

**MAP Lender Underwriter's Narrative
New Construction / Substantial Rehabilitation
Sections 220, 221(d)(3), 221(d)(4), 231, 241(a)
Pre-application or Firm Commitment Application Submission**

**(030114)
Introduction**

This Lender Underwriter's narrative is a sample document for FHA Multifamily new construction and substantial rehabilitation submissions. It should be used for both Pre-application submissions, and for Firm Commitment applications, with appropriate modifications as noted. The document is designed for Multifamily Accelerated Processing (MAP), but is encouraged for Traditional Application Processing (TAP) submissions as well.

The document was structured and designed for market rate new construction 221(d)(4) transactions since that program is the most commonly used and reflects the basic provisions across all of the Multifamily new construction / substantial rehabilitation programs. The Lender should modify the Underwriter Narrative to reflect specific requirements and features of other programs, and separate sections are provided to that end.

Instructions.

Each section of the narrative, questions and statements need to be addressed and answered. At the Pre-application submission stage, those sections that are not required to be completed until the Firm Commitment stage should either be annotated with the phrase "Will be addressed at Firm Commitment" and otherwise left blank, or completed to the extent preliminary information is available. Subtitles and other formatting of the document to accommodate narrative discussion is permitted as well other mediums to produce the document or copy images onto the document for formatting purposes as long as the content and order of the outline of the template remains unchanged.

If the lender's underwriter disagrees and modifies any third party report conclusions, they must provide sufficient detail to justify their findings. The narrative starts with an Executive Summary, and is followed by more technical analysis and details. The narrative should address all salient facts and details considered in the underwriting, and should reference other application exhibits and due diligence, but should not be used to just restate information found in other exhibits.

Charts. The charts contained in this document are designed to capture in one document the relevant information. They will not be able to accommodate all situations. Thus, you should alter the charts as the situation demands. Be sure to explain any alterations. Try to include all the information the form calls for.

HUD 92013, 92264, 92264-A. The data and conclusions in the Lender Narrative should be consistent with the processing forms. In some cases, appraisal conclusions in the HUD-92264 may be modified in the underwriting. Such modifications should be fully explained in the Underwriter's Narrative, and referenced in the Remarks Section (Section O) of the master form HUD 92264.

Sections Not Applicable. If a section is not applicable, state so in that section and provide a reason. Do not delete sections that are not applicable unless the *[italicized bracketed]* instructions so state.

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Section Number	Topic	Page	Pre-app Requirement	Firm Requirement
1	Executive Summary		X	X
2	Programmatic Issues and Project Eligibility		X	X
3	Market Analysis		X	As necessary to confirm
4	Valuation / Appraisal		X	Limited discussion and to confirm
5	Architecture and Engineering		Limited discussion	X
6	Cost Analysis			X
7	Environmental		X	As necessary to confirm
8	Management Agent / Management Plan		Limited discussion	X
9	Legal / Other Issues		Limited discussion	X
10	Mortgage Credit		Limited discussion	X
11	Underwriting Conclusion / Conditions		X	X
12	Addenda		X	X

Executive Summary

Stage of Processing:	[Pre-application or Firm Commitment]	HUD Office:	
Lender Name:	Lender Address:		
Broker:	[enter name, or N/A]		
Borrower Entity:	[single asset mortgagor entity]	Principal:	
General Contractor:		I-of-I General Contractor?	[yes or no]
Management Agent:		I-of-I Management Agent?	[yes or no]
Project Name:		FHA Number:	[fill in after assigned]
Street Address:			
City / ST / Zip:			
Sect. of Act:	220, 221(d)(3), 221(d)(4), 231, 241(a) [delete those which don't apply] P & I \$_____		
Type of Project:	[New Construction or Substantial Rehabilitation]		
<input type="checkbox"/> Elevator <input type="checkbox"/> Non-Elevator Bldg.	<input type="checkbox"/> Building contains four or more floors. Comment, if necessary, first floor is garage, office space or other.		
Date of Site Visit:		Site Visit Conducted by:	
Purpose of Loan:	Provide description and purpose of loan [one-two sentences, e.g., construction & permanent financing for the construction of a XX story, XX style apartment building]		
Type of Project:	# of units per bedroom type	# of units market vs. subsidized	If applicable, breakdown of Affordable (or Tax Credit) unit restrictions:
<input type="checkbox"/> Family	Studio Units	Market Rate	@ 30% AMI
<input type="checkbox"/> Elderly	One BR	Section 8	@ 40% AMI
<input type="checkbox"/> Coop	Two BR	Other subsidy	@ 50% AMI
<input type="checkbox"/> SRO	Three BR		@ 60% AMI
	Four or more BR		
		Total units	[Total] Tax Credit rent restricted units
Mortgage Criteria		Sensitivity Analysis	
Requested Mortgage Amount:		\$	A 1.0 debt service coverage ratio is still realized if:
Borrower Requested, criterion 1:		\$	Average rent (per unit per month) decreases by: \$
83.3% [or other] of Cost, criterion 3:		\$	Physical occupancy decreases by: %

Statutory Limit, criterion 4:	\$	Operating expenses increase by:	%
83.3% [or other] of NOI, criterion 5:	\$	Per unit per annum, Operating expenses, increase by	\$
Subsidy Layering, criterion 11:	\$	Total Annual NOI decreases by:	\$
Loan-to- Mortgageable Replacement Cost:	%	Debt Service Coverage Ratio (including MIP):	%
Interest Rate during Construction:	%	Permanent Interest Rate:	%
Construction Period + 2 months:		Permanent Loan Term (in months):	
Absorption rate (# of units per month):		Monthly Payments (P&I, plus MIP):	
Unit Rents			
Unit Type	Average Unit Sq.Ft.	# of Units	Monthly Rent per square foot
Studio Units			\$
One BR			\$
Two BR			\$
Three BR			\$
Four or more BR			\$
Other/Ancillary Income as a % of Potential Residential Rent:	%	Other/Ancillary Income per month:	\$
Total Annual Potential Rent/Ancillary Income:			\$
Vacancy Rate:	%	Less Vacancy:	< \$ >
Commercial Space (as a % of net rentable area of project):	%	Commercial Income: (as a % of effective gross income)	%
Commercial Vacancy Rate:	%	Net Commercial Income:	\$
Effective Gross Income:			\$
Operating Expenses			
Expense Ratio:	%	Per Unit Per Annum:	\$
Total Annual Operating Expenses:			\$
Residential			\$
Commercial			\$
Total:			\$
R4R (pupa):	\$	Total annual R4R:	\$
Management Fee (as a % of EGI):	%	Management Fee (per unit per month):	\$
Summary			
Net Operating Income:			\$
Annual Debt Service, including MIP:			\$
Cash Flow after Debt Service:			\$
Sources and Uses of Funds (Cash – ignore BSPRA/SPRA, Land Equity Contribution)			
Sources / Mortgageable Uses		Non-Mortgageable Sources/Uses	
FHA 1 st mortgage:		Borrower Cash:	
Borrower Cash Equity [or <Cash Out>]:		Letter of Credit:	
Existing Escrows:		Tax Credit or Exchange Proceeds:	
Tax Credit Equity:		Public funds – Grants:	

