Lender’s PreConstruction Conference Agenda

(Check one)

New Construction

Substantial Rehabilitation

241(a)

**Project Name:** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Project Location (City, State):** \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**HUD Project Number: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Meeting Date, Time, and Conference**

**Call-in Numbers: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

**Early Start of Construction is applicable:**  **YES**  **NO (check one)**

**Insured Advances is applicable:**  **YES**  **NO (check one)**

**Insurance Upon Completion is applicable:**  **YES**  **NO (check one)**

**Green MIP Program (ML 2022-13) is applicable:**  **YES**  **NO (check one)**

**Attendance Record**

|  |  |  |  |
| --- | --- | --- | --- |
| **Name and Title** | **Organization and Mailing Address** | **Email Address** | **Phone #** |
| Rick Price, HUD ORCF Construction Manager | US Department of HUD  Office of Residential Care Facilities  Green-Wyatt Federal Building  1220 SW 3rd Ave, Suite 400  Portland, OR   97204-2825U.S. Dept of HUD, Edith Green-Wendell Wyatt Federal Office  1220 SW 3rd Avenue, Ste 400 Portland, OR 97204-2825 | [rick.w.price@hud.gov](mailto:rick.w.price@hud.gov)[Rick.W.Price@hud.gov](mailto:) | (971) 222-2607 or971-222-2607(direct) (971) 222-2607  (623) 455-0699 cell |
| Jeff Miller, HUD Contract Inspector Representative | PMA Associates, Inc.  306 Bathurst Street  Upper Marlboro, MD 20774 | [healthcare@pmahc.com](mailto:healthcare@pmahc.com) | (325) 752-7343 or  (817) 909-8534 cell |
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**Name of HUD Contract Inspector (AKA HUD Representative)**: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Welcome / Introductions**

Lender to confirm attendance as well as make additions/subtractions to Attendance Record. Lender shall provide revisions to Attendance Record as well as any other items discussed to all recipients.

Borrower / Owner is considered the same entity with respect to this Pre-Construction conference and HUD forms.

Borrower’s Supervisory Architect is the same as the Project Architect unless there is an identity of interest with the Borrower or General Contractor.

If Early Start, or Insurance Upon Completion is applicable, confirm Construction Contract is signed, and Lender has sent PDF copy to HUD ORCF Construction Manager.  **YES**

Confirm final three sets of APPROVED Plans and Specifications are prepared and ready for distribution, per the Lender’s PreConstruction Conference Duties document. PDF’s shall also be sent on a flash drive to ORCF Construction Manager  **YES**  **N/A at this time**

Confirm Issuance of Construction Permit  **YES**

**Construction Notice to proceed for construction is the date of Initial Endorsement**.

Confirm Construction Duration: \_\_\_\_\_\_\_\_\_\_\_\_ Months

Confirm Scheduled Completion Date per Executed Construction Contract: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Certified Payrolls and Davis Bacon** (Name of HUD Labor Compliance Specialist: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

(check one)

Davis-Bacon is not applicable to this loan, or

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (enter the Decision Number, Modification Number, and Publication Date) is the applicable Wage Determination, and it IS attached to the executed Construction Contract.

It will be up to HUD’s Labor Compliance Specialist to determine if they will make their standard presentation during this Conference, or at a time of their choosing.

1. **Payments from Construction Account / Partial Payment to Contractor, and Borrower’s Request for Major Movable Equipment**

*Note: There shall not be any requisitions for mortgage proceeds if Initial Closing has not occurred. This would apply to Early Start of Construction, and Insurance Upon Completion projects.*

Review “General Contractor’s Monthly Requisition Procedures.” See HUD Handbook 4232.1, Section II - Production, Appendix 10.3.

General Requirements billed by General Contractor shall be limited to project progress complete.

A 10% construction retainage is held back on each Monthly Draw, unless otherwise approved as stated in Retention Rider attached to Construction Contract.

Early Partial Release of Retainage is applicable as follows:

(Check one)

Identity of Interest General Contractor – retainage is held until Final Endorsement.

