PART A - FILE REVIEW NOTES

1. IDENTIFY CURRENT PAYMENT STATUS
   a. Under Mortgage
      □ Current
      □ Delinquent
      $   Delinquent
      Paid thru /
   b. Under Plan
      □ Current
      □ Delinquent
      $   Delinquent
      Paid thru /
   c. Monthly Payment Now Due:
      Type                  Under Mortgage       Under Plan
      Principal, Interest & MIP $                     $
      Taxes and Insurance      $                     $
      Replacement Reserve     $                     $
      TOTAL $                     $

2. DID PROJECT RECEIVE FLEXIBLE SUBSIDY ASSISTANCE DURING FY COVERED BY THE STATEMENT? □ YES □ NO
   (If "Yes," enter amount of MIO funds received for each type during the Fiscal Year.)
   Operating Deficit (Line 3d of MIO) $ $
   Other operating deficits $ $
   Repairs $ $
   Replacement Reserves $ $
   TOTAL FOR FY $ $

3. SPECIFY TERM OF PAYMENT PLANS OR FINANCIAL ASSISTANCE IN EFFECT DURING FY. INCLUDE OWNER ADVANCES NOT COVERED IN ITEM 2.

4. MANAGEMENT FEE IN EFFECT DURING FY
   % from / through / through / $

5. LAST RENT INCREASE
   Effective / for Percent = Increase of $ $

6. HAS OWNER AGREED TO WAIVE PAYMENT/ACCRUAL OF DISTRIBUTIONS IN RETURN FOR FLEXIBLE SUBSIDY, OTHER MORTGAGE RELIEF, OR APPROVAL OF AN NP-LD TRANSFER? □ YES □ NO
   (If "Yes," specify terms and period covered)

7. WAS THE OWNER/AGENT DIVERTED FUNDS IN THE PAST ON THIS/OTHER PROJECTS? □ YES □ NO
   (If "Yes," specify)

8. IDENTIFY ANY MAJOR/RECURRING PROBLEMS WITH FINANCIAL STATEMENTS SUBMITTED IN THE PAST ON THIS PROJECT:

9. IDENTIFY PROBLEMS ON MONTHLY ACCOUNTING ITEMS THAT SHOULD BE TIED IN WITH ANNUAL REVIEW:

10. DESCRIBE ANY FINDINGS OUTSTANDING FROM PREVIOUS YEARS' REVIEWS:

PART B - REVIEW OF AUDITOR'S REPORT

1. DOES THE AUDITOR'S REPORT CONTAIN ALL ELEMENTS REQUIRED BY FIGURE 2.1 OF HANDBOOK 4370.17
   □ YES □ NO
   (If "No," identify deficiencies)

2. WAS THERE ANY SCOPE LIMITATION? (Explain below)
   □ YES □ NO
   (If "Yes," explain in Item 5)

3. INDICATE TYPE OF OPINION
   □ UNQUALIFIED □ QUALIFIED □ ADVERSE
   □ DISCLAIMER □ STATEMENTS ARE UNAUDITED

4. HAS THE IPA'S PREVIOUS WORK ON THIS AND OTHER PROJECTS BEEN ACCEPTABLE (i.e., has the IPA reported diversions of non-committee funds when such exist)? □ YES □ NO
   (If "No," explain in Item 5)
### PART C - REVIEW FOR COMPLIANCE WITH AGREEMENTS AND COMMITMENTS OR HUD REQUIREMENTS

1. **A. Are amounts shown for management fees paid and management fees payable consistent with management fees approved by HUD?**
   - **Yes**
   - **No**
   
   **(If "No," attach corrective computation)**

2. **b. Is the fee percentage reasonable?**
   - **Yes**
   - **No**

3. **C. Have any residual receipts computed as of the end of prior fiscal year been deposited with the mortgagee?**
   - **Yes**
   - **No**
   
   **(If "No," explain below in Item 6)**

4. **D. Have all owner contributions required by flexible subsidy, mortgage relief or TPA contracts been made?**
   - **Yes**
   - **No**
   
   **(If "No," explain below in Item 6)**

5. **E. Were any areas of non-compliance detected by the IPA?**
   - **Yes**
   - **No**

   **(If "Yes," identify types of non-compliance in Item 6)**

6. **F. Were any of the other forms of financial non-compliance (as listed in Exhibit 2 of Handbook 4370.1) detected on this project?**
   - **Yes**
   - **No**

   **(If "Yes," describe in Item 6 below)**

7. **G. List any non-financial compliance deficiencies detected by the IPA in response to the internal control questionnaire or in supplemental notes.**

8. **H. Are IPA's comments consistent with findings on HUD on-site management, occupancy and physical inspections or rent increase and monthly accounting desk reviews?**
   - **Yes**
   - **No**

   **(If "No," identity discrepancies in Item 6 below)**

### PART D - CHECK FOR DIVERSION OF PROJECT ASSETS

1. **A. Were any distributions paid during this FY covered by the statement justified by the computation of surplus cash, distribution and residual receipts for the end of the prior FY?**
   - **Yes**
   - **No**

   **(Be particularly alert for diversions listed in Exhibit 2.2 of Handbook 4370.1. Describe diversions in Item 5 below)**

2. **B. Were any unauthorized loans made to partners or related projects this FY?**
   - **Yes**
   - **No**

