

NONPROFIT SPONSOR
ASSISTANCE LOANS
HANDBOOK

4535.3 REV-1

APPENDIX 3

HJO-1270
March 1977

Form Approved
OMB No. 42-1084

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

SECTION 106(b) NONPROFIT SPONSOR ASSISTANCE "SEED MONEY" LOAN APPLICATION

No loan may be approved unless a completed application form has been received (24 C.F.R. Part 27.1)

1. SPONSOR (Name, Address, Phone and Person to Contact):		2. BORROWER (Name, Address, Phone and Person to Contact):	
3. DATE	4. SECTION 106(b) APPLICATION NO.	5. FHA PROJECT NUMBER (Major and Subsidy)	6. SECTION OF HOUSING ACT
7. PROJECT NAME AND LOCATION			
8. PURPOSE AND AMOUNT OF FINANCIAL ASSISTANCE		AMOUNT OF ASSISTANCE REQUIRED	MUD USE ONLY AMOUNT APPROVED
Organizational Expenses		\$	\$
Legal Fees		\$	\$
Consultant Fee		\$	\$
Architect Fees (Design)		\$	\$
Preliminary Site Engineering Fees		\$	\$
Land		\$	\$
Other (Items)		\$	\$
TOTAL		\$	\$
Less Amount (80 percent of Total)		\$	\$
Borrower's share (20 percent of Total)		\$	\$
9. Does the borrower, sponsor or any entity controlled by or under the control of these entities have an outstanding nonprofit sponsor assistance "seed money" loan under Section 106(b) of the Housing and Urban Development Act of 1968 and/or Section 307 of the Appalachian Redevelopment Act of 1965? <input type="checkbox"/> Yes <input type="checkbox"/> No. If answer is yes, state the loan amount, project name and project number and indicate why the loan has not been repaid.			
10. The undersigned agrees that pursuant to the requirements of the HUD Regulations (a) he/she is not entitled to get for it will decline to sell, rent or otherwise make available any of the premises or housing in the proposed project to a prospective purchaser or tenant because of his/her race, creed, color, sex or national origin, (b) it will comply with state and local laws of ordinances prohibiting discrimination, and (c) failure or refusal to comply with the requirements of either (a) or (b) shall be a proper basis for the Secretary to reject requests for future business with which the borrower or sponsor is identified or to take any other remedial action he or she may deem necessary to carry out the requirements of the HUD Regulations.			
The undersigned certifies that the borrower has available in each \$ _____ amount its share of the "seed money" expenses that as portion of the borrower's share as it will be retained from any party seeking to make a profit or monetary gain from the project as set forth in paragraph 27.15(b) of the HUD Regulations (24 C.F.R. Part 27.1); that the borrower/sponsor has not obtained or will it obtain a "seed money" loan or grant for this project from any other direct or indirect Federal source; that the total borrower's share as determined by HUD has been or will be spent for allowable "seed money" items prior to or simultaneously with the first expenditure of loan proceeds; and that the information included herein is true and correct to the best of the borrower's knowledge.			
DATE	BY (Signature of Authorized Representative)		TYPE NAME
TITLE			
MUD AREA OR INSURING OFFICE APPROVAL (SUBJECT TO AVAILABILITY OF FUNDS)			
The application is <input type="checkbox"/> APPROVED in the amount of \$ _____			
<input type="checkbox"/> DISAPPROVED (If disapproved, application will be returned to borrower with explanation attached.)			
DATE	BY (Signature of Area or Insuring Office Official)		TYPE NAME
NAME AND ADDRESS OF AREA OR INSURING OFFICE			
MUD HEADQUARTERS RESERVATION OF FUNDS			
Funds in the amount of \$ _____ are hereby reserved			
DATE	BY (Signature of Director, General and Subsidy Loans Division, Office of Finance and Accounting)		TYPE NAME
<p>WARNING Section 1001 of Title 18, United States Code, "Statements or entries generally," provides:</p> <p>"Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than \$10,000 or imprisoned not more than five years, or both."</p>			

Replaces Form FHA-2790, which is obsolete

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INSTRUCTIONS FOR PREPARING APPLICATION FOR
SECTION 206(N) NONPROFIT SPONSOR ASSISTANCE "SEED MONEY" LOAN

The borrower shall complete Form HUD-92290 and submit an original and five (5) copies to the appropriate HUD field office. In support of all items listed in Block 8, the borrower must submit supporting bills, written estimates, receipts, and/or any contracts for professional services which have been let. The borrower must attach an itemized statement classifying all expenditures and current obligations for the line items listed in Block 8. Expenditures must be shown by check number, date, payee amount, and purpose.

Blocks 1 through 7 - Self-explanatory.

Block 8. In the "Amount of Assistance Requested" column, enter the sum of the borrower's share and the federal share for each item.

- (1) **Organizational Expenses.** Enter 75 percent of the borrower's estimated expenses for telephone, postage, a fidelity bond, and travel to and from the HUD field office for the period from inception of the project to final closing. The amount entered for organizational expenses cannot exceed \$750.
- (2) **Legal Fees.** Enter 15 percent of the amount agreed to between the borrower and the attorney for legal services, excluding any amount which may relate to title and recording expenses.
- (3) **Consultant Fees.** Enter 25 percent of the amount agreed to by the borrower and the consultant and specified in the consultant's contract. If a consultant has not yet been hired by the Borrower, but will be prior to the Final Proposal stage, the borrower should enter 25 percent of the maximum fees specified in the following schedule:

MORTGAGE AMOUNT	FEE
Up to \$1,000,000	1.5%
From \$1,000,000 to \$2,000,000	\$15,000 plus .75% of excess over \$1,000,000
From \$2,000,000 to \$3,000,000	\$22,500 plus .5% of excess over \$2,000,000
Over \$3,000,000	\$27,000

In no event may the entry for this item exceed \$6,000.

- (4) **Architect Fee.** Enter 25 percent of the amount reflected in the contract between the borrower and the architect. If an architect has not been selected, the borrower should estimate an amount typically charged for design services for similar projects and enter 25 percent of the estimated amount.
- (5) **Preliminary Site Engineering.** Enter the total estimated cost of boundary survey, topographic survey, and soil testing and investigation as supported by bills, receipts, or estimates from surveyors, engineers, and scientists, etc.
- (6) **Lease.** Enter the cost to the borrower of obtaining control of the site, e.g., cost of lease options, purchase price, etc. Outright purchases of land are strongly discouraged and will only be approved under the most extenuating circumstances by HUD Headquarters. With respect to lease options, options should have extension provisions covering at least two years from the date of the Section 202 fund reservation. Option fees must always apply to the purchase price so that they may be recovered from the Section 202 loan proceeds. Further, they must be reasonable and generally consistent with real estate practices in the area. Option fees may be included in this line covering a period of up to three years.
- (7) **Other.** Enter and identify any fees and charges for mortgageable items which are eligible "seed money" expenses, but which are not covered elsewhere in this application.

In completing Block 8, the borrower should be mindful that \$62,500 is the maximum allowable seed money. The preceding instructions set forth maximums for individual line items. These items may be further limited by the \$62,500 overall maximum.

Blocks 9 and 10. Self-explanatory. To be completed by the borrower.

Block 11. To be completed by HUD.

Block 12. To be completed by HUD.