

Chapter 4: Reservation/Commitment

The Commissioners will formally approve applications for funding at the December 21, 2007 MHDC Meeting. All developments approved by the Commission will receive a Conditional Reservation in January that describes the funding amount(s), requirements and deadlines. The Conditional Reservation is the first step in the process that will lead to a Firm Commitment and the eventual allocation and/or funding for the completion of an approved development.

I. Conditional Reservation

A Conditional Reservation will be provided to the owner of any development approved by the commission for 2008 funding. A Conditional Reservation will include the following:

1. **Type(s) and Amount(s) of funding reserved.** Each Conditional Reservation will highlight the type of funding provided by MHDC, the terms of that funding and the amount that has been reserved.
2. **Requirements.** The Conditional Reservation will describe the MHDC requirements that apply to the development referenced in the reservation, including the amounts, types and due dates of applicable fees.
3. **Deadlines.** The due dates for various requirements and benchmarks will be found in the Conditional Reservation.

Exhibits

The Conditional Reservation will include several exhibits which give greater detail about the policies and requirements that affect a particular development. These exhibits include:

1. **Assumptions.** The assumptions used to determine the funding amounts approved will be included as an exhibit to the Conditional Reservation. MHDC Form 2013 will be included and will demonstrate the income, operating, development and financing sources used in underwriting. Developments which have been approved for a HOME loan from MHDC will also receive a HOME Unit Analysis worksheet. The assumptions used are based on the information provided in the original application and by MHDC policies. Questions regarding the assumptions should be directed to the underwriter assigned to the development.
2. **Environmental Review Requirement.** All developments approved for funding are subject to the environmental review requirement. Be sure to read the requirement closely and ask any questions you may have. You

must submit the following items, if they are applicable to your development, by April 1, 2008:

- **FEMA Flood Zone Area Map** (All Funding Sources)
- **Geotechnical Soils Report** (All Funding Sources): Only required for new construction developments.
- **Phase I Environmental Assessment Report** (All Funding Sources): Phase I must be completed using the ASTM E-1527-05 Standard. See [Appendix S: Environmental Phase I Checklist](#) for additional information.
- **Phase II or other reports recommended by Phase I report if applicable** (All Funding Sources)
- **Asbestos Inspection Report** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1980.
- **Asbestos Abatement Plan** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1980.
- **Copy of Section 106 Information Form** (If Development has HOME financing or Risk Share insurance): This form must be sent to the Missouri Department of Natural Resources' Historic Preservation Officer.
- **Cultural Resource Assessment from Missouri Department of Natural Resources** (If Development has HOME financing or Risk Share insurance): This is what the DNR produces after reviewing the Section 106 Information Form that you submit to them.

The following Environmental Review items are required, if available, with the other review items. However, if the following are not available at that time, you must provide a description of when these items will be given to MHDC for review.

- **Asbestos O+M Manual** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1980. O+M Manual is necessary if asbestos containing materials are to be encapsulated and left in place.
- **Licensing and certification information for asbestos inspector, abatement contractor and landfill receiving disposal** (All

Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1980.

- **Lead-Based Paint Inspection Report** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1978.
- **Lead-Based Paint Abatement Plan** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1978.
- **Lead-Based Paint O+M Manual** (All Funding Sources): If interim controls are to be used, an O+M Manual must be provided. Applies to buildings being rehabbed or demolished that were originally constructed before 1978.
- **Licensing and certification information for lead inspector and abatement contractor** (All Funding Sources): Applies to buildings being rehabbed or demolished that were originally constructed before 1978.

It is important to note that all approved developments which expect to have more than one phase complete a HOME environmental review on the parcel(s) for all phases of the planned development, regardless of the funding source of the first phase.

