still monitor said projects for compliance, including, but not limited to, affordability restrictions. Fee provisions are addressed in Section 113.	No change to proposed text.
Section 111 — Application Process (3 comments)			
Application Documentation and Process (3 comments)	Commenters requested clarification on application requirements, timelines, and documentation standards. Questions included whether the Department intended to streamline the application process.	The Department retained the application requirements as proposed. The application fee was reiterated as "Non-refundable" in Section 111(a)(1). The Department provided general information on application submission and processing.	Changed. "Non-refundable" clarification added at Section 111(a)(1).
Section 112 — Underwriting and Other Requirements (5 comments)			

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Underwriting Standards, Master Lease Guidance, and Cross-Reference Accuracy (2 comments)	Commenters raised concerns regarding master lease guidance, the treatment of commercial income in the operating income calculation, TCAC alignment in underwriting, developer fee methodology, and the interaction between Extracted Equity restrictions and Section 112(i).	The Department received comments regarding master lease guidance and commercial income treatment. Consistent with UMRs, no changes were made to these provisions. The cross-reference at Section 112(f)(3) was corrected from "MHP Guidelines Section 7305(b)(2)" to "UMR Section 8312(c)." A new SRO provision was added requiring projects involving single-room occupancy units being rehabilitated or replaced to comply with SB21 (Government Code Section 66300.6 and 66300.6.5 and HSC Section 50406.6).	Changed. Section 112(f)(3) cross-reference corrected; SRO provision added. No changes were made to provisions regarding master lease guidance, or the treatment of commercial income.
TCAC Alignment in Underwriting (3 comments)	Commenters noted potential inconsistencies between proposed underwriting standards and TCAC requirements.	The Department changed the reference from "Department policy" to "these Guidelines and TCAC Regulations" to align with the TCAC methodology change adopted at Section 101(k).	Changed. References updated to "these Guidelines and TCAC Regulations."
Section 113 — Department Fees (24 comments)			
Application Fee Structure	Commenters questioned the proposed application	The Department revised the application	Changed. Section 113(a)

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(5 comments)	fee amounts and structure, noting that scattered site Project fee for each additional project site appeared disproportionate to the single Project site fee involved. Commenters also suggested making some of application fees payable upon closing.	fee amounts to lower the barrier and costs at application stage, especially since the fee is non-refundable. The base fee was increased from \$1,000 to \$2,500 because the \$1,000 application fee had remained unchanged since 2014 and the Department needed to keep up with inflation and rising costs since 2014. The additional Project site fee was reduced from \$5,000 to \$1,500. The additional loan/grant fee was increased slightly from \$1,000 to \$1,500. The leasehold fee was dramatically reduced from \$9,000 to \$1,500. Examples were updated accordingly and all examples show a reduction in application fee(s).	fee amounts revised.
Monitoring Fee Structure and Scattered Sites (10 comments)	Multiple commenters addressed the proposed monitoring fee structure, including the flat \$42,000 Scattered Sites fee, the unit-count tier breakpoints, and the lack of a per-site calculation methodology. Several commenters supported the monitoring fee framework but	The Department substantially restructured the monitoring fee table to account for proportionality and scale for larger and smaller projects, including scattered sites projects. Section 113(d)(4) now includes two columns: Column 1	Changed. Sections 113(d)(2) and 113(d)(4)-(5) substantially revised.

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	recommended modifications for proportionality.	for Single Project Site fees, Column 2 for Each Additional Site fees, and tiers based on unit count. The flat \$42,000 Scattered Sites fee was replaced with a per-site calculation methodology. An illustrative example was added. The CPI commencement year was changed from 2026 to 2027. Language was added at Section 113(d)(2) stating "save for the annual CPI adjustment stated in Section 113(d)(4)."	
Fee Waivers (4 comments)	Commenters asked how the Department would apply guideline language allowing the Department to waive monitoring fees, and whether specific criteria would be established.	The Department does not waive monitoring fees under these Guidelines; only deferral is permitted, and only for loan extensions pursuant to Section 104 where deferral is necessary to maintain Fiscal Integrity. This is consistent with the statutory authority under HSC Section 50561(a), which authorizes the Department to charge fees to cover monitoring costs. Specific deferral criteria and payment	No change to proposed text.

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		<p>priority are established at Section 113(d)(6): all cash flow available after payment of Operating Expenses, mandatory debt service, and required reserve deposits shall be applied first towards the Department's monitoring fee, with deferred developer fees and other Sponsor fees paid only after the monitoring fee is satisfied.</p>	
<p>Closing Fees (5 comments)</p>	<p>Commenters raised questions about the closing fee structure and amounts.</p>	<p>After the public comment period, the Department revised the closing fee amounts at Section 113(b) to adjust the fees for inflation since the 2019 Guidelines revision: the fee for tax-credit Restructurings or subordinations was revised from \$49,000 to \$55,000; the fee for Restructurings resulting in a Scattered Site Project was revised from \$64,000 to \$65,000; and the fee for Restructurings involving Extracted Equity was revised from \$79,000 to \$75,000. At Section 113(c), the Redraw fee was set at \$5,000 per Redraw, and the</p>	<p>Changed. Section 113(b) closing and transaction fee amounts were modified.</p>

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		document review fee was set at \$2,500 per document. The Department also removed the limitation "for rehabilitation projects" from the Section 113(c)(2) document review fee, so the fee applies to all Restructurings.	
Section 114 — Use of Operating Cash Flow (1 comments)			
Operating Cash Flow Provisions (1 comment)	A commenter raised a question about the operating cash flow provisions under UMR Section 8314. Specifically, the commenter asked whether the Department has considered allowing residual receipts payments to be reallocated across a sponsor's portfolio as a stabilization tool.	The Department retained the provision as proposed. However, the Department stated there may be an initiative under consideration within asset management to allow such flexibility without necessarily triggering an LPR but characterized it as outside the scope of the current rulemaking and suggested follow-up with asset management.	No change to proposed text.
Section 115 — On-going Management Requirements (1 comments)			
Incorporated UMR and MHP Sections (1 comment)	A commenter raised a question about the UMR and MHP sections incorporated by reference.	The Department retained the provisions as proposed. Referencing the applicable sections of the UMRs and MHP ensures consistency across Department programs by applying	No change to proposed text.

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		the standardized criteria established in the regulations	

DETERMINATION

The Department has considered all objections and recommendations specifically directed at the proposed action received during the public comment period. Where appropriate, the Department modified the proposed text to accommodate comments received. Where no change was made, the Department has provided the reasons for making no change. The full rationale behind each change, including the statutory basis, problem addressed, and alternatives considered, is set forth in the Final Statement of Reasons.