Public Grants or Loans:		Public funds – Loans:	
Other Sources:		Deferred Developer Fee:	
Other Sources:		Other:	
Total Cash Sources for Mortgageable Items:		Total Cash Sources for Non-mortgageable Items:	
Existing Land Value/ Debt/Acquisition Price*:		Initial Operating Deficit:	
Total for All Improvements:		Working Capital:	
Total Carrying and Financing Charges:		Contingency:	
Legal, Org, Audit:		Developer Fee:	
Other:		GNMA fee or Lender Legal outside of Financing/Placement, or Discounts:	
Other:		Disallowed Construction or Arch. Contract Costs:	
Total HUD-recognized Uses (to be paid with cash):		Total Non-mortgageable Uses:	
*If all or a part of the acquisition price is other than cash, i.e. seller financing, list as “other source”.			
Miscellaneous Information			
Lender Financing / Placement Fee:	\$	Financing / Placement Fee as a % of loan amount:	%
FHA Application Fee (\$3/1000 of loan amt):	\$	Lender Third Party Reports:	\$
Cost Not Attributable – Residential:	%	Cost Not Attributable – Commercial:	%
Land Value:	\$	Land Cost – Last Arms Length Transaction:	\$
Builders Profit:	\$	BSPRA or SPRA:	\$
Construction cost per square foot:	\$		

1. **Executive Summary** (continued)

Transaction Overview. *[Provide a brief discussion about the project (preferably 1 page, no more than 2). Address program eligibility, site location, topography, size, frontage, proposed access, ingress/egress to the property, landscaping, location of amenities, commercial space, available parking, visibility from major thoroughfares, access to public transportation, public streets and public utilities, etc., design, construction type and cost, whether the property is part of a phase development, experience and financial strength of the borrower and development team, waiver requests. If applicable, describe any pre-leasing requirements or current contracts with any existing commercial space tenants. Discuss current commercial rents proposed tenant improvements, budgeted items, etc. Are there any special escrows or reserves proposed? Identify any timing constraints, and unique characteristics of the project which HUD’s underwriter and loan committee should be aware while reading the narrative. Briefly describe the capital structure (debt, equity, any other sources of financing).]*

Stress Test

rent trend assumption:										
expense trend assumption:										
	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
Effective Gross Income										
Expenses (including R4R deposits)										
NOI										
debt service (including MIP)										
cash flow										
debt service coverage ratio										

[Discuss expected performance of NOI over the term using any reasonable test as rents and expenses are trended].

STRENGTHS, RISKS and MITIGANTS

Development Team Experience / Mortgage Credit

Strengths

[Discuss the strengths of the Borrower and their Team

- [strength]
- [.....]
- [.....]

Risks and Mitigating Factors

[Provide a description of risks associated with the Borrower / Team, identified by the lender, any weakness and list mitigating factors]

- [risk factor]
 - [mitigant ...]
- [.....]
 - [.....]
- [.....]
 - [.....]

Market / Value

Strengths

[Discuss the strengths of the Property, market, valuation

- [strength]
- [.....]
- [.....]

Risks and Mitigating Factors

[Provide a description of risks associated with the property, market study, and appraisal, (identified by the third-party reports and other reliable sources), along with any weakness and list mitigating factors.]

- [risk factor]
 - [mitigant ...]
- [.....]
 - [.....]
- [.....]
 - [.....]

Property / Site / Neighborhood / A&E / Environmental

Strengths

[Discuss the strengths in these areas

- [strength]
- [.....]
- [.....]

Risks and Mitigating Factors

[Provide a description of risks associated with the physical condition/quality of the property, the site and neighborhood, and any A&E or Environmental issues, identified by the lender, any weakness and list mitigating factors]

- [risk factor]
 - [mitigant ...]
- [.....]

- [.....]
- [.....]
- [.....]

Affordability issues [IF APPLICABLE, per the HUD definition of Affordability]

Strengths

[Discuss the strengths of any rent subsidies, rent advantage in the market, occupancy etc. Discuss if tax credits rents are below market rents and (percentage below market), tenant waiting lists in the PMA, if there is strong local community support, preservation issues and proposed amenities with the project.]

- [strength]
- [.....]
- [.....]

Risks and Mitigating Factors

[Provide a description of risks associated with affordability provisions, identified by the lender, any weakness and list mitigating factors.]

- [risk factor]
 - [mitigant ...]
- [.....]
 - [.....]
- [.....]
 - [.....]

Programmatic or General Underwriting Issues

Strengths

[Discuss the strengths not covered in the above sections]

- [strength]
- [.....]
- [.....]

Risks and Mitigating Factors

[Provide a description of risks, identified by the lender, any weakness and list mitigating factors.]

- [risk factor]
 - [mitigant ...]
- [.....]
 - [.....]
- [.....]

Lender’s Team

Role	Name	Phone	E-mail address
Underwriter [or for TAP deals, point of contact]			
U.W. Trainee			
Analyst / Processor			
Construction Loan Administrator			
Originator			

Third Party Consultants

Role	Name	Firm	Phone	E-mail address
Architecture (Design Architect) and Engineering				
Cost				
Environmental				
Appraiser License # & Expiration Date:				
Market Analyst				
Other				
Other				

[Identify any Identity of Interest between the Lender, its officers and employees, and any other party to the transaction.]

Broker / Correspondent / Packager [If not applicable, delete. If Applicable, address the following information.]

Broker:	[Name]	[Phone]	[E-mail address]
Scope of Services:			
Payment Source	[Borrower or Lender]		
Any Identity of Interest?	[Enter Yes or No. If yes, describe.]		

Waiver Requests

[Describe briefly and reference Draft of HUD-2 form, which should be included as an attachment to the Underwriter’s Narrative.]

Summary of Changes, or Response to Conditions of Pre-application Invitation Letter:

[Applicable at Firm Commitment, delete this section at Pre-application stage.]

Lender’s Loan Approval and Recommendation to HUD:

[Discuss any exceptions to the "Bright Line" between origination and underwriting functions per the Lenders Quality Control Plan. Discuss any conditions of the lender’s loan committee or other approval criteria and state the lender’s conclusion and recommendation to HUD.]

General Question	N/A	Yes	No	Comments
Was the loan approved by a committee?				[If yes, date of approval. If no, approval authority and date.]
Are all loan conditions outlined in the loan approval?				[Comment]

2. Programmatic Issues and Project Eligibility

General Questions	N/A	Yes	No	Comments
Is there an acceptable ownership form of Single Asset Mortgagor Entity?				[Identify type of entity, e.g. LLC, LP, GP, non-profit, corporation]
Does the property have 5 Units or greater?				
If the project has scattered sites, do they constitute “one marketable, manageable real estate entity”?				[If other than N/A, describe.]
Does or will the Mortgagor have fee simple interest in the property?				[If Mortgagor does not yet own the land, describe terms of Purchase and Sale Agreement. Specify expiration date and any options to extend.]
Does the project have permissive zoning?				
Has a current and correct classification of Davis Bacon Wage Decision been identified (Preapp) and incorporated into the Specifications (Firm)?				[Comment on whether residential, commercial, or other type of D-B decision, and specify the number and date.]
Was the Firm Commitment application submitted within the 120 day period, or within a HUD approved extension period?				[Specify the date of Pre-application Invitation letter, and any extensions and deadline.]
Will construction start only after Initial Endorsement and the Preconstruction Conference?				[Comment if construction has started, or is an early start requested.]
Is there a single site legal description, as opposed to a condominium regime?				[If no, comment on ownership structure and configuration of condo owner units.]
Are the easements or joint use and maintenance agreements acceptable?				[Comment.]
Is there any real estate tax abatement or exemptions, or special assessments included in the underwriting assumptions?				[If yes, comment.][If the abatement or exemption runs with the land, what is its term and is it a fixed or variable in amount?]