- 3. Relocation Requirement.** The MHDC Relocation Policy is applicable to all developments with MHDC financing that have residential or commercial tenants occupying the building(s). Developments must follow the requirements and procedures of either the "*Relocation Guidelines and Forms for HOME Financed Developments*" or the "*Relocation Guidelines and Forms for All Other Rental Production Programs and LIHTC Programs*", whichever is appropriate for the development. Stage 2 documentation should be submitted with your Firm Submission, in no event later than July 1, 2008. Any questions regarding the relocation requirement should be directed to Angela Campbell at 816.759.6660.
- 4. Section 3 Requirement.** Only developments with HOME financing or Risk Share insurance from MHDC are subject to the Section 3 requirement. A Section 3 Plan from both the developer and the general contractor must be provided prior to the issuance of a Firm Commitment from MHDC. In addition to the developer and contractor, any subcontractor with a contract in excess of \$100,000 must submit a Section 3 Plan to MHDC. Additional information may be found in [Appendix L: Section 3 Guidelines](#). Questions may be directed to Sandy Middleton at 816.759.6694.

5. **Firm Submission Requirement.** All developments receiving MHDC financing must provide a firm submission package to MHDC by July 1, 2008. More information regarding the requirements and items that need to be submitted is described below.
6. **Carryover Requirement.** All 9% developments that do not place in service and cost certify by December 15, 2008 must complete the carryover requirement. Details regarding the carryover requirement can be found in Chapter 7 of this guide.
7. **42(m) Requirement.** All developments that will utilize tax-exempt bonds may need to have their issuer request a determination letter pursuant to section 42(m) of the Internal Revenue Code. All the information and documentation needed to fulfill a 42(m) request can be found in Chapter 7 of this guide.
8. **Construction Period Requirements.** All developments receiving financing from MHDC are subject to some or all of the construction period requirements. These requirements include:
 - **Workforce Eligibility:** All developments are subject to the rules and regulations of MHDC's Workforce Eligibility Policy as described in the Workforce Eligibility Handbook.
 - **Local Labor:** All owners are asked to make their best efforts to hire Missouri vendors, suppliers, contractors and laborers for their developments.
 - **Pre-Construction Conference.** All developments are required to arrange a pre-construction conference to be held within five days after closing and prior to the commencement of construction. MHDC's construction and I-9 inspectors shall be included on the agenda for each conference.
 - **Inspections.** During the construction process MHDC representatives will have the right to inspect all developments for progress and quality of construction, as well the conduction of spot-interviews and file reviews for Workforce Eligibility Compliance. A fee may be assessed for the cost of inspections.
 - **Construction Disbursements.** All developments receiving construction loan financing from MHDC must follow the Construction Disbursement Guide (MHDC 2400) in [Appendix J](#) of this guide for the submission, review, and approval of closing and monthly construction draws. MHDC funds and other draw sources

shall be transferred to a title company upon approval of the draw; the title company shall then disburse the draw funds, collect lien waivers, and complete date drawn endorsements. Title companies must be prepared to provide these services.

- **Contractor Cost Certification.** All projects must have a cost certification of the contractor's contract completed by a third party accounting firm in accordance with MHDC Cost Certification Guide form 3300 and submitted within thirty days after substantial completion.
- **Davis-Bacon.** Any development consisting of more than 12 HOME Assisted Units or having Risk Share insurance is subject to the requirements of Davis-Bacon. This includes the payment of prevailing wages and the weekly submission of certified payroll reports to MHDC.
- **Other Construction Period Requirements.** Any other requirements for the construction period will be described in more detail in the Firm Commitment you receive.

9. CHDO Recertification Requirement. HOME regulations require CHDOs to be recertified annually when they receive CHDO set-aside funding. Any development that has been reserved funding from the CHDO set-aside must recertify with MHDC. The requirements for recertification can be found in Exhibit 6 of the Conditional Reservation Agreement.

10. Participant Conduct Certification. The Participant Conduct Certification must be signed and returned with the Conditional Reservation. The Certification establishes the following:

- That the signatory of the Participant Conduct Certification is authorized to sign on behalf of the ownership entity.
- That the Workforce Eligibility Policy has been read, understood and will be complied with.
- That best efforts to utilize Missouri labor will be undertaken whenever feasible.
- That all identity of interests between members of the development team, including contractors and subcontractors, which are existing or which arise throughout the construction period will be properly communicated to MHDC.

