



MEMORANDUM FOR: Minnesota MF Hub Lenders

SUBJECT: Part 58 Environmental; Minnesota SHPO; Minneapolis Hub's Moratoria; Coordinating Lender; Market Studies on MN Tax Credit Projects; Energy Efficient Features; Sandwich (Master) Leases in FHA Insured Projects; New Staff Person; Development Staff Lists

Circular 08-01

Date: April 8, 2008

A. Part 58 Environmental: Any project that includes Community Development Block Grant (CDBG) or HOME funds is subject to CFR Part 58 environmental requirements. Part 58 includes a public notice requirement that can take some time to complete. Please note that we (in Multi-family Development) will also be performing our normal environmental review under Part 50/51. Moreover, no work can be done on the site until both environmental reviews are completed.

To minimize the potential for delay on these projects, we encourage the lender to coordinate early with the entity that will be performing the Part 58 environmental review.

B. Minnesota State Historic Preservation Office (SHPO):

On Minnesota projects, where a SHPO letter is required, SHPO requests that the following information be submitted. This information will help the SHPO to review proposed projects more quickly.

Information needed for SHPO review:

- (1) Project area delineated on a USGS quad map (with quad name & legal description identified)
- (2) Site Plan Map
- (3) Photograph(s) of existing conditions and any existing structures on and adjacent to the new construction

Moreover, we want to stress the importance of requesting the SHPO review as early in the process as possible. We recently reviewed a project where

significant site alteration occurred prior to the request for SHPO review. This made it very difficult for the project to proceed with FHA Insurance.

C. Clarification of Minneapolis Hub's Moratoria: We are hereby removing each of the moratoria listed in Circular 04-02. The moratoria listed in this Circular were the following: senior independent living projects in the southern suburbs of the Twin Cities, senior cooperatives in the northwestern suburbs of the Twin Cities, assisted living facilities in suburban Hennepin and Dakota counties of the Twin Cities, and FHA Insured Section 221(d)(4) (general occupancy) projects in Rochester, MN. In the future, we will review the adequacy of the market in each of these areas with each project submittal (as we normally do). Please note, the comments regarding "Nursing Homes in Minnesota" and "Student Housing Throughout Minnesota" in Circular 04-02 remain applicable.

D. Coordinating Lender: Please see the attached document entitled "Coordinating Lender". The development of this document was a collaborative effort between Minnesota Housing, the other funding partners, and HUD. On Minnesota projects that combine FHA Insurance with other funding sources, we encourage the FHA Approved lender (the coordinating lender) to comply with this document.

E. Market Studies on Minnesota Tax Credit Projects: Minnesota Housing (MHFA) now requires a third party market study on all Minnesota Tax Credit Projects. Minnesota Housing's website lists the guidelines and will also list the approved market study providers. We have determined that the posted guidelines on Minnesota Housing's website substantially conform to the guidelines listed in Appendix 7A of the MAP Guide and will accept these market studies for projects with FHA Insurance. If you will be submitting such project using MAP, the normal requirements of Section 7.5 of the MAP Guide will apply.

F. Energy Efficient Features: As part of HUD's initiative to promote energy efficiency in projects in which it is involved, all future MAP team approvals, Invitation Letters and Firm Commitments will contain language encouraging use of energy efficient products/techniques.

G. Sandwich (Master) Leases in FHA-Insured Projects: HUD has issued guidance so that we can now insure projects with sandwich leases. The sandwich lease structure is used on historic tax credit projects to maximize the tax credits available to the project. If you have a potential project with

Subject: Circular 08-01

Page 3 of 3

a sandwich lease structure, please contact the appropriate HUD office to discuss further.

H. New Architecture/Cost Staff Member: The Minneapolis Office has hired a new Architecture/Cost staff person. His name is Dave Ramstad and his contact information is as follows:

Email: David.P.Ramstad@hud.gov

Phone: 612-370-3051 Ext. 2275

I. Staff Lists: Please see the attached revised lists of contacts for Minneapolis Development staff and Milwaukee Development staff.