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project has Project based Section 8, or other deep subsidy rental assistance (such as RAP or Rent Supp), complete the following section. Else delete it.]

Questions about Rental Assistance	N/A	Yes	No	Comments
Is there a copy of the current (and if applicable underlying) HAP Contract included in the Application exhibits?				[If no, explain.]
Is there a current Project based HAP Contract, with terms identified?				[Explain the terms of the HAP Contract – e.g., which renewal option was last selected, and is proposed, how are rents adjusted and when.]
Is the regulatory authority of the HAP Contract identified?				[If no, explain.]
Are the rents at market and are the Section 8 rent comparability study conclusions (or current contract) and the FHA application underwritten rents the same?				[If no, this needs to be fully explained – do so below.]
Is there a residual receipt account?				[If yes, comment.]
Is there an assignment of the HAP contract?				[If yes, explain and comment.]

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is a Substantial Rehabilitation proposal, complete the following section. Else delete it.]

Questions for Substantial Rehabilitation Proposals	N/A	Yes	No	Comments
The current project debt now, or previously held, has not experienced any default problems within the last five years?				<i>[Discuss details of status of the underlying or previous loans. State if the loan is currently a FHA-insured or other HUD-held mortgage.]</i>
Does the scope of work meet the definition of substantial rehabilitation?				<i>[Specify which threshold(s) are met.]</i>
Do the Owner, Management Agent, and Contractor have experience with a similar scope of repair / rehabilitation?				<i>[If no, this needs to be specified in the Executive Summary as a Risk, with mitigates described.]</i>
Does the project comply with the Fair Housing Act for design and construction requirements for all buildings first occupied after March 13, 1991?				<i>[If no, explain.]</i>
Does the project comply with Section 504 of the Rehabilitation Act of 1973 regarding accessibility requirements receiving Federal financial assistance including Federally assisted multifamily housing, whether or not the project is or ever subject to an insured mortgage?				<i>[If no, explain.]</i>
Is the project compliant with the Americans with Disabilities Act (ADA) regarding accessibility to public accommodations and commercial facilities, including any portions of multifamily properties which provide such accommodations or facilities?				<i>[If no, explain.]</i>
Is there adequate contingency (between 10 and 15%)?				<i>[Specify the % of contingency proposed.]</i>
Is the interest during construction calculated in accordance with existing instructions?				<i>[If no, and a waiver to allow an alternate calculation is requested, describe.]</i>
Is interim income during construction expected to be used solely to fund the operating account?				<i>[If no, and a waiver to allow an alternate use is requested, describe.][Explain if the interim income is to be used to off-setting capital or escrow requirements].</i>
The rehabilitation will not result in significant displacement or relocation during the rehabilitation period.				<i>[If no, discuss the number of tenants that will be displace, relocation plan, including staff or consultant time (with specific individuals identified and details as to how they will be paid), scheduling, tenant assistance and any costs, procedures to minimize disruption, contingency plans, and approval of any relocation plan.]</i>
The proposed displacement or relocation will not result in a negative NOI during any portion of the rehabilitation period.				<i>[If no, discuss analysis of operating budget and whether an operating deficit escrow is required.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is a Section 220 proposal, complete the following section. Else delete it.]

Questions for Section 220 Proposals	N/A	Yes	No	Comments
Does the project meet one or more of the eligibility criteria?				<i>[Specify the applicable eligibility criterion/criteria – see specified in Section 3.7.A of the MAP guidance or HUD Handbook 4555.1 Rental Housing in Urban Renewal Areas for Projects and available @ www.hud.gov/offices/adm/hadclips/]</i>
Is the project not restricted to Seniors/Age-Restricted occupancy?				<i>[Seniors / Age-restricted properties are not eligible for the Section 220 program.]</i>
Are the commercial space and income within the program limits (20%/30% respectively)?				<i>[If no, explain.]</i>
Is there a commercial tenant finish out allowance?				<i>[If yes, discuss allow of allowance and how it is funded.]</i>
Has a reserve account been provided for unfinished commercial tenant finish at cost certification?				<i>[If no, explain.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is a Section 221(d) (3) proposal, complete the following section. Else delete it.]

Questions for Section 221(d)(3) Proposals	N/A	Yes	No	Comments
If the project does not have Low Income Housing Tax Credits, has the HUD Field Office confirmed with HUD HQs that sufficient credit subsidy will be available?				<i>[Do not assume this. It should be discussed at each stage of processing, including at the Concept meeting and at Preapp. Specify the date and document (e-mail is sufficient) this was confirmed.]</i>
Has a “concept meeting been held with the local HUD Field Office and have they confirmed that the project is appropriate for the Section 221(d)(3) program (as opposed to using 221(d)(4))?				<i>[Basic program instructions are included in HUD Handbook 4560.01 – Mortgage Insurance for Multifamily Moderate Income Housing Projects also available @ www.hud.gov/offices/adm/hudclips/]</i>
If there is a consultant does the application document their arrangement with the Mortgagor for payment?				<i>[Specify the contract or other terms for payment.]</i>
Other issues?				

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is a Section 231 proposal, complete the following section. Else delete it.]

Questions for Section 231 Proposals	N/A	Yes	No	Comments
Does the project have at least 8 units?				
Is the proposal consistent with HUD’s policy on meals and other services, as stated in Mortgagee Letter 2007-05 and subsequent guidance?				<i>[If no, explain.]</i>
Does the intended occupancy meet the program				<i>[If no, explain.]</i>

[Project Name, FHA #]

[Lender, date of Submission]

requirements as to age restrictions? <i>[Insert reference in reg, HB, and reg agreement.]</i>				
If it is a substantial rehabilitation application, does the Appraisal and Underwriter's analysis include the "as is" value?				<i>[If no, explain.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is a Section 241(a) proposal, complete the following section. Else delete it.]