- That a syndicator not recognized by MHDC as a legitimate syndicator of Missouri State Tax Credits will not sell the development's credits for a Gain, as defined in the Participant Conduct Certification, which does not flow to the development.

11. Financing Requirements. All developments are subject to some or all of the Financing Requirements. The Requirements can be found in the exhibit to the Conditional Reservation Agreement and should be read closely to determine which are applicable to your development. If you have questions regarding the requirements for your project, please contact your underwriter.

12. Waiver Policy. MHDC has adopted a formal waiver request policy as it pertains to MHDC financing requirements and deadlines. We recognize that all requirements and deadlines may not be appropriate for all of the diverse development situations we encounter; therefore, you will be able to petition MHDC to consider waiving any requirement or deadline.

It is highly advisable that waiver requests be reasonable. While an owner could ask for a waiver of the Workforce Eligibility Requirements, under no circumstance will such a request be granted. Waiver requests may be considered for requested documentation and/or submission deadlines (e.g., firm submission items or deadlines).

Before making a waiver request the owner must contact the development underwriter to discuss the situation. If it is appropriate to ask for a waiver, the owner must fill out a waiver request form for each request being made. Waivers will be granted only when MHDC staff feels that reasonable circumstances exist to warrant the waiver. In most cases the situation which will result in a waiver will have been determined to be outside of the control of the owner/developer.

Waiver requests must be submitted no later than two weeks before the deadline in question, but should be submitted as soon as it is known a waiver may be necessary. Owners should feel free to contact the development underwriter with any questions regarding the waiver policy.

CD-ROM

The Conditional Reservation Package you receive will also include a CD-ROM with important electronic documentation to help you in the process. This CD will include the most recent forms and guidebooks that will assist you in getting a Firm Commitment.

The CD will include an Excel Workbook with MHDC Form FIN-100 that will have the numbers and assumptions used to determine your funding reservation amount(s). Please use this workbook as you move forward.

If you have older versions of the forms and guidebooks included on the CD, discard them.

If you have any questions, comments or concerns about the information found on the CD, in the Conditional Reservation or the Exhibits, please contact your underwriter.

II. Firm Commitment

All developments with MHDC financing must receive a Firm Commitment before they will be allocated funding. If your development has a loan with MHDC you must receive a Firm Commitment prior to closing. If your development's only source of MHDC financing is the state and federal low-income housing tax credit you must receive a Firm Commitment prior to Carryover or a 42(m) letter request.

In order to receive a Firm Commitment you must provide all the documents required for a firm submission and you must have met any other requirements such as the Environmental Review, Section 3 and Relocation Requirements.

The Firm Commitment represents MHDC's understanding and acceptance of your development's characteristics and structure. Ideally you will be thirty to sixty days from closing your transaction and starting construction when you provide a firm submission package. If you do not have a waiver from MHDC that establishes a new due date for the firm submission, then the firm submission package must be received by July 1, 2008 for developments with an MHDC loan. If you do not have a loan from MHDC, your firm submission, without a waiver, must be received by the earlier of two weeks prior to closing of the transaction or July 1, 2008. If you submit your firm submission package after the deadline established for your development, you will be placed on the Participant Watch List. The watch list will be distributed to Commissioners at regularly scheduled meetings and your presence on the list will affect future funding decisions.

Firm Submission Package

The owner/developer of any project receiving financing from MHDC must submit a Firm Submission Package before receiving a firm commitment. The documentation requested below must be received by the earlier of the deadline established for your development or two weeks prior to the closing of the development (if your development's only MHDC financing sources are tax credits).

A firm commitment will be issued only after a review of the firm submission package has been completed and it is clear to MHDC staff that the appropriate

requirements have been or will be met prior to closing. Developments with reservations of HOME financing or Risk Share insurance will not receive a firm commitment until after HUD's Authorization to Release Grant Funds has been received by MHDC.