If you have any questions regarding this circular, please contact Tim Gruenes (Supervisory Project Manager) at 612-370-3051, Ext. 2252 (email address = tim.p.gruenes@hud.gov). If you have questions regarding issues relating to Wisconsin projects, please contact:

Annmarie Hinkle
US Dept. of HUD
310 W. Wisconsin Avenue, Ste 1380
Milwaukee, WI 53203-2289
414/297-3214 extension 8673
Fax 414/297-3204
email: Annmarie.Hinkle@hud.gov

Note that these local policy positions only apply to projects in the Minneapolis Hub and may be revised by future national policy issuances such as MAP Guide revisions, Notices and Mortgage Letters.
--

Coordinating Lender

In 2004, one of Minnesota Housing's strategic priorities was to establish itself as the "Housing Partner of Choice". The Multifamily Customer Service Initiative was developed as a step toward achieving that goal. One of the needs that came out of the Initiative was to more clearly define what the role and responsibilities of a Lead Lender were (now referred to as Coordinating Lender). A team defined the role along with the understanding that it may be revisited from time to time, as needed.

A team of collaborating and funding partners, consisting of US Department of Housing and Urban Development, Family Housing Fund, Greater Minnesota Housing Fund, Metropolitan Council, Minnesota Housing, Minnesota Department of Employment and Economic Development, City of Minneapolis, City of St. Paul, Hennepin County and Ramsey County re-reviewed the Coordinating Lender Role in 2008, and agreed that the roles and responsibilities are as outlined below.

Role and Responsibilities

The Coordinating Lender (CL) is identified to unify funders and facilitate communication of loan status in order to ensure a smooth closing process.

1. Coordinating Lender (CL) will be identified after selection/award by consensus amongst the funders, generally based on funding amount. Where applicable, CL will automatically be the public funder involved in the first mortgage (LMIR, bond issuer, etc.). Other factors to consider include:
 - a) Order of loan priority
 - b) Davis Bacon requirement and other funder requirements (rules, regulations, statutes)
 - c) Subsidy Layering requirements
2. For the period between selection and closing, the Coordinating Lender (CL) facilitates communication and serves as the primary coordinator between the funders.
 - CL will secure a master distribution list with all project contacts including construction, legal, funders and developer. This list should be distributed as soon as possible.
 - CL will initiate monthly contact with all funders to communicate status updates and share checklists. CL will discuss and resolve conflicting requirements. They will discuss the project timeline from each lender's perspective.
 - CL will initiate a Post-selection /Pre-intake meeting with all funders to discuss order of priority and disbursement, status of funder approvals,

design, funding sources/restrictions (Davis Bacon, Green, federal, construction bidding), housing types, services, checklist and closing.

- CL will initiate an Intake/Pre-Bid meeting with the developer, the developer's team and all funders. Each funders' closing checklists will be circulated. Issues and concerns identified in the pre-intake meeting will be communicated and discussed with the developer and the developer's team.
3. CL will facilitate the preparation of the Master Subordination and Master Disbursement Agreements.
 4. CL will facilitate the preparation of the construction draws and perform or arrange the construction inspections.

Minneapolis Multifamily Development Staff

Name	Position	Email	Phone
Scott Werdal	Operations Officer	Scott.A.Werdal@hud.gov	612-370-3051 Ext. 2265
Tim Gruenes	Supervisory PM; Team Leader	Tim.P.Gruenes@hud.gov	2252
Del Relopez	MAP Coordinator	Delfin.Relopez@hud.gov	2274
Rachel Coleman	Project Manager	Rachel.L.Coleman@hud.gov	2273
Cindy Mohs	Mortgage Credit	Cindy.Mohs@hud.gov	2268
Steve Sorola	Architecture/Cost	Stephen.M.Sorola@hud.gov	2294
Dave Ramstad	Architecture/Cost	David.P.Ramstad@hud.gov	2275
Ray Stiles	Senior Appraiser	Ray.Stiles@hud.gov	2267
John Noyes	Review Appraiser	John.Noyes@hud.gov	2269
Michael Porter	Review Appraiser	Michael.B.Porter@hud.gov	2229
David Goldammer	Review Appraiser	David.J.Goldammer@hud.gov	2290

Milwaukee Multifamily Development Staff

Name	Position	Email	Phone
Annmarie Hinkle	Chief, Project Management	Annmarie.Hinkle@hud.gov	414-297-3214 Ext. 8673
Anne Marie Volkert	Project Manager	Anne.Volkert@hud.gov	8674
Barbara Anderson	Mortgage Credit	Barbara.Anderson@hud.gov	8672
Stephen Schultz	Multifamily Appraiser	Stephen.Schultz@hud.gov	8676
Tom Bausano	Architecture/Cost	Thomas.Bausano@hud.gov	8671