Questions for Section 241(a) Proposals	N/A	Yes	No	Comments
Is the first mortgage FHA insured?				<i>[Basic program instructions are included in HUD Handbook 4585.1, Supplemental Loans for Project Mortgage Insurance @ www.hud.gov/offices/adm/hudclips]</i>
Has the first mortgagee agreed to allow the Section 241(a) loan?				<i>[If no, explain.]</i>
Is the proposed term of the 241(a) loan coterminous with the first mortgage maturity date, or has the HUD Field Office agreed a Handbook waiver is appropriate to allow a longer amortization period?				<i>[If no, explain.]</i>
Does the proposed rehabilitation or additions add to the value of the project, either through increasing projected NOI, extending the useful life, preserving the project, or otherwise benefitting the residents?				<i>[If no, explain.]</i>
Has the source of the required equity been identified?				<i>[Explain. The statute does not allow equity out so you can't use equity from the difference between the "as is" value and the existing indebtedness. Some other source must be identified. Surplus R4R funds in the existing account may be considered as a source.]</i>
Is there sufficient land on the existing parcel, or is there an adjacent parcel to be added as security, to accommodate any new addition?				<i>[Explain.]</i>
When the Section 241(a) loan amount for the addition or improvement is added to the outstanding balance of the existing insured mortgage, is the amount less than the maximum amount insurable under the program pursuant to the original insured mortgage amount?				<i>[If the answer is "no", the loan amount would have to be reduced, or the proposal is not eligible.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[Project Name, FHA #]

[Lender, date of Submission]

[If the Project is a Section 202 property being refinanced or applying for a substantial rehabilitation loan, complete the following section. Else delete it.]

Questions for Section 202 loans being recapitalized	N/A	Yes	No	Comments
Has the request for prepayment approval been submitted to HUD Asset Management?				<i>[Comment on status/timing/previous discussions.]</i>
Have the proper notices been given within the required timeframes?				<i>[If no, explain.]</i>
Have the existing funds in the Reserve for Replacement and any Residual Receipts accounts been accounted for and requested to be deposited into those accounts controlled by the new loan?				<i>[Comment on status/timing/previous discussions.]</i>
Are there debt service savings and has the application defined the expected use/distribution criteria/and any escrow documents been drafted?				<i>[Address these issues in comments.]</i>
Has the use and terms/timing of release been defined in the application?				<i>[Address these issues in comments.]</i>
Has mortgage credit review (2013 SUPP, 2530, credit report) been completed for the Non-profit Mortgagor's officers?				<i>[If no, explain.]</i>
Is the proposed loan the only source of financing?				<i>[If no, discuss other financing.]</i>
Has all other financing for the subject property other than the proposed loan been described and approved?				<i>[Describe here or in the next section if there will be a residual receipts/surplus cash note, secondary financing loans or grants or other sources.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project will have Secondary Financing Sources, complete the following section. Else delete it.]

Questions about Secondary Financing	N/A	Yes	No	Comments
Are the sources from governmental funds?				<i>[Address this issue in comments, e.g.; what is the source of the secondary financing.]</i>
Are payments restricted to surplus cash?				<i>[Address these issues in comments.]</i>
Are the maturity date, pre-payment, liens, and default terms described in draft documents and are the terms acceptable to HUD?				<i>[Address this issue in comments.]</i>
Are the uses unrestricted? Explain any restrictions addressed in the underwriting.				<i>[Address this issue in comments.]</i>
Was a subsidy layering review conducted, or determined to be not required?				<i>[Address this issue in comments.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project will have Bond Financing, complete the following section. Else delete it.]

Questions about Bond Financing	N/A	Yes	No	Comments
Are the bond costs of issuance reflected in the financing plan (sources & uses)?				<i>[Address whether the bonds will be sold at a premium, if they are tax exempt or taxable, is there a B piece, and if there is a premium, it's use]</i>

				<i>is in accordance with HUD and MAP requirements.]</i>
Are the total financing and placement fees less than or equal to 5.5% of the mortgage amount?				<i>[Address this issue in comments.]</i>
Are use / rent / income restrictions addressed in the underwriting?				<i>[Address this issue in comments.]</i>
Is prepayment, GNMA lockout provisions or other provisions addressed in the underwriting?				<i>[Address this issue in comments.]</i>
Is the bond rate fixed (versus a variable rate)?				<i>[Address this issue in comments.]</i>
Has the bond issuer, underwriter, and counsel contact information been identified and added to the comments here or addressed in the executive summary above?				<i>[Address this issue in comments.]</i>
Have draft bond documents and any related regulatory or land use restriction agreements been submitted for review, or timing identified?				<i>[Address this issue in comments.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project is using FHA insured debt in conjunction with Low Income Housing Tax Credits (LIHTC) or New Market Tax Credits (NMTC), complete the following section. Else delete it.]

Questions about Tax Credits	N/A	Yes	No	Comments
Are the Tax Credits being funded with private, non-Identity of Interest syndication proceeds?				<i>[If no, comment.]</i>
Is equity anticipated from the sale of Low Income Housing Tax Credits in the private market as opposed from a public entity (TCAP or Exchange)?				<i>[If no, discuss status and content of draft documents and any conflict with HUD requirements, subordination, management of reserves or construction loan proceeds, terms of repayment, default provisions/conditions, etc.]</i>
Is the FHA loan less than 80% of the mortgageable cost?				<i>[If yes, no cost certification is required by HUD and the audit cost is not mortgageable. The lender or secondary financing source may (and typically will) require such an audit/cost certification. Discuss what the plan is for this item.]</i>
Will Tax Credit proceeds be deferred until during or after construction?				<i>[If yes, comment on the agreement or commitment, and address credit review to determine likelihood funds will be available.]</i>
Has the Market Study, Appraisal, and Underwriting addressed the relationship between maximum and achievable Tax Credit rents, true market rents, and any Project based rental subsidy, or other controls on rent?				<i>[Comment.]</i>
Is there a Master Lease proposed, and does it comply with the terms of Housing Notice H 09-18?				<i>[If no, comment.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist. Provide brief narrative description of the ownership structure, including detailed discussion of any tiered partnerships. Provide narrative description indicating whether or not tax credits have been allocated or reserved for this project, timing issues for the completion and mandatory placed in service dates. Is a commitment or letter of intent from the tax credit investor or buyer being used to demonstrate cash to close? Comment on the timing of funding of tax credit proceeds, and the FHA Underwriters due

[Project Name, FHA #]

[Lender, date of Submission]

diligence and/analysis as to likeliness funds will be available when needed. Comment on the source, control, and disposition of IOD, Working Capital, and any other escrows to be funded through the tax credit equity or other sources.]

[If the Project will have Other Land Use Restrictions, complete the following section. Else delete it.]

Questions about Use Restrictions or Covenants	N/A	Yes	No	Comments
All Use Restrictions or Covenants have been identified above?				[If yes, comment on the type, duration, lien position, and documentation of any such restrictions.]

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

[If the Project will have a ground lease, complete the following section. If no ground lease, delete this section.]

Lessor: [Insert Landlord/mortgagor name]		Lessee: [Insert tenant name]		
Questions about Ground Lease Terms	N/A	Yes	No	Comments
If there is a Leasehold Estate (land lease), do the terms of the lease conform to the requirements in the FHA-2070 Form?				[Discuss any terms that vary from the FHA-2070, here or below if more space is needed.]
Is the ground rent market rate?				[If no is there a leasehold estate value?
Are the terms of the ground rent/lease payments acceptable?				[No up-front lease payments or payments as a percentage of collections are allowed.]
Is the Lessor a public entity?				[If yes, discuss whether the ground rent is market rate or below market, and impact on the valuation. Discuss any waivers required to comply with local requirements.]
Is there an arm's length relationship between the Lessor and the Lessee?				[Fully disclose and describe any identity of interest.]
Is the Leasehold Value recognized in the mortgageable cost build up less than or equal to the Leasehold Value above?				[If no, comment.]