If the firm submission package reflects changes to the numbers and assumptions in the Conditional Reservation, it may change the amount of financing that is committed to the development. MHDC reserves the right to terminate any Conditional Reservation and/or require a development to go back before the commissioners, at a regularly scheduled meeting, for reconsideration if the changes presented materially affect MHDC's understanding of the development.

An incomplete firm submission package will not be reviewed until the missing items are received. The firm submission package must contain:

- a. **EXHIBIT BINDER.** One three ring binder with a hard copy of all required exhibits and original signatures where applicable is required. The exhibits should be filled out properly and if an exhibit includes photographs, they should be in color.
- b. **CD-ROM(s).** You must provide a CD with a PDF version of all the exhibits for which an electronic version is required. If you are missing electronic exhibits your firm submission package is incomplete and will not be reviewed until the missing exhibits are submitted.

Firm Submission Package Exhibits

Different documents are required depending upon the source(s) of financing you have. The list below is comprehensive and will denote whether an exhibit is required for the two broad types of developments; those with a loan from MHDC and those without a loan from MHDC. The list below will also denote which exhibits are required to be submitted electronically.

1. Executed MHDC Form FIN-100

Provide an executed FIN-100 that shows the final cost and financing assumptions. You must update the FIN-100 that was provided to you at Conditional Reservation; do not use the FIN-100 that was submitted with your application.

Be sure to read and select the drop-down boxes on the certification worksheet and to sign the certification worksheet and the tax credit addendum worksheet in the appropriate places.

Type: All developments must provide an updated and executed FIN-100.

Electronic Version: You need to include both the Excel Workbook and a PDF version that includes the signatures on the CD-ROM submitted as part of the firm submission package.

2. MHDC Form FIN-101: Identity of Parties

The FIN-101 must be filled out with contact information for the listed members of the development team. The FIN-101 will be an exhibit to the Firm Commitment and must be as accurate as possible. The contact information for the following (if applicable to the development) is required:

- Mortgagor/Owner
- Developer
- Managing General Partner
- Other General Partner(s)
- Architect
- Mortgagor/Owner Counsel
- Management Agent
- Title Company
- Federal Limited Partner
- State Limited Partner
- Special Limited Partner
- General Contractor
- Bond Purchaser
- Bond Counsel
- Bond Trustee

The FIN-101 also includes a section for disclosing identity of interests between development team members that must be properly filled out.

Type: All developments must provide an accurately completed FIN-101

Electronic Version: Either the Word version of the FIN-101 or a scanned PDF copy is required.

3. Signature Blocks

Signature blocks for the Mortgagor, Contractor, Architect, and Title Company as they should appear in any MHDC legal documents must be included.

You may want your attorney to help you prepare or review the signature blocks before sending them to MHDC.

Please provide an accurate spelling of the entity names and indicate who will be signing on behalf of the various parties.

Type: Developments with loans are required to submit signature blocks for the Mortgagor, Contractor, Architect and Title Company. Developments without loans are required to provide a signature block only for the ownership entity.

Electronic Version: A Word version or a scanned PDF copy of the signature blocks is required to be on the CD.

4. Organizational Documents

Organizational documents for the mortgagor entity and its general partner(s) or managing member that need to be included:

Mortgagor entity (Ownership entity if no MHDC mortgage):

- i. Certificate of Limited Partnership *or* Certificate of Limited Liability Company;
- ii. Limited Partnership Agreement (including MHDC-required Limited Partnership Agreement language) *or* Operating Agreement (including MHDC-required Operating Agreement language). See "MHDC Requirements – Limited Partnership Agreements" and "MHDC Requirements—Operating Agreements."
- iii. Certificate of Good Standing;
- iv. Copy of IRS letter or other documentation for the IRS-assigned employer identification number.