Non-Identity of Interest General Contractor – early partial release (from 10% down to 5%) is *possible* at 90% construction completion; with a further reduction from 5% down to 2 ½% *possible* at the Final Inspection. The remaining 2 ½% is held until Final Endorsement. See HUD Handbook 4232.1, Section II – Production, Chapter 10.15 D, and Appendix 10.4 (Specimen Letter).

Remember – Written approval from the General Contractor’s Surety is required.

See “SAMPLE Materials Stored Onsite Spreadsheet,” Attachment 1 (Materials stored offsite are not allowed).

Each month the Lender shall transmit, via email and attached PDF, a copy of the approved Monthly Requisition, with all attachments, to the HUD ORCF Construction Manager. A hardcopy is not necessary.

**Borrower’s Request for Major Movable Equipment** (aka FF&E’s) - Only when equipment is in place or stored onsite, can a request from mortgage proceeds be made. At that time, the Borrower shall prepare a cover invoice, with attached detailed invoices, for the requested equipment. The invoices will be provided to the HUD Contract Inspector, who will inspect the equipment, and if acceptable, notate their approval on the cover invoice, as well as form HUD-95379-ORCF, HUD Representative's Trip Report. Both the annotated cover invoice and Trip Report are necessary for the Lender to release related mortgage proceeds.

Remember – *Deposits* and *equipment stored offsite* are not eligible for payment from mortgage proceeds.

1. **Contractor's Supervision**

Who will be the Project Manager? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Who will be the Project Superintendent? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. **Initial Starting Date (not Construction Notice to Proceed)**

General Contractor shall provide \_\_\_\_\_\_\_\_ *(INSERT Lender PCCC Name)* \_\_\_\_\_\_\_\_\_; *Rick Price, HUD ORCF Construction Manager;* \_\_\_\_\_\_\_\_ *(INSERT HUD Labor Compliance Specialist Name)* \_\_\_\_\_\_\_; and \_\_\_\_\_ *(Jeff Miller, PMA Associates, Inc.)* \_\_\_\_ letters indicating the date (*actual* dates, not anticipated dates) of:

* **Initial Construction Start** (the beginning of initial site clearing and preparation) and;
* **Permanent Construction Start** (permanent on-site building elements put in place, such as footings and utility lines).

Letters shall be transmitted in PDF format, via email to Lender, ORCF Construction Manager, Labor Compliance Specialist and HUD Contract Inspector. As there is no HUD form for these letters, the General Contractor shall use their letterhead; be sure to state project name and FHA#. This date shall be verified by the Project Architect. The HUD Contract Inspector must record the date of Initial Construction Start and the date of Permanent Construction Start on form HUD-95379-ORCF, HUD Representative’s Trip Report.

REMEMBER – Letters shall be generated and submitted *on or soon after* construction begins as described above. They are not to be generated *in anticipation of projected* construction start dates.

1. **Green MIP Program**

(Check one)

N/A

Applicable

Who will be the Energy Professional? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Who will be the Green Building Standard-Keeper? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is the name of the Green Building Certificate? \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For projects under the Green MIP Program, the Project Architect (or Supervisory Architect if Identity of Interest exists between Borrower or General Contractor) shall:

1. Assure that the selected green building certification is applicable to the contemplated design and scope of construction work;
2. Coordinate with the green building certification standard-keeper or its designated rater/verifier to assure that the plans and specifications meet all certification requirements, including any requisite verifying proofs, exhibits or procedures;
3. Prepares or coordinate with an Energy Professional to prepare an estimate of expected utility consumption based on the assumed completion of the project as designed and operating at stabilized occupancy by the intended resident profile;
4. The Energy Professional, during the design phase, enters the estimated utility consumption in Portfolio Manager and obtains a Statement of Energy Design Intent (SEDI) evidencing that the project as designed will achieve the required energy and water reductions, achieve an ENERGY STAR® Score not less than 75, and provide an As-Improved Statement of the Energy Performance (SEP) for summarizing the energy consumption for the property, and current ENERGY STAR® Score. For existing properties, the As-Is Statement of Energy Performance (SEP) is submitted at underwriting and an As-Improved SEP is submitted after repairs and the utility combustion audit;
5. Confirms that building components will improve performance to obtain the required energy and water reductions;
6. Coordinate with the General Contractor (and subcontractors where appropriate) to prepare a detailed construction schedule that includes all milestones for completion and inspections required by the green building certification procedures;
7. Coordinate with the rater/verifier, General Contractor (and subcontractors where appropriate) and the HUD Inspector to assure that all certification inspections, and any resulting corrective actions are timely completed consistent with the detailed construction schedule;
8. Coordinate with the rater/verifier, General Contractor (and subcontractors where appropriate) and the HUD Inspector, to assure that any and all tests, commissioning or similar routines required to perfect the green building certification are completed;
9. Ensure that Change Orders will not impact the energy and water efficiencies, and the green building certification. With Green MIP Program, the Project Architect must also obtain written approval by the Energy Professional for all Change Orders.
10. **Inspection and Supervision by Project Architect**

Provide services in accordance with the Owner/Architect Agreement, AIA Document B108 as well as form HUD-92408-ORCF, HUD Amendment to AIA Document B108. See HUD Handbook 4232.1, Section II - Production, Chapter 10 for further guidance.

Ensure that construction is carried out in accordance with the approved contract documents and specifications.

**Supervisory Architect is the Construction Contract Administrator and leads the Draw Meeting**.

Review Contractor’s Monthly Draw Requests for accuracy and appropriateness.

Architect's Supplemental Instructions - AIA G710, is acceptable to use for the following: interpretation or clarification of the contract documents, order minor changes in the work not involving cost, or accepting specified equivalents.

Generate a Field Report with each site visit (e.g., the AIA G711, Architect’s Field Report) – minimum contents include:

* Date of inspection;
* FHA Project Number and location;
* Time, weather, and temperature range;
* Estimated percent of completion of the entire project;
* Work in progress and conformance with the contractor's progress schedule;
* Persons present at work;
* Observations and items to verify;
* Information or action required;
* Firm name and signature.

Maintain an Architect’s Log (typically a three-ring binder), which includes hardcopies of the above Field Reports, a Sign-in Log, etc. The Architect’s Log is to be kept up to date and on site. The HUD Contract Inspector will review the Architect’s Log during each site visit. The *Sign-in Log* can be maintained concurrently with the Builder, to document who has been at the site doing inspections (such as the local authority, inspecting architect, and HUD Contract Inspector), and when, and any necessary notes.

Throughout construction, promptly provide the HUD Contract Inspector with an electronic copy of the Field Reports.

1. **Inspection by HUD Contract Inspector**

The HUD Contract Inspector is a HUD Representative, not a superintendent for the General Contractor or "clerk of the works" for the Borrower or Architect.

The HUD Contract Inspector will prepare form HUD-95379-ORCF, Representative’s Trip Report, after each monthly visit and send to HUD’s ORCF Construction Manager for review.

In brief, the HUD Contract Inspector will confirm/evaluate/conduct the following:

* Construction supervision by the General Contractor;
* Contract administration of the Supervisory Architect;
* Construction is progressing on schedule;
* “HUD As-Built Set” of Plans and Specs are being updated by the Contractor on a regular basis;
* Construction is according to contract documents;
* Supervisory Architect of Record is inspecting regularly and maintaining the Architect’s Log;
* Construction site is well organized;
* Construction draws are accurate and acceptable;
* Materials stored onsite are acceptably stored - (Materials stored offsite are not allowed);
* Components acceptably stored offsite (if applicable – requires prior approval of HUD – See HUD Handbook 4232.1, Section II, Appendix 10.3 for component eligibility and approval requirements);
* Davis Bacon Wage Interviews are conducted each time the HUD Contract Inspector is at the job site. Interviews are used by HUD’s Office of Labor Standards and Enforcement to verify prevailing wage compliance and who was working when. The goal is to interview all trades at least once. Interviews will take a very short time, and no supervisors can be present. **Please advise all Subcontractors often that these will be taking place. HUD encourages posting a blank copy of the Record of Employee Interview, form HUD-11, next to the posted Davis-Bacon Wage Rate(s).**

The HUD Contract Inspector will report non-compliances on form HUD-95379-ORCF, HUD Representative’s Trip Report, and forward to HUD’s ORCF Construction Manager after each inspection.