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

3. Market Analysis

MSA:	Primary Market Area: [Insert description, or "see below" and include in Narrative. Discuss any Secondary Market Area, if applicable]			
Unmet Demand: [Insert # of units if applicable, or comment]				
Penetration Rate: %	Market Absorption Rate: units per mo			
Capture Rate: %	Market Stabilized Occupancy: ____ % in ____ months			
Questions about the Market Analysis	N/A	Yes	No	Comments
Has the third party Market Analyst addressed all				[Expand in the Narrative section below.]

relevant factors in estimating demand?				
Is the market considered tight or balanced, and healthy (as opposed to “soft” and “declining”)?				[Comment if/as needed.]
Are average comparable occupancy rates in the area greater than 93%?				[Comment if/as needed.]
Has the market historically been stable (as opposed to particularly volatile)?				[Comment if/as needed.]
Compared to similar areas, is the market unaffected by a significant reliance on a single industry or company?				[Comment if/as needed.]
Has the market been relatively unaffected by single family or condominium foreclosure and vacancy problems, creating a “shadow market?”				[Comment if/as needed.]
Given the number of units and estimated absorption rate, is the project anticipated to take 18 months or less to achieve break-even debt service coverage?				[Comment if/as need, if “no”, may require a waiver)]

Comparables from Market Analysis and EMAS

Project Name	Year Built	Number of Units	Occupancy Rate	Units Offered	Tenant Profile
			%	BR types	[e.g. High end market rate]
			%	BR types	[e.g. Moderate market rate]
			%	BR types	[Senior]
			%	BR types	[Tax Credit]

[Narrative Discussion of Market: Briefly (2-3 paragraphs) describe economic and market analysis, e.g. demographics by age, income, renters vs. owned, quality of housing stock, expected job / household growth, current tenure, shadow market and other vacancies, relative cost of rent-vs.-own, projects expected to come on line and otherwise be competitive, impact on current housing stock (particularly FHA insured), concessions, marketability of the proposed project, demand conclusions.]

4. Valuation

Questions about the Appraisal Analysis	N/A	Yes	No	Comments
Did the Appraiser conclude the site was acceptable, and accessible, the project was marketable and represented the highest and best use?				[Comment if/as needed.]
Are the rents are in the middle 60% range of appropriately selected and adjusted comparables, and are reasonably achievable in the market?				[Comment if/as needed.]
Are the proposed rents no more than the high end				[Comment if/as needed.]

of what is currently being achieved (unadjusted) at comparable projects in the market?			
Is other residential income less than or equal to 5% of EGI?			[Comment if greater than 5%.]
Is the HUD 92273 Rent Grid correctly filled out, including the impact of concessions?			[Comment if/as needed.]
Are the (residential and commercial expenses), including management fees supported by comparable properties and trended correctly on the HUD 92274 form?			[Comment if/as needed.]
Is the Appraiser's conclusion of vacancy rate supported in the market?			[Comment if/as needed.]
Was the analysis of commercial space well documented?			[Comment if/as needed. Describe proposed tenants and lease terms.]
Are the commercial space and income limitations for the program calculated correctly based on the specific SOA?			[Comment if/as needed.]
For Sub Rehab cases, are capital costs included in the development budget to achieve lease-up of the commercial space?			[Comment if/as needed.]
Does the market analysis clearly demonstrate that the commercial space can be leased up to the forecasted occupancy percentage within the projected absorption period? (not to exceed 18 months)			[Comment if/as needed.]
Was there a separate analysis of the initial operating deficit (IOD) account? Is the IOD adequate?			[Comment if/as needed.]
Does the appraisal and market analysis support the property's commercial vacancy rate in relation to the overall market for commercial vacancy rate?			[Comment if/as needed.]
Were lease abstracts prepared for each lease in effect?			[Comment if/as needed.]
In income from a percentage lease has been used in determining the NOI, were the proper procedures complied with, including the issuance of a waiver from the Hub Director?			[Comment if/as needed.]
Is the Land Value ["as is" value if a Substantial Rehabilitation proposal] conclusion supported, with appropriate adjustments made, including recognition and discussion of the Last Arms Length Transaction for the subject?			[Comment if/as needed.]
Is the Appraiser's Replacement Cost consistent with the third party Cost Analyst report or if not, were discrepancies discussed in the underwriting?			[Comment if/as needed.]
Is the Appraiser's Initial Operating Deficit Analysis consistent with the underwriting and HUD's minimum requirements?			[Comment if no, or as needed.]

Were the Appraisal conclusions consistent with the Market Analysis, or if not, were discrepancies addressed in the underwriting?				[Comment if/as needed.]
Did the Lender accept the Appraisal without modifications, or if modified, have been discussed in the underwriting?				[Comment if/as needed.]
Did the Appraiser list the effective date (i.e. date of their site visit), sign the report, and sign the Appraisal HUD 92264 form?				[Comment if/as needed. Appraisal preparation and signature of a trial HUD 92264-A will be optional and should be routinely waived in the meantime.]
If applicable, is the calculated/expected noise level surrounding the property acceptable?				[Enter in dBL's. Comment in Narrative below if greater than 65.] Describe how noise will be mitigated if expected to be above acceptable levels.]

[Narrative Discussion of Appraisal: Briefly (1-2 pages) discuss current rents, other income and expense comparison of the subject property to the comparables. Include cap rate discussion, potential growth from PMA versus number of units in subject. How do concluded expenses compare current market data? Has the appraiser applied a consistent methodology for unit size, age and condition and other adjustments consistently between rent and sales comparison analyses? Insert discussion/comments that weren't included or didn't fit in the above checklist.]

5. Architecture & Engineering

Supervisory Architect:	<i>(if different from Design Architect)</i>	Supervisory Architect phone #:	
Design Architect Fee:	\$	Supervisory Architect's e-mail:	
Supervisory Architect Fee:	\$	Date of Plans and Specifications:	
Architect Fee as a % of construction contract:	%		
Questions about Plans, Specifications and Architecture / Engineering Issues	N/A	Yes	No
Is the design and location appropriate for the proposed tenancy, functional, and free from obsolescence?			
Is there one AIA-B108 with the appropriate HUD amendment which includes all Architectural and Engineering Services covered under one contract?			
Are the Plans complete (for the stage of processing)?			
Are the specifications in Correct CSI format, with construction quality and quantities specified (no bidder design), and include the correct and current Davis Bacon Wage Determination?			
Are all off-site improvements completed?			
Do the Geotechnical / Soils report conclude the site is appropriate for the proposed construction and foundation design?			
Were sufficient soils borings obtained?			
Is Project in an area other than a Seismic Zone 3 or 4?			
Have the Lender's Third Party Architectural review comments or conditions been satisfied?			
The Architect and Contractor have been found to have no identity of interest relationship.			