General Partner or Managing Member:

- i. Certificate of Incorporation *or* Certificate of Limited Liability Company;
- ii. Articles of Incorporation and Bylaws *or* Operating Agreement;
- iii. Certificate of Good Standing;
- iv. Copy of IRS letter or other documentation for the IRS-assigned employer identification number.

Non-Profit Organization (if applicable):

- i. Certificate of Incorporation – Missouri Non-Profit;
- ii. Articles of Incorporation and Bylaws;
- iii. Certificate of Good Standing;
- iv. Copy of IRS letter evidencing non-profit status.

Type: All developments must submit the organizational documents that apply.

Electronic Version: Scanned copies of all the organizational documents must be provided on the CD.

5. Site Control

If a vesting deed in the name of the ownership entity is being used to evidence site control, that is all you need to include. If a contract, purchase option or similar instrument is being used, please provide the contract/option and any amendments and extensions that have been executed.

If a ground lease is being used for site control a copy of the executed lease must be provided or a copy of the most recent draft of the lease if the lease is to be executed at closing.

Type: All developments must provide updated site control.

Electronic Version: A scanned copy of the executed site control must be included on the CD.

6. Title Commitment

The Mortgagee's Title Commitment must be accompanied by a copy of all exception documents. The commitment must be on form 1992 ALTA Loan Policy (10/17/92) and MHDC must appear as the proposed Insured, with the amount of the MHDC loan on Schedule A. All title commitments must be signed by a representative of the title company. The legal description must be identical to the legal description shown on the survey.

Refer to "Title Insurance Requirements" found in [Appendix T](#) of this guide for a complete description of MHDC standards for title commitments, policies, services, and acceptable title insurers.

Type: The title commitment is required only for developments that have a loan from MHDC.

Electronic Version: A scanned copy of the executed title commitment must be included on the CD.

7. Survey

A survey and surveyor's report, Form HUD 92457 (02/2006) must be included. Although required for firm commitment consideration, the survey must be updated within 90 days of the closing, and the surveyor's report must be updated within 30 days of the closing. The legal description must be identical to the legal description shown in the title commitment. Refer to "Preparation and Review Guidelines for Surveys and Surveyor's Reports Required for MHDC Multifamily Projects" in [Appendix U](#) of this guide for a complete description of MHDC's survey requirements.

The survey provided with the firm submission may be in draft form. Due to MHDC comments and a 90 day freshness requirement, you should anticipate on having your survey updated prior to closing. Therefore, only a full size draft of the survey needs to be included initially. The surveyor's report may also be in draft form for the purposes of the firm submission.

Type: The survey requirement applies only to developments that have a loan from MHDC.

Electronic Version: No electronic version of the survey or the surveyor's report is needed for the CD.

8. MHDC Form 3345: Plan Review Worksheet

You must provide an executed plan review worksheet for your development. The worksheet must be accurately completed, including the square footage of each unit and identification of restricted and market units.

Type: The plan review worksheet must be completed for every development.

Electronic Version: Both the Excel workbook and a scanned PDF copy of the executed Form 3345 must be included on the CD.

9. Plans and Specifications

You must provide at least two complete sets of construction drawings and specifications. See [Appendix E](#) of this guide, MHDC Form 1200, Architectural Procedures for Multi-Family Loans dated July 2007, for detailed requirements.

- i. **Plans** – If your development is located in the Kansas City Metro area Three (3), if anywhere else two (2), full-size sets of architectural/engineering drawings *and* one 11" x 17" (or half-size) set which includes only the site plan, elevations and floor plans.

You can send the full-size plans directly to the MHDC Architecture Department. The 11" x 17" or half-size set should be included in the firm submission binder.

- ii. **Specifications** – If your development is located in the Kansas City Metro area Three (3), if anywhere else two (2) sets of Specifications. Please note: (a) HOME-financed developments with 12 or more HOME-assisted units must include the current edition of the "General Conditions of the Contract for Construction" (AIA Document A201) as

amended, the "Federal Labor Standards Provisions" (form HUD-4010), and the Section 3 Plan as approved by MHDC; (b) developments receiving Risk Share insurance must include the current edition of the "General Conditions of the Contract for Construction" (AIA Document A201) as amended, the "Supplementary Conditions of the Contract for Construction" (form HUD-2554), and the Section 3 Plan as approved by MHDC.