1. **Sub Contractor's Identity of Interest**

An Identity of Interest occurs when the Mortgagor or the General Contractor has an interest in a subcontractor, material supplier, or lessor of equipment.

This interest may be financial, ownership, and family relationship, to name a few.

An Identity of Interest must be approved by the HUD ORCF Construction Manager prior to execution of the subcontract or commencement of the work. If prior approval is not received, the General Contractor’s Overhead and Profit for that work will be disallowed by HUD at Cost Certification time.

The subcontract must show the cost plus a profit.

Requests for approval shall be sent first to the Lender (who may enlist the services of their Third-Party Architectural Reviewer), who will in turn forward the complete package to the HUD Construction Manager for final approval.

The Identity of Interest must also submit a Contractor’s Certificate of Actual Cost (if applicable, depending on the type of Construction Contract).

A company that only does business with the Mortgagor or General Contractor is not allowed (“paper conduit”).

1. **Request for Construction Changes on Project Mortgages, form HUD-92437-ORCF**

*For Early Start of Construction projects, Change Orders will not be processed prior to Initial Endorsement. Rather, changes will be documented on the Contractor’s as-built set of plans and specifications; which will be the basis for the final HUD Sets of Plans and Specifications submitted at Initial Endorsement.*

*For Insurance Upon Completion projects, Change Orders are processed, but an Escrow is not required for additive Change Orders, nor is Surety approval.*

Review Change Order procedures in HUD Handbook 4232.1, Section II - Production, Chapter 10.9 through 10.12.

Communication with the HUD Contract Inspector on potential Change Orders, as well as draft Change Orders is critical. Provide the HUD Contract Inspector with copies of draft Change Orders.

Each Change Order must include a written narrative from the Architect as described in HUD Handbook 4232.1, Section II - Production, Chapter 10.9 A as well as Architects Checklist (see Attachment 2). Remember: All Handbook items must be addressed, indicating “Not Applicable” when appropriate.

Builder’s Soft Costs (i.e., General Requirements, Overhead, Profit, and Bond) are limited to the percentages on form HUD-92328-ORCF, Contractor's and or Mortgagor's Cost Breakdown Schedule of Values. Architect, as the Contract Administrator, shall verify prior to approving the Change Order.

Material cost increases are not eligible line items on HUD Change Orders.

Requests for extensions of time must be on a separate Change Order form by themselves. The “Description of Changes,” must include the Original Construction Completion Date, the New Proposed Construction Completion Date, and the number of related calendar days. A new Construction Progress Schedule shall also be included.

Changes to offsite construction must be requested by letter or other acceptable format (AIA G701).

Are there any Firm Commitment Special Conditions that could affect Change Orders on this project?

* + None \_\_\_, or
  + Special Condition #\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Special Condition #\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For projects under the Green MIP program, pursuant to Section 1.4.10 of ML 2022-13, for properties where construction is proposed to achieve green building certification and energy and water efficiencies, Change Orders that modify construction (including repairs and alterations to existing buildings) by reducing the proposed level of performance or reducing the approved level of certification may only be approved if the Project Architect, in consultation with the Energy Professional, determines in writing that the change is a necessary Change Order. In no event may a Change Order result in construction or retrofits that will fail to achieve the approved green building certification and required energy and water reductions. With Green MIP Program, the Project Architect must also obtain written approval by the Energy Professional for all Change Orders.

See Attachment 3 for Sample Change Order

The Lender shall ensure all Change Orders are fully funded by Borrower cash (or Construction Contingency, if applicable), prior to submission to HUD for final approval. No further advances of the mortgage proceeds under the Building Loan Agreement will be approved unless the total sum, shown on Item 3.a of form HUD-92437-ORCF, Request for Construction Changes on Project Mortgages, is on deposit with Lender.

The Lender shall create a color PDF version of the complete Change Order package and send it via email to [the](mailto:Mike.Peeler@hud.gov) HUD ORCF Construction Manager for review, execution, and distribution.

Payment for Change Orders – form HUD-92464-ORCF, Request for Approval of Advance Release of Escrow Funds, must include a copy of page 1 of the applicable approved Change Order(s). Also – All Requests for Approval of Advance Release of Escrow Funds, are to list all previously approved Change Order(s) as a *single* line item, not each and every line item of the Change Order.

1. **Construction Progress Schedule (per AIA A201 - General Conditions of the Contract for Construction)**

Used by HUD as an early warning/tracking tool to determine if the project is on schedule.

A simple schedule showing the proposed cumulative percentage of completion per month during the construction period is acceptable. Construction Progress Schedule, form HUD-5372 is an acceptable example.

**An updated Construction Progress Schedule must be submitted to Lender and HUD when construction falls more than 10% behind schedule** (a revised schedule is not usually submitted when the project is ahead of schedule).

1. **Display of: Davis Bacon Wages, Equal Employment Opportunity Documents, Change Order Log, and Approved Change Orders, Architect’s Log/Field Reports/Sign-in Log, and “HUD As-Built Set” of Plans and Specs**

*If Early Start of Construction is applicable, the Contractor shall maintain an as-built set of plans and specifications; which will be the basis for the HUD Sets of Plans and Specifications submitted at Initial Endorsement. The “HUD As-Built Set” of the Plans and Specifications will typically only apply after Initial Closing, or for Insurance Upon Completion projects.*

**All of the above must be available for view by all on the job site.**

1. **“HUD As-Built Set” of Plans and Specs & ALTA Survey**

*The “HUD As-Built Set” of the Plans and Specifications will typically only apply after Initial Closing, or for Insurance Upon Completion projects. If Early Start of Construction is applicable, the Contractor shall maintain an as-built set of plans and specifications; which will be the basis for the HUD Sets of Plans and Specifications submitted at Initial Endorsement.*

“HUD As-Built Set” of Plans and Specifications: Provided to the General Contractor at or soon after the PreConstruction Conference. The set must be constantly maintained by the contractor to record all construction changes and/or modifications.

ALTA Survey: Required for *both* Construction Completion (HUD Representatives Final Inspection Trip Report) *and* Final Closing. This is an ALTA/NSPS Land Title Survey, including all above ground and below ground post construction improvements, in accordance with the most recent form HUD-91111-ORCF, Survey Instructions and Borrower’s Certification.

1. **Shop Drawing Submittal and Approval**

The HUD Contract Inspector will verify the contractor is submitting all shop drawings (Section 3.12 in A201) in a timely manner to the Architect for timely approval (Section 4.2.7 in A201). Most Specification sections have specific Submittal instructions, as well as other sections of the A201. HUD is not a party to Shop Drawing approvals.

1. **Corrective or Incomplete Items**

Issues may be identified by the project Architect, the HUD Contract Inspector, the Local Authority, or other individuals. Issues must be corrected in a timely manner. Inspection reports must document the issue and continue to do so until the situation is corrected.

1. **Radon Resistant Construction (New construction/ Substantial rehabilitation/Building addition)**

Radon resistant construction and post construction testing is required in accordance with Handbook 4232.1, Rev. 1, Section II, Production, Chapter 7.8.

* The radon testing must be performed by a Radon Professional in accordance with Handbook 4232.1, Rev. 1, Section II, Production, Chapter 7.8.B.2
* All mitigation, including follow-up testing, must be complete and all reports submitted prior to HUD’s Final Inspection.

1. **Permission to Occupy (PTO), form HUD-92485-ORCF**

See HUD Handbook 4232.1, Section II - Production, Chapter 10.7 A for guidance.