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

6. Cost Analysis

Does the application include a BSPRA or Builder's Profit?		If Builder's Profit, amount as a % of Site Improvements, Structures, and General Requirements		%
Questions about the Cost Analysis	N/A	Yes	No	Comments
Does the construction contractor have a verifiable successful track record building multifamily properties?				<i>[Comment on contractor references checked, resume, etc.]</i>
Is some other criterion than the statutory limits controlling the mortgage amount?				<i>[If yes, comment.]</i>
Has a form of the construction contract been included in the application and reviewed by the Lender's third party cost analyst?				<i>[State whether the contract is a lump sum or cost plus contract].</i>
Is the type of Davis-Bacon wage declared for the project and identified by the Lender's third party cost estimator?				<i>[Discuss if it is a residential or commercial wage decision or other.]</i>
If a substantial rehabilitation proposal, is the contingency amount reasonable, explained, and consistent with the scope of repairs?				<i>[If no, explain.]</i>
Does the proposed construction completion date match the construction schedule and the HUD form 5372?				<i>[If no, explain.]</i>
Is the project such that no waivers are required of the High Cost Percentage or the percentages of Cost Not Attributable?				<i>[If no, explain.]</i>
Is the Cost Not Attributable to the dwelling unit's worksheet included in the application and calculated correctly?				<i>[If no, explain.]</i>
Has the HUD 92328 been signed by the contractor?				<i>[If no, explain.]</i>
Are the costs developed by the Lender's third party independent cost analysis within 5% of the cost on the General Contractor's 92328?				<i>[If no, explain.]</i>
Is contractors cost breakdown HUD Form 92328 and Land Improvements form 92328-LI and have they been reviewed, completed correctly and approved?				<i>[If no, explain.]</i>

Is the Property Insurance Schedule included and completed correctly?				<i>[If no, explain.]</i>
Does the lender have a 50% - 75% rule disclosure form signed by the contractor?				<i>[Contractor certifies, that not more than 50% of the contract sum in the construction contract is subcontracted to one subcontractor, material supplier or equipment lessor, or not more than 75% of the contract sum is subcontracted with three or less subcontractors, material suppliers and equipment lesser?]</i>
Was the construction site visited by lender's cost analyst?				<i>[Preferably with the mortgagor's architect.]</i>
Is the project free from unusual land conditions or off-sites?				<i>[Discuss any irregular land conditions found due to topography that would require additional land improvements and costs to the project.]</i>
Did the Lender's analyst detailed project cost estimate include square footage calculation sketches and detailed take-offs from plans and specifications?				<i>[If no, explain.]</i>
Were the Lender's analyst project cost estimate breakdown on HUD 92326 and variance report form 92331B included and completed correctly?				<i>[If no, explain.]</i>
Is the Lender's cost analyst "as new" replacement cost consistent with the appraisal conclusion?				<i>[If no, explain.]</i>

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

7. Environmental

Name of Phase 1 Environmental Professional:		Environmental Firm:	
Phone #:		E-mail address:	
Effective Date of Phase 1:		Date of report:	
Date of Phase 2:	<i>[Insert date or N/A]</i>	Date of any previous Env. Studies done on the site:	
NFIP Map Panel #:		Date of Map:	
Flood Zone Designation: NFIP Flood Insurance:	<i>[Insert date or N/A]</i>	Calculated / Expected Noise level :	<i>[Enter in dBL's. Comment in Narrative below if greater than 65.] Describe how noise will be mitigated if expected to be above acceptable levels.</i>
Asbestos Lead Base Paint Radon – All Zones	<i>[Insert date or N/A]</i>	Survey completed: Inspection completed: Test Date:	

O & M Plans:			
Historic Preservation SHPO letter sent: SHPO response:	[[Insert date or N/A]	Other: (Airports, Coastal Zone, Coastal Barriers, Wetlands, etc.)	

Questions/Statements about the Environmental Analysis	N/A	Yes	No	Comments
Has the Environmental Report been completed (see MAP Section 9.5)?				[Comment as appropriate.]
If applicable, was the information and activities requested by the HUD Program Center supporting the 8-step process completed?				[Comment as appropriate.]
Does the Phase I ESA conform to ASTM E 1527?				[Comment as appropriate.]
Was the effective date of the Phase I ESA within 180 days of the Preapplication or Firm submission?				[Comment as appropriate.]
Does the Phase I ESA incorporate a Vapor Encroachment Screen report that is in compliance with ASTM E 2600?				[Comment as appropriate.]
Did the Phase I Environmental Site Assessment determine there were Recognized Environmental Conditions?				[Comment as appropriate.]
If applicable, has a Phase II ESA that conforms with ASTM E 1903 been completed?				[Comment here, or below if more room is needed, as appropriate.]
If applicable, has a Remediation Plan and LSTF authority approval of the plan been submitted?				[If no, comment.]

[Insert discussion/comments that weren't included or didn't fit in the above checklist.]

8. Management Agent / Management Plan

Questions	N/A	Yes	No	Comments
Does the proposed management agent’s past experience and current performance demonstrate their ability to lease up the property, and comply with HUD reporting and regulatory agreement requirements?				[If no, explain.]
Does the Management Agent’s marketing and leasing plan address advertising, timing, coordination with completion of construction, and is it consistent with the requirements of the Affirmative Fair Housing Marketing plan?				[If no, explain.]
If the project is for substantial rehabilitation, does the Management Plan address temporary relocation or displacement of tenants, details of timing, staffing, funding and management of the relocation process?				[If no, explain.]
Does the Management Plan address on-site staffing for the project and is the staff adequate and appropriate given the scope of the project?				[Comment.]
Is the HUD-9839, 9832, and if applicable the Management Agreement, complete and consistent with HUD requirements (including fidelity bond / employee dishonest coverage)?				[If no, explain.]
Is the Sample Lease consistent with HUD requirements?				[If no, explain.]
Is the proposed Property Insurance provider and coverage amount acceptable?				[If no, explain.]

[Insert discussion/comments that weren’t included or didn’t fit in the above checklist. Comment on the company overview and related experience of the management agent, any identity of interest issues and management entity profile.]

9. Legal / Other Issues

Questions	N/A	Yes	No	Comments
There are no identified title issues.				<i>[Comment on existence and status of any liens, encroachments, easements, deed restrictions, exceptions to Schedule B of the title report.]</i>
Does the application include a Pro Forma title commitment or Preliminary Title Policy?				<i>[Provide timeframe for receipt of title commitment.]</i>
Does the application include an ALTA/ACSM Land Title Survey and Surveyor's Report (HUD 92457)?				<i>[Comment on the date of the Survey/Surveyor's Report, currency, or request to submit at the next stage of processing.]</i>
Are the organizational documents acceptable (and if applicable, have a term extending at least 10 years beyond the proposed maturity date of the loan)?				<i>[Comment on whether the HUD required provisions are contained in the organizational documents or whether the documents will be revised after issuance of a firm commitment.]</i>
Is the Mortgagor entity licensed to do business in the jurisdiction where the property is located?				<i>[If no, Comment.]</i>
There is no identity of interests between any parties to the transaction or all identity of interest issues been fully disclosed and resolved.				<i>[If no, Comment.]</i>
Is the site properly zoned?				<i>[Comment on the zoning. If it is an existing structure with a legal nonconforming use, comment on whether or not project may be rebuilt as it currently stands if more than 50% is destroyed.]</i>
There is no pending litigation involving the mortgagor, its principals, nor the subject project.				<i>[If no, Comment.]</i>

10. Mortgage Credit

[The Mortgage Credit Binder contains privacy sensitive information and is separately bound.]

