

Best Practice Recommendations for Electronic Submission of Documents for Multifamily Closings during the COVID-19 Pandemic Emergency

(Updated March 19, 2020)

1. Document Preparation: Each draft document should be prepared in accordance with the following recommendations:

a. Drafts should be prepared and submitted in either Portable Document Format (“PDF”) or as Microsoft Word documents, with Microsoft Word being the preferred format at the draft submission stage due to the available “comment” and “track changes” features.

b. Documents should appear identical to hardcopy versions when viewed on screen (i.e. appearance and format must not change).

c. The HUD closing attorney may request that documents be submitted as comparisons (“redlined”) against the standard form closing documents.

d. Special attention must be given to ensure the legibility of ALTA surveys and other over-sized documents which may prove difficult to review on a computer monitor.

2. Package Organization: The electronic draft submission should be organized and submitted in a manner that facilitates ease of use and efficient review by HUD staff.

a. Ease of Use: Special care should be given to ensure the electronic files are easily identifiable (as discussed below) and do not require excessive searching and scrolling. Searchable files are strongly encouraged.

b. Checklist: A detailed and comprehensive closing checklist is an essential component of the electronic closing process. While the template checklists (*see* Part 4 of the Federal Housing Administration Multifamily Program Closing Guide) provide the framework, these forms should be customized to reflect each transaction’s specific details including, without limitation, reasonably identifying **all documents** required for closing.

c. Naming Convention: Each electronic file should be named to correspond to a document listed on the transaction’s customized checklist and to permit on-screen viewing in checklist order.

1) The name for each computer file should begin with a number corresponding to the applicable Exhibit number on the checklist. For instance, as Exhibit 8 on the Section 223(f)/207 checklist, the vesting deed PDF would be named “08 Vesting Deed”.

2) Certain Exhibits, as numbered on the template checklists, encompass multiple documents. Depending on length, these documents will warrant either separate files or consolidation into a single PDF file. In particular:

a) The title policy; title exception documents; UCC searches; protection letter; and agent’s authority letter should each be in a separate PDF file.

b) If feasible, the closing opinion and incorporated exhibits (e.g. Borrower’s Certification; Litigation Disclosure) should be contained in a single PDF file.

3) Secondary financing documents, as well as documents needed to clear special conditions, require special attention as these documents are not shown individually on the checklist templates. They will need to be drafted into the customized version. Generally, these documents will be too voluminous to be group into a single PDF file.

Based on the current checklist templates (05/2019), a suggested organizational and naming convention would be as follows:

Checklist	Electronic Naming Convention
1.d. Exhibit B—Additional Conditions SC 1—[document name] SC 2—[document name] SC 3—[document name]	01 d SC 1 [document name] 01 d SC 2 [document name] 01 d SC 3 [document name]
49.A. Bridge Loan: [Lender/Amount] 1. Loan Agreement 2. Bridge Note 3. Pledge	49 A 1 [Lender] Loan Agreement 49 A 2 [Lender] Bridge Note 49 A 3 [Lender] Pledge
49.B. Subordinate Loan: [Lender/Amount] 1. Loan Agreement 2. Promissory Note 3. Security Instrument 4. UCC Financing Statements 5. Restrictive Covenant 6. Subordination Agreement	49 B 1 [Lender] Loan Agreement 49 B 2 [Lender] Promissory Note 49 B 3 [Lender] Security Instrument 49 B 4 [Lender] UCCs 49 B 5 [Lender] Restrictive Covenant 49 B 6 [Lender] Subordination