   **(If "Yes," identify)**

3. **C. Were any other diversions of project assets noted during the FY?**
   - **Yes**
   - **No**

   **(Be particularly alert for diversions listed in Exhibit 2.2 of Handbook 4370.1. Describe diversions in Item 5 below)**

4. **D. Were diversions reported by the IPA?**
   - **Yes**
   - **No**

   **(If "Yes," identify the diversions in Item 5 below)**

5. **E. Describe any additional adverse findings and corrective actions needed on Items 1 thru 4.**

### PART E - COMPUTATION OF SURPLUS CASH, DISTRIBUTIONS AND RESIDUAL RECEIPTS

**1. Attach Form HUD-93468**

**2. Are IPA's computations on Form HUD-93468 for this FY accurate?**
   - **Yes**
   - **No**

   **(If "No," complete chart below)**

<table>
<thead>
<tr>
<th>PER IPA</th>
<th>PER HUD</th>
</tr>
</thead>
<tbody>
<tr>
<td>surplus cash</td>
<td>$</td>
</tr>
<tr>
<td>deposit due residual receipts</td>
<td>$</td>
</tr>
<tr>
<td>distribution to be carried on balance sheet (LD's only)</td>
<td>$</td>
</tr>
</tbody>
</table>

**3. If monthly reports show distributions paid subsequent to the end of the fiscal year, were the distributions less than or equal to amount available at end of the fiscal year covered by this statement?**

- **Yes**
- **No**
- **Not applicable**

**4. Has the mortgagee received any residual receipts deposit required per HUD calculation in Item 2?**

- **Yes**
- **No**

**5. Describe any findings or corrective action related to Items through 3.**

---

*Page 2 of 3 Pages*
PART F - ASSESSMENT OF PROJECT PERFORMANCE AND NEEDS

1. COMPLETE THE FOLLOWING DATA FOR THE LAST THREE YEARS:

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TENANT ACCOUNTS RECEIVABLE</th>
<th>OPERATING ACCOUNTS PAYABLE (Exclude MIO Plan Items)</th>
<th>TOTAL OPERATING EXPENSES</th>
<th>TOTAL CASH REQUIREMENTS</th>
<th>NET CASH THROW OFF</th>
</tr>
</thead>
<tbody>
<tr>
<td>This Year</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Prior Year</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Two Years Ago</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
</tbody>
</table>

2. EXPLAIN CAUSE OF ANY OLMS FLAGS:


3. ARE TREND AND LEVEL OF EXPENSES REASONABLE?  ☐ YES  ☐ NO  (If "No," explain)


4. IS PROJECT MEETING FINANCIAL BENCHMARKS ASSESSED IN LONG TERM PROJECTIONS UNDERLYING MORTGAGE WORKOUTS OR RELIEF PLANS?  ☐ YES  ☐ NO  (If "No," describe target missed.)


5. DESCRIBE ANY ADDITIONAL PERFORMANCE PROBLEM OR ACTION NEEDED TO ARREST DOWNWARD TRENDS OR TO STABILIZE THE PROJECT. CONSIDER IMPACT OF RECENT RENTAL INCREASES, CHANGES IN MANAGEMENT PROCEDURES, AGENTS AND POSSIBLE ADVERSE IMPACT OF FULL OR PARTIAL SUBSIDIES WORKOUTS, ETC.


ATTACHED ARE:
☐ Letter to Owner  ☐ Note to IPA file on weaknesses in IPA's Report

PREPARED BY:  [Loan Technician]  [Date]

REVIEWED BY:  [Chief, Loan Management Branch]  [Date]

[Loan Specialist]  [Date]
## APPENDIX 7

### ATTACHMENT 1 TO FORM HUD-93485 - PERFORMANCE COMPUTATIONS FY ENDING

#### PART A - NET AVAILABLE FUNDS COMPUTATION

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted Cash</td>
<td>$</td>
<td>HUD Receivables</td>
<td>$</td>
</tr>
<tr>
<td>Investments (Unrestricted)</td>
<td>$</td>
<td>Other Current Assets</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total Available Funds</strong></td>
<td>(a) $</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Less:</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-Term Notes Payable</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Rents</td>
<td>$</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Payables (Current Liabilities)</td>
<td>$</td>
<td><strong>Total Current Liabilities</strong></td>
<td>(b) $</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Net Available Funds</strong></td>
<td>(a) - (b) $</td>
</tr>
</tbody>
</table>

#### PART B - RATIOS

1. **Compute Mortgage Payment Coverage ratio**

   \[
   \text{Net Available Funds (Computed above)} \div \text{Current Mortgage Payment (including escrows)} \times 100 = \%
   \]

2. **Compute percentage of rent potential not collected**

   \[
   \left(\frac{\text{Vacancy Loss + Bad Debt Expense divided by Rent Potential for revenue producing units}}{\text{Rent Potential for revenue producing units}}\right) \times 100 = \%
   \]

3. **Compute level of tenant accounts receivable shown on the Balance Sheet as a percentage of monthly rent potential**

   \[
   \left(\frac{\text{Tenant Accounts Receivable (Account No., 1130)}}{\text{Monthly Rent Potential}}\right) \times 100 = \%
   \]