Provide an organizational chart outlining percentage of ownership for Mortgagor and all Principals of the Mortgagor. The underwriter must review the organizational documents of the mortgagor entity and confirm the documents are acceptable to HUD.

Proposed Mortgagor’s Name:	
State or Organization:	
Date Formed:	
Termination Date:	
Type Entity (Ltd.,G.P.,Corp.,LLC,NP or other):	<i>Delete non-applicable</i>

Narrative description of Mortgagor: Indicate whether the Mortgagor is a non-profit or for-profit entity. Discuss the Mortgagor’s experience and qualifications for the type of project being proposed – For example, “The mortgagor entity is a single asset entity that was established in (date) to develop multifamily rental housing projects and has successfully developed and managed (#of projects) since (year). Discuss the history of the mortgagor’s equity investment in the subject property. Describe the experience of each of the principals in the mortgagor entity.

[The following chart is a summary of what documents are included in the mortgage credit binder. Insert a “Yes” or “No” in each box as applicable.]

Participant / Role	Resume	Financial Statement	Schedule REO and Business Debt	2013-SUPP	APPS / 2530	Credit Report	VOD	Trade References
Single Asset Mortgagor Entity								
Principals of the Mortgagor Entity [list each one on a separate line]								
Principal 2								
Principal 3								
Principal 4								
General Contractor								
Management Agent								
Other								

[Detail dates/time periods, and whether audited or not, for each entry Financial Statement noted above.]

List of proposed signators for the Regulatory Agreement, Section #50.
1.
2.

Credit Reports

For each of the principals previously listed a credit analysis is required. Credit reports for individuals must be Residential Mortgage Credit Reports (RMCR).

Entity or Person	Name of Credit Bureau	Type Report	Date: __/__/__

Questions for Mortgagors and Principals	N/A	Yes	No	Comments
Has the single asset mortgage entity been established?				[If to be established comment on status of organization documents and expected timing of establishment.]
If applicable, has required portions of the HUD form 3433 been completed?				[If no, explain.]
Is the proposed mortgagor established in the state in which the project is located?				[If not, explain.]
Is the proposed mortgagor licensed to operate in the state in which the project is located?				[If not the proposed mortgagor must obtain a license to operate in the state in which the property is located.]
Did all principals receive HUD 2530 Previous Participation clearance?				[Confirm if filed electronically through APPS.]
Is the payoff of recorded existing indebtedness reported?				[If yes, attachments need to be in accordance with Appendix 8C of the MAP Guide]
Is credit report current within the last 30 days of application?				[If no identify entity]
Is the credit report free of any derogatory information?				[If no identify entity]
Were explanations from borrower and/or principals verified and found acceptable?				[If no reasons why.]
All information collected in the credit reports was acceptable.				[If no reasons why. Identify entity]
Was listing of other business concerns submitted?				[If none submitted obtain statement.]
Were credit reports submitted on a 10% sampling?				
Were written responses from the trade references were acceptable?				
Were there no "yes" answers to the four questions on the 92013 Form?				[Explain any "no" answers. Identify entity]

[Project Name, FHA #]

[Lender, date of Submission]

Provide the following financial data on the Mortgagor that will be funding eligible costs outside of the proposed transaction (e.g. projected financial requirements for closing).

Mortgagor:

Form 92004-F, Verification of Deposit, (VOD), was sent to the following:
1.
2.
3.
4.

Add additional rows as needed. Delete if not applicable to the application.

The institutions listed responded that the sponsor/mortgagor or principal maintained what type of account and average balance?

Institution	Entity	Checking	Savings	Money Market	Certificate of Deposit	Other	Average Balance
1.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
2.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
3.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
4.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
5.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
6.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$

Describe "Other"

Question	N/A	Yes	No	Comments
Do the current balances of the listed accounts support the cash balances reported in the mortgagor's most recent financial statement?				[If no, explain.]

Financial Analysis Format; (mortgagor, corporate and partnership including contractors)

The following format should be utilized to perform a financial analysis of the mortgagor entities and or corporate and partnership principals including contractors, etc. Remove related party notes accounts/ notes receivable.

Financial Analysis of Mortgagor

This format is to be used to analyze the financial statements of the mortgagor and each of the principals listed within the Credit Analysis.

Questions	N/A	Yes	No	Comments
Has the mortgagor's financial statement				[Personal financial statements must contain all

been submitted?				<i>information requested in the HUD 92413. If married, must be signed by the spouse of the principal.</i>
Is the financial statement signed and certified?				<i>[Financial statements from the principal must be certified.]</i>
Have the last 3 years financial statements, including required schedules and interim financials been submitted?				<i>[If no, explain.]</i>
If any financial statements omitted was a statement of explanation provided by the mortgagor?				<i>[If no, explain.]</i>
If applicable, has the mortgagor provided a property financial statement that was reviewed by an independent third party Certified Public Accountant (CPA) that includes actual copies of the insurance and property tax bills? (The CPA review is applicable to the most recent complete year of the financial statement).				<i>[If no, has the Hub Director granted a waiver of this requirement for acquisitions?]</i>

If the mortgagor is a non-profit entity, remove restricted assets which cannot be utilized in determining available working capital. The analysis of the mortgagor’s current financial statement should be in accordance with the MAP Guide and FAQ and in the following format:

Balance Sheet

	Year: ___/___/___	Year: ___/___/___	Year: ___/___/___
Current Assets:	\$ _____	\$ _____	\$ _____
Other Assets:	\$ _____	\$ _____	\$ _____
Total Assets:	\$ _____	\$ _____	\$ _____
Current Liabilities:	\$ _____	\$ _____	\$ _____
Other Liabilities:	\$ _____	\$ _____	\$ _____
Total Liabilities:	\$ _____	\$ _____	\$ _____

Balance Sheet Year-to-date ___/___/___

IF:

Assets		Liabilities	
Total Current Assets:	(a) \$ _____	Total Current Liabilities:	(b) \$ _____
Total Other Assets:	(c) \$ _____	Total Other Liabilities:	(d) \$ _____
Total Assets:	(e) \$ _____	Total Liabilities:	(f) \$ _____

THEN:

Working Capital		Net Worth	
Current Assets: (a)	\$ _____	Total Assets: (e)	\$ _____
Current Liabilities: (b)	(\$ _____)	Total Liabilities: ((f)	(\$ _____)
Working Capital:	\$ _____	Net Worth:	\$ _____

The mortgagor’s current Working Capital and Net Worth are:

Working Capital	Net Worth
\$	\$

Question	N/A	Yes	No	Comments
Is the mortgagor's financial status acceptable?				[If no, explain.]