The specifications can be sent with the full-size plans directly to the MHDC Architecture Department. You do not need to include the specs in the firm submission binder.

- iii. **Scope of Work-** A detailed scope of work must be included in the firm submission binder for rehabilitation developments.

Type: All developments must submit plans, specification and a scope of work if applicable.

Electronic Version: Only the 11" x 17" or half-size version of the drawings that includes the site plan, elevation(s) and unit plans must be included on the CD.

10. Computer Generated Energy Audit

Using the ResCheck software available from the Department of Energy's website, you must provide the compliance certificate generated by using the parameters for your development. The software can be accessed at <http://www.energycodes.gov/rescheck/download.stm>

The Computer Generated Energy Audit applies only to new construction developments. You may want to have your architect or project engineer assist in completing the audit.

Type: All developments which are new construction must complete the audit.

Electronic Version: You must include a scanned copy of the completed energy audit on the CD.

11. Termite Certification/Report

For new construction developments the owner/developer must certify that they have consulted with the architect and contractor to conform to the International Residential Code Section R320-Protection Against Subterranean Termites. Documentation of the measures taken must be incorporated into the construction documents and must be part of the

scope of work. A sample certification is included in [Appendix X](#) of this guide.

For existing developments a termite report must be provided. If termite infestation is found in the report, the scope of work must include what steps will be taken to eliminate the problem.

Type: All developments must provide a termite certification or report.

Electronic Version: A scanned copy of the executed certification or the inspector's report must be included on the CD.

12. Owner-Architect Agreement

You must provide an executed copy of the Owner-Architect Agreement (AIA B181 with MHDC Rider). If this agreement does not include all required architectural and engineering disciplines, then include copies of all consulting contracts. The agreement should clearly indicate how much of the fee is for design and how much is for supervision. The MHDC Rider (Form 2101) may be found in [Appendix E](#) of this guide.

Type: All developments must provide an executed Owner-Architect Agreement.

Electronic Version: A scanned copy of the executed agreement must be included on the CD.

13. Contractor Due Diligence

You must include the following contractor due diligence items:

- i. Contractor's Qualification Statement (AIA A305)
- ii. Contractor's Financial Statement
- iii. MHDC Form FIN-116: Credit Summary with Contractor's Tax I.D. Number
- iv. MHDC Form FIN-105: Experience Summary *and* a company resume

Type: All developments must provide the Contractor Due Diligence.

Electronic Version: Items i, iii and iv must be included on the CD, item ii Contractor's Financial Statement does *not* have to be included on the CD.

14. Equal Employment Certification (HUD Form 92010)

You must provide an executed Equal Employment Opportunity Certification (HUD Form 92010) for the Mortgagor (for developments with HOME financing) or the General Contractor (for developments with MHDC Fund Balance).

Type: Only developments with a loan from MHDC must provide the equal employment certification.

Electronic Version: A scanned copy of the executed form 92010 must be included on the CD.

15. Construction Contract

If MHDC is not a first position construction loan, you must provide an executed contract for construction on AIA Document A111-1997 or A111-2007. If MHDC is providing the first position construction loan, the Mortgagor and Contractor must execute the MHDC-prepared Construction Contract at closing and provide a copy of any supplementary agreements between Mortgagor and Contractor with regard to the construction of the development.

Type: If you do not have a first position construction loan with MHDC you must provide a copy of your construction contract with the firm submission.

Electronic Version: If you are required to provide a construction contract you must include a scanned copy on the CD.

16. Executed MHDC Form FIN-115

A FIN-115 with an accurate breakdown of labor and materials which has been executed by both the contractor and mortgagor must be included. The numbers should match the FIN-100 included with the firm submission package.

Type: All developments must submit an executed FIN-115.

