

APPENDIX 7

SECTION 202 DIRECT LOAN PROGRAM  
APPLICATION FOR FUND RESERVATION  
PRELIMINARY EVALUATION REVIEW CHECKLIST FORMAT

Instructions:

1. The checklist contains seven sections to be completed concurrently by the specified reviewing disciplines. Attach extra sheets as necessary.
2. Each reviewing discipline should check all applicable items and provide all information requested, even if the application is found unapprovable on the basis of any single item or factor.
3. When completed, the reviews shall be routed to the Multifamily Housing Representative through PC&R. The MHR shall complete a summary of all reviews.
4. Applicable Fund Reservation application exhibits are identified to assist the reviewing disciplines.

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Project Sponsor: \_\_\_\_\_  
 Location: \_\_\_\_\_  
 Number of Units: \_\_\_\_\_  
 Project No.: (Section 202) \_\_\_\_\_

PRELIMINARY EVALUATION SUMMARY

Reviewing Office	Recommendation	
	Acceptable	Not Acceptable
Section A - Multifamily Housing Representative (MHR)	_____	_____
Section B - Mortgage Credit Branch	_____	_____
Section C - Valuation Branch	_____	_____
Section D - Architectural, Engineering, and Cost Branch	_____	_____
Section E - Field Office Counsel	_____	_____
Section F - Economic and Market Analysis Division	_____	_____
Section G - Fair Housing and Equal Opportunity	_____	_____

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(Signature of MHR) \_\_\_\_\_ Date \_\_\_\_\_

## Determination of Acceptability

Based on the preliminary evaluation, subject project is considered eligible.

OR

Based on the preliminary evaluation, this project is ineligible for processing for the reason(s) checked below:

1. Is clearly ineligible based on failure to meet one or more of the following Threshold Criteria:
  - (1) The proposed facilities and intended occupants are eligible under the Section 202 program.
  - (2) The Sponsor has previous experience in developing and/or operating housing, medical or other facilities, such as, but not limited to, nursing homes or senior or community centers, and/or the provision of services to the elderly, the handicapped, families or minority groups, preferably, but not necessarily among those in the low and moderate income category.
  - (3) It is reasonable to expect the Sponsor will be able to meet the minimum capital investment requirements and the preliminary development costs. (Funds from a Section 106(b) loan, if requested, may be counted in determining whether the Sponsor can meet the preliminary development costs, but not the minimum capital investment.)
  - (4) The Sponsor is eligible to participate in the Section 202 program.
  - (5) Even without the benefit of a site visit, it is reasonable to expect the proposed site meets site and neighborhood standards requirements, including minority concentration considerations, and not being located in a floodway and/or a Coastal High Hazard Area.
  - (6) The proposed project meets the cost containment and modest design requirements, including:
    - Limitation on amenities.
    - Standards limiting size of units and number of baths.
    - Limitation on two-bedroom units.

- Five percent limitation on Special Spaces and Accommodations on a square foot basis
  - Five percent limitation on commercial space.
- (7) - The proposed project is responsive to the Invitation.
  - (8) - Documentary evidence of site control is provided.
  - (9) - Determination by EMAS that, based on a preliminary analysis, there is reasonable assurance of a sufficient market for the number of units proposed.
2. The Sponsor did not submit within the specified time the requested documentation in response to a deficiency letter.
  3. Was received after the national deadline date.
  4. Requested more units than advertised for the allocation area.
  5. Did not provide an IRS tax exemption ruling for the Sponsor.
  6. Would result, upon completion of the subject proposal, in more than 200 units of specially designed housing for the elderly from any source in the immediate area, unless an exception is approved by the Field Office Manager.
  7. Other.

COMMENTS: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

If found to be ineligible, the Sponsor will be notified by letter that the application was found ineligible for further consideration and a copy of the letter will be forwarded to Headquarters, Attention: Direct Loan Branch, and to the Director, Office of Regional Housing.

Date of Letter: \_\_\_\_\_

Section 202 - Application for Fund Reservation  
 Preliminary Evaluation Review Checklist Format

Section A - Multifamily Housing Representative (MHR)

Sponsor Name: \_\_\_\_\_ Project No: \_\_\_\_\_

Threshold Criteria Review:

1. The proposed facilities and intended occupants are eligible under the Section 202 program. (Exhibits 1 and 2)

YES \_\_\_\_\_ NO \_\_\_\_\_ If no, the application must be rejected.

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. The Sponsor has previous experience in developing and/or operating housing, medical or other facilities, such as, but not limited to, nursing homes or senior or community centers, and/or the provision of services to the elderly, the handicapped, families or minority groups, preferably, but not necessarily among those in the low- and moderate-income category. (Exhibits 9, 11, 13)

YES \_\_\_\_\_ NO \_\_\_\_\_ If no, the application must be rejected.

COMMENTS: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RECOMMENDATION: Application is:

Acceptable Not acceptable

(Explain): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature of MHR) Date

Section 202 - Application for Fund Reservation  
Preliminary Evaluation Review Checklist Format

Section B - Mortgage Credit Branch

Sponsor Name: \_\_\_\_\_

Location: \_\_\_\_\_

Project No: \_\_\_\_\_

Threshold Criteria Review

1. The Sponsor's board resolution to provide a specific amount of funds to cover the minimum capital investment and start-up expenses is included in the application. (NOTE: Funds expended for eligible start-up expenses can be recovered at initial loan closing and thus would be available to

cover all or part of the minimum capital investment.)

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, was a board resolution provided by another organization to furnish these funds?

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application must be rejected.

If yes, name of organization: \_\_\_\_\_  
Comments: \_\_\_\_\_  
\_\_\_\_\_

2. The Sponsor will be able to meet the minimum capital investment requirement. Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application must be rejected.

3. The Sponsor can cover the start-up expenses. (NOTE: Section 106(b) funds, if requested, may be counted in determining the Sponsor's ability to cover start-up expenses, but not the minimum capital investment.)

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application must be rejected.

4. Does the project have excessive design features? Yes \_\_\_\_\_ No \_\_\_\_\_  
If yes, did the Sponsor make a commitment in the application to pay for these features and does it have the financial capacity to cover the cost?

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application must be rejected.

This application is acceptable from Mortgage Credit's viewpoint.

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application must be rejected.

(Explain): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature of Mortgage Credit Examiner) \_\_\_\_\_ Date \_\_\_\_\_

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Section 202 - Application for Fund Reservation  
Preliminary Evaluation Review Checklist Format

Section C - Valuation Branch

Sponsor Name: \_\_\_\_\_  
Location: \_\_\_\_\_  
Project No: \_\_\_\_\_

Threshold Criteria Review:

Based on the application submission, even without the benefit of a site visit, it is reasonable to expect the proposed site meets site and



rentable area of project, excluding commercial space, if any.

Yes \_\_\_\_\_ No \_\_\_\_\_ Percentage of special spaces \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

NOTE: Dining space, if provided, shall be large enough to seat only 1/3 to 1/2 of the tenant body. In addition, central kitchen and dining facilities may only be approved if the sponsor demonstrates that the dining facility will break even and be in full use at the sustaining occupancy level.

- 4. Proposed amenities are included on the list of acceptable amenities for market area.

Yes \_\_\_\_\_ No \_\_\_\_\_

Amenities included: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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- 5. Commercial Space is within 5 percent of total project space.

Yes \_\_\_\_\_ No \_\_\_\_\_ Percentage of commercial space \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- 6. Projects proposing exceptions to basic cost containment requirements (i.e., excessive amenities, unit size limits, and 5 percent limit on special spaces and accommodations.

The Sponsor provided a statement showing willingness and ability to pay for the overly-costly features.

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, the application is to be rejected.

- 7. If Sponsor requested a waiver of the requirement for 10 percent of the units to be designed to meet UFAS or equivalent standard, the design provides at least 5 percent (at least one unit) for persons needing an accessible units (as defined by UFAS) and provisions will be made for an additional 2 percent (at least one) of the units to be accessible for persons with hearing and vision impairments.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_





3. The Sponsor has the necessary legal authority to sponsor the project, to assist the Borrower and to apply for the loan.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

4. The Sponsor has a current IRS exemption ruling or a blanket exemption with Sponsor specifically named in the list.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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5. The Sponsor has submitted documentary evidence of site control, which does not contain restrictive covenants or reverter clauses unacceptable to HUD.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6. The Sponsor's board has adopted a resolution certifying that no officer or board member of the Sponsor, or of the Borrower when formed, has or will be permitted to have any financial interest in any contract or in any firm or corporation that has a contract with the Borrower in connection with the construction or operation of the project, procurement of the site or other matters whatsoever. (NOTE: this prohibition, as to the Sponsor's officers or board, does not apply to any management contract entered into by the Borrower with the Sponsor or its nonprofit affiliate.)

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

7. An incumbency certificate has been submitted for the Sponsor in typed form, listing all the duly qualified and sitting officers and directors, of the Sponsor, duly certified by an officer of the Sponsor.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



Not acceptable, since data not provided or did not support less than 10%. Approvable, if 10% of units are designed for handicapped.

The subject application is

Approvable

Not approvable

\_\_\_\_\_  
(Signature of Economist) Date

1/ But not less than the five percent (at least one unit) as required by Section 504 of the Rehabilitation Act of 1973. In addition, provision must be made for an additional two percent for persons with hearing or vision impairments in accordance with 25 CFR 8.22.

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Section 202 - Application for Fund Reservation  
Preliminary Evaluation Review Checklist Format

Section G - Fair Housing and Equal Opportunity (FHEO)

Sponsor Name: \_\_\_\_\_  
Location: \_\_\_\_\_  
Project No. \_\_\_\_\_

Threshold Criteria Review:

1. Based on the application submission, even without the benefit of a site visit, the proposed site meets site and neighborhood standards.

Yes \_\_\_\_\_ No \_\_\_\_\_ If no, without proper justification, application is to be rejected.

Comments: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. The proposed project will address a low participation rate and identified need for housing of elderly lower-income minority persons or families.

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_

3. There is a pending civil rights complaint or an outstanding finding of non-compliance with civil rights statutes, executive orders or



This application did not receive a complete review; therefore, it may have other deficiencies. My staff will be happy to discuss the strengths and weaknesses of your proposal with you early in Fiscal Year 19\_\_\_\_ after October 1, 19\_\_\_\_\_.

Thank you for your letter in the Section 202 Program.

Sincerely,

Manager

cc: Housing Consultant