Reminder - At a minimum, the PTO must include:

* Local Authority Certificate of Occupancy (Temporary C of O is acceptable at this stage);
* Architect’s Punchlist of remaining items;
* Certificate of Property Insurance, (refer to Firm Commitment, as may be amended);
* Certificate of Fidelity Insurance, (refer to Firm Commitment, as may be amended);
* Certificate of Professional Liability Insurance;
* Any other PTO related Firm Commitment Special Conditions, including:
  + None \_\_\_, or
  + Special Condition #\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
  + Special Condition #\_\_ - \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

NOTE – The State license inspection is NOT a required document at this time.

It is strongly encouraged to execute the PTO prior to the Final Inspection.

The Lender shall create a color PDF version of the complete Permission to Occupy package and send it via email to [the](mailto:Mike.Peeler@hud.gov) HUD ORCF Construction Manager for review, execution, and distribution.

1. **Final Construction Completion**

The date of final construction completion shall be the date the HUD Contract Inspector signs the final HUD Representative's Trip Report (form HUD-95379-ORCF), provided the trip report is subsequently endorsed by HUD’s ORCF Construction Manager.

Remember, *before* the Final Inspection is scheduled:

* Radon testing and all associated mitigation is completed;
* Work must be 100% Complete (except for approved Items of Delayed Completion) with no punch list items remaining;
  + Items of Delayed Completion (IDC) are limited to items which are documented to be out of the General Contractors control.;
  + Escrow will be required for 150% of cost IDC’s (as determined by Supervisory Architect);
* Final “HUD As-Built Set” of Plans and Specifications; reviewed by Architect and HUD Contract Inspector, and left at the site or forwarded to project Owner/Sponsor (documented by Architect’s Transmittal Memorandum to Owner/Sponsor);
* Owner’s Operations & Maintenance Manuals; reviewed by Architect and HUD Contract Inspector, and forwarded to project Owner/Sponsor (documented by Architect’s Transmittal Memorandum to Owner/Sponsor);
* Final ALTA/NSPS Land Title Survey; reviewed by Architect and HUD Contract Inspector, and forwarded to HUD (documented by Architect’s Transmittal Memorandum);
* All Major Movable Equipment on site, and in place;
* All Change Orders submitted and approved by HUD’s ORCF Construction Manager;
* Final 100% Construction Draw/Requisition prepared;
* HUD Permission to Occupy executed and approved by HUD’s ORCF Construction Manager (*preferred* prior to Final Inspection).

Architect and HUD Contract Inspector will make the final inspection upon request of the Builder. The Architect determines that all punch list items are complete (unless they are IDCs, and then construction proceeds are withheld until the work is completed) and provides a letter stating so.

The HUD Contract Inspector fills out the final Trip Report (form HUD-95379-ORCF) and transmits to HUD ORCF Construction Manager.

The HUD ORCF Construction Manager will review and approve the final Trip Report (form HUD-95379-ORCF) and transmits to Lender, Borrower, Architect, General Contractor, and HUD Labor Relations (if applicable).

1. **General Contractor’s Cost Certification**

(Check one)

N/A; Lump Sum Contract

Applicable; Cost Plus Contract

See HUD Handbook 4232.1, Section II - Production, Chapter 11, for guidance on Cost Certifications.

When applicable, the General Contractor must submit a Contractor’s Certificate of Actual Cost. Account line items must correspond to line items on the Contractor's and/or Mortgagor's Cost Breakdown (form HUD-92328-ORCF).

The assigned HUD Closing Coordinator shall be the HUD point of contact for the Cost Certification process (both General Contractor – if applicable, and Borrower).

1. **Warranty and Guarantee Inspections**

Builder shall provide a warranty on labor and materials for one year after the date the HUD Contract Inspector signs the final HUD Representative's Trip Report (form HUD-95379-ORCF).