Electronic Version: Both the Excel workbook version of the completed FIN-115 and a scanned copy of the executed FIN-115 must be included on the CD.

17. Completed MHDC Form FIN-150: Construction Draw Schedule

Developments with an MHDC loan (construction and permanent) must complete and provide Form FIN-150 or an equivalent form that shows the anticipated sources and uses during the construction period. If you are not using the FIN-150, please contact your underwriter about whether your form will work.

Type: Only developments with a loan from MHDC must provide a construction draw schedule.

Electronic Version: A copy of the Excel workbook used must be included on the CD.

18. MHDC Form 2426: Subcontractor List

A list of subcontractors completed on MHDC Form 2426 must be provided. This form must be filled out to the level of detail specified in the FIN-115. You will need to provide an updated list at closing and monthly updates after the start of construction in accordance with the Workforce Eligibility Policy.

Type: All developments are required to provide the subcontractor list.

Electronic Version: You must provide either a scanned copy of the 2426 or the Excel workbook version of the 2426.

19. Subcontractor Bids

Where trade work is to be supplied by a subcontractor or material supplier the general contractor must provide supporting documentation in the form of actual bids. A firm submission package is not complete without the subcontractor bids that separate out labor and material costs. Please note the following documents which must be bound within the bid documents: (i) HOME-financed developments with 12 or more HOME-assisted units must include the current edition of the "General Conditions of the Contract for Construction" (AIA Document A201) as amended, the "Federal Labor Standards Provisions" (form HUD-4010), and the Section 3 Plan as approved by MHDC; (ii) developments receiving Risk Share insurance must include the current edition of the "General Conditions of the Contract for Construction" (AIA Document A201) as amended, the "Supplementary Conditions of the Contract for Construction" (form HUD-2554), and the Section 3 Plan as approved by MHDC.

Subcontractor bids will also be required during the construction period in accordance with the Workforce Eligibility Policy.

Type: All developments are required to provide a copy of the subcontractor bids that they have received.

Electronic Version: Scanned copies of the bids are required to be on the CD.

20. Completion Assurance

If MHDC is providing first position construction financing, you are required to provide a letter of credit equal to 15% of the construction contract or a payment and performance bond that meets MHDC requirements. As part of your firm submission package you must describe which method of assurance you will be using. If you are going to provide a letter of credit, you must provide a draft of the letter with your firm submission.

Type: Only developments with a first position construction loan from MHDC are required to provide completion assurance.

Electronic Version: If a draft letter of credit is being provided a scanned version must be included on the CD.

21. Equity Financing Commitment(s)

Copies of commitments for all applicable Federal and State Low-Income Housing Tax Credit and Federal and State Historic Rehabilitation Tax Credit financing must be included. The commitment(s) at a minimum must include the information required at firm submission as described in [Appendix H: MHDC Guidelines for Preliminary Financing Commitments](#).

Type: All developments which received an allocation of low-income housing tax credits must include equity commitments.

Electronic Version: A scanned copy of the executed commitment(s) must be included on the CD.

22. Debt/Grant Financing Commitment(s)

Copies of commitments for all non-MHDC debt or grant funding must be included. If your development plans to use AHAP credits from MHDC, a commitment letter from the donor or non-profit recipient of the AHAP Credits must be included too.

Type: All developments must include debt/grant financing commitments from non-MHDC sources.

Electronic Version: A scanned copy of the executed commitment(s) must be included on the CD.

23. Management Agent Due Diligence

You must submit the following Management Agent documentation:

- i. MHDC Form FIN-105: Experience Summary and company resume. If the development will receive Risk Share insurance, also include Form HUD-2530 as filed electronically with HUD.
- ii. Articles of Incorporation or equivalent for Management Company.
- iii. MHDC Form FIN-116: Credit Summary for Management Company including Tax I.D. number.
- iv. Financial Statement for Management Company.
- v. Executed MHDC Form 2004-A: Management Agent Certification

Type: All developments must provide the management agent due diligence.