Financial Analysis of Principal:

Provide the following financial data on the Principal that will be funding eligible costs outside of the proposed transaction (e.g. projected financial requirements for closing).

Principal:

Form 92004-F, Verification of Deposit, (VOD), was sent to the following:
1.
2.
3.
4.

Add additional rows as needed. Delete if not applicable to the application

The institutions listed responded that the mortgagor or principal maintained what type of account and average balance?

Institution	Entity	Checking	Savings	Money Market	Certificate of Deposit	Other	Average Balance
1.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
2.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
3.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
4.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
5.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$
6.		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	\$

Describe "Other"

Question	N/A	Yes	No	Comments
Do the current balances of the listed accounts support the cash balances reported in the principal's most recent financial statement?				[If no, explain.]

The analysis of the principal’s financial statements should be in accordance with the MAP Guide and in the following format:

Balance Sheet

	Year: __/__/__	Year: __/__/__	Year: __/__/__
Current Assets:	\$ _____	\$ _____	\$ _____
Other Assets:	\$ _____	\$ _____	\$ _____
Total Assets:	\$ _____	\$ _____	\$ _____
Current Liabilities:	\$ _____	\$ _____	\$ _____
Other Liabilities:	\$ _____	\$ _____	\$ _____
Total Liabilities:	\$ _____	\$ _____	\$ _____

Balance Sheet Year-to-date __/__/__

IF:

Assets		Liabilities	
Total Current Assets:	(a) \$ _____	Total Current Liabilities:	(b) \$ _____
Total Other Assets:	(c) \$ _____	Total Other Liabilities:	(d) \$ _____
Total Assets:	(e) \$ _____	Total Liabilities:	(f) \$ _____

THEN:

Working Capital		Net Worth	
Current Assets: (a)	\$ _____	Total Assets: (e)	\$ _____
Current Liabilities: (b)	(\$ _____)	Total Liabilities: ((f)	(\$ _____)
Working Capital:	\$ _____	Net Worth:	\$ _____

The principal’s current Working Capital and Net Worth are:

Working Capital	Net Worth
\$ _____	\$ _____

Operating Statement

Revenues:			
Less Expenses:			
Add Depreciation:			
Net Income:			

Question	N/A	Yes	No	Comments
Is the principal’s financial status acceptable?				[If no, explain.]
Do the operating/income statements indicate a positive operating history?				[If no, explain.]
Do the financial statement schedules indicate aging accounts and notes receivable are being collected?				[If no, explain.]
Do the financial statement schedules indicate aging account and notes are paid timely?				[If no, explain.]

Do the financial statement schedules indicate listed securities are properly valued?				[If no, explain.]
Do the financial statement schedules indicate any pledged assets?				[If no, explain.]

List those entities for which a schedule of REO and a schedule of maturing debt has been analyzed and provided.

1.	
2.	
3.	
4.	
5.	
6.	
7.	

Questions	N/A	Yes	No	Comments
Were REO schedules included in the Mortgage Credit Binder for all required principals, (decision maker and equity provider)?				[If no, explain.]
Is there maturing debt in the next 5 years on any of the REO assets of which principals have control?				[If no, explain.]
If yes, financing plan is detailed and acceptable?				[If no, explain.]
Does the financing plan address any shortfall or anticipated lack of available credit?				[If no, explain.]
Do balance sheets for all principals, in addition to other relevant schedules, contain a Schedule of Real Estate Owned, and a Schedule of Mortgage Debt?				[If no, explain.]
Does the various properties' net operating income, outstanding indebtedness, valuation estimates etc., support the likelihood of successfully refinancing projects with maturing balloon debt, assuming current capital markets conditions and the current availability of alternative long term				[If no, explain.]

financing sources?				
--------------------	--	--	--	--

[Provide a Narrative description of the above items. Address the creditworthiness of all principals, the financial position and contingent liabilities, particularly all mortgage debt with near or intermediate term balloon payments (i.e. within the next 5 years). Reconcile the data, and come to a conclusion as to the principals' and Borrower's creditworthiness. Particular attention should be given to principals with a history or anticipated incidence of adverse credit actions including (but not limited to) bankruptcies, foreclosures, or a pattern of renegotiating debt.]

Recommendation

Question	N/A	Yes	No	Comments
Is the credit background of the proposed principal acceptable?				[If no, explain.]
Is the current financial information submitted on the principal acceptable?				[If no, explain.]
Are the credit backgrounds of the principals acceptable?				[If no, explain.]
Is the combined Net Worth and Working Capital of the proposed mortgagor and principals acceptable?				[If no, explain.]
Is the general contractors' working capital level equal to or greater than 5% of the estimated construction contract?				[If no, explain.]
Are the general contractor's credit and financial statements acceptable?				[If no, explain.]
Do you recommend acceptance?				[If no, explain.]
Does the mortgagor and principals have sufficient funds to meet the cash requirement?				[If no, explain.]

Management Agent / Management Plan

Questions	N/A	Yes	No	Comments
Does the Management Agent's history show no problems with HUD previous participation?				[If no, explain.]
Does the Management Agent's history show no judgments, bankruptcies, pending lawsuits, defaulted federal debt or other credit problems?				[If no, explain.]
If an Identity of Interest Management Agent, was a business credit report obtained and it free of material problems?				[If no, explain.]

Add additional comments, if necessary.

**CONTRACTOR'S WORKING CAPITAL WORKSHEET
NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION**

HUD Project Number:	#	Project Name:
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Contractor:

Contractor's work in progress as of:		___/___/___		
Name of Projects less than 90% Complete	Contract Amount	Remaining Balance	Completion Date	Percent Complete
Totals				
Operating Working Capital Need:				
(5% of Total Remaining Balance)				
ANALYSIS OF CONTRACTOR'S FINANCIAL STATEMENT DATED			___/___/___	
Accounts Receivable for Projects in Progress:				
Cash:				
Other Accounts Receivable:				
TOTAL CURRENT ASSETS:				
Accounts Payable for Projects in Progress:				
Notes & Mortgages Payable:				
Other Accounts Payable:				
TOTAL CURRENT LIABILITIES:				
WORKING CAPITAL AVAILABLE: (Current assets less current liabilities)				
LESS Operating Working Capital Need:				
EQUALS ADJUSTED WORKING CAPITAL AVAILABLE:				
CONTRACT AMOUNT FOR SUBJECT PROJECT:				
PERCENT ADJUSTED WORKING CAPITAL AVAILABLE: (Divide adjusted working capital available by the contract amount for the subject project. <i>Must equal 5%</i>)				

Prepared By: _____ Date: _____

Underwriting Conclusion / Special Conditions to Firm Commitment

Insurable Mortgage

The maximum insurable mortgage is controlled by which criteria?	
The HUD-92264-A indicates a maximum insurable mortgage of:	\$
Estimated cash requirement:	\$
Terms of GNMA lock-out provisions (optional)	

Recommendations and any Special Conditions to the Firm Commitment/Comments:

11. Addenda

- A. Organization Chart
- B. Draft HUD-2 forms if waivers requested
- C. Any other applicable documentation