* A minimum of two inspections are made of all work to discover and require correction of latent defects (defective or nonconforming work not observed during construction) within one year of the date the HUD Contract Inspector signs the final HUD Representative's Trip Report;
* The HUD Contract Inspector schedules guarantee inspections (proposed dates are listed on the HUD Contract Inspector’s Final Trip Report);
* Warranty inspection team shall include (at a minimum): HUD Contract Inspector, Supervisory Architect, Borrower, General Contractor, and if possible, Onsite Maintenance representative;
* A Nine-Month Warranty Inspection must be conducted and shall provide for inspection of the entire project. All latent defects found will be noted. An escrow at 150% of cost (as determined by Architect) will be required for any latent defects which require correction;
* Other inspections may be necessary to assure inspection of seasonal items such as heating and landscaping;
* A 12-Month Warranty Inspection must be conducted no later than 335 days after the HUD Contract Inspector’s Final Trip Report to verify previously reported latent defects are acceptably complete. An escrow at 150% of cost (as determined by Architect) will be required for any remaining or new latent defects which require correction;
* The HUD Contract Inspector reports each warranty / guarantee inspection on form HUD-95379-ORCF, HUD Representative's Trip Report;
  + - If work is acceptable, state, "All observable work acceptable at the time of this inspection";
    - If unacceptable, HUD Contract Inspector to list latent defects:
      * Describe each item;
      * Recommend method of correction;
      * Estimate current cost of correction;
    - Check any Items of Delayed Completion from HUD Contract Inspector’s Final Trip Report and list completed and incomplete items under a separate heading;
    - Note any improper maintenance or casualty damage under a separate heading.

Any incomplete latent defects or new repairs/maintenance identified at the 12-Month Warranty Inspection may require a follow up Warranty Inspection by the HUD Contract Inspector for any new or remaining latent defects reported to verify they are acceptably completed, on a case-by-case basis as determined by the HUD ORCF Construction Manager.

**Attachment 1**

**SAMPLE – Materials Stored Onsite Spreadsheet**



**Attachment 2**

**Architect’s Checklist for HUD Change Orders**

Section 232 New Construction, Substantial Rehabilitation, and 241a

|  |  |
| --- | --- |
| HUD Project Name: |  |
| HUD Project Number: |  |
| Mortgagor: |  |

Pursuant to Program Guidance, as applicable, Supervisory Architect herby confirms that Change Order number(s) \_\_\_\_\_prepared for the subject Project:

* conform to the original intent of the contract drawings and specifications, or is a

Necessity,

Betterment, and/or

Equivalent.

Note: Each change shall be classified as such per Section 232 Handbook, Section II, Production, Chapter 10.9.C, and clearly explained. Attach additional pages, as necessary.

* are permissible under the applicable zoning, building, housing, and other codes, ordinances and/or regulations, as modified by any and all waivers obtained from appropriate officials,

N/A

* incorporates foundation designs that reflect site soils limitations and design recommendations included in the foundation soils report as specified in the geotechnical report,

N/A

* complies with the HUD Minimum Property Standards; all applicable accessibility laws for persons with disabilities, including the Fair Housing Act, 42 U.S.C. §§ 3601-19; Section 504 of the Rehabilitation Act of 1973; and the Americans with Disabilities Act; including the applicable accessibility requirements (e.g., the Uniform Federal Accessibility Standards (UFAS), ADA Standards, and Fair Housing Accessibility Guidelines); and all other applicable HUD guidelines and criteria,

N/A

* complies with the applicable State Energy Efficiency Design Code,

N/A

* includes written approval by the Energy Professional for projects under the Green MIP Program.

N/A

* for Substantial Rehabilitation, structures must meet seismic resistance requirements published by the American Society of Civil Engineers (ASCE) and its affiliate the Structural Engineering Institute (ASCE/SEI) for ASCE 41-13, as determined by a registered engineer familiar with lateral force design, and

N/A

* incorporates noise attenuation measures which are sufficient to mitigate interior noise levels to an “Acceptable” level and complies with the recommendations of the Noise Engineer.

N/A

|  |  |
| --- | --- |
| Supervisory Architect’s Name: |  |
| Business Address: |  |
| License Number: |  |
| Date: |  |

**Attachment 3**