Electronic Version: Items i, ii, iii and v must be included on the CD, item iv Financial Statement for Management Company does *not* have to be included on the CD.

24. Affirmative Fair Housing Marketing Plan

Provide an executed and complete HUD Form 935.2A: Affirmative Fair Housing Marketing Plan for your development.

Type: All developments are required to submit a completed and executed AFHMP.

Electronic Version: You must include a scanned copy of the AFHMP on the CD.

25. PHA Approved Utility Allowance

You must provide the most recent utility allowance schedule from the local housing authority that is available for the development type and geographic area in question. If the schedule provided has an effective date that does not use the current year, you must provide a statement from the housing authority which says the estimate is still valid.

The numbers from the utility allowance submitted are the numbers that will be used on the FIN-100 and will ultimately affect the approved rents.

Type: All developments must include the most recent approved utility allowance schedule.

Electronic Version: A scanned copy of the utility allowance must be included on the CD.

26. Management and Maintenance Plan

A Management/Maintenance Plan that describes in detail the operation, management and maintenance of this development must be included. The Plan should be customized to meet the needs of the development.

Type: All developments must provide a detailed management and maintenance plan.

Electronic Version: a copy of the management and maintenance plan must be included on the CD.

27. Social Service Plan

If your initial application indicated that you would be providing social services or if you plan to include them as the development goes forward, you must include a plan that sufficiently explains what services are going to be provided to the tenants, by whom and at what cost. The plan should also include letters of intent from any social service provider(s) mentioned and a description of how the services will be funded.

Type: All developments must provide a social service plan if it is applicable.

Electronic Version: A copy of the social service plan must be included on the CD.

28. Lease-Up Narrative

A lease-up narrative that describes in detail the marketing plan and lease-up projections for the development must be provided.

Type: All developments must submit a lease-up narrative.

Electronic Version: A copy of the lease-up narrative must be included on the CD.

29. Completed MHDC Form FIN-117

You must use MHDC Form FIN-117 to show occupancy and expense projections for the lease-up period. The number from the FIN-117 should be the same as the Lease-up Reserve Escrow from the Development Budget page of the FIN-100.

Type: All developments must include a completed FIN-117.

Electronic Version: You must include the FIN-117 Excel workbook on the CD.

30. Proposed Lease Agreement

The proposed form of lease agreement with the tax credit addendum attached must be provided. Developments being financed with HOME funds must also attach the HOME addendum. The addenda may be found in [Appendix X](#) of this guide.

Type: All developments must include the proposed lease agreement and the appropriate addenda.

Electronic Version: A copy of the proposed lease must be included on the CD.

31. Tax Abatement or PILOT Information

Any development receiving tax abatement, or entering into PILOT agreement must provide a detailed description of the percentage, length and terms granted to this specific development. A copy of any agreement or ordinance granting the tax relief must be included. If that document covers more than the development in question, a description of what is applicable to the MHDC financed development is necessary. If the tax relief does not cover the entire compliance period, a description of what steps will be taken to cover the cost of full taxes must be provided.

Type: All developments receiving property tax relief must provide the requested information.

Electronic Version: A scanned copy of the abatement or PILOT documents must be included on the CD.

32. Homeownership Plan

Developments that have indicated they will offer single-family homes for sale to qualified residents at the end of the 15 year compliance period

must provide a homeownership plan that details their intent. You should read and understand the MHDC Homeownership Policy when creating your plan. A copy of the MHDC Homeownership Policy can be found in [Appendix G](#) of this guide.

Type: All developments that have indicated that they intend to offer single-family homes for eventual tenant ownership must provide a homeownership plan.

Electronic Version: A copy of the homeownership plan must be included on the CD.

Once a complete firm submission package is received by MHDC a thorough review will be conducted by the various MHDC departments. Once MHDC is satisfied that the conditions and requirements regarding the issuance of a Firm Commitment have been met, the commitment will be issued.

For developments utilizing a construction loan from MHDC, either in a priority or subordinate position, closing requirements and a closing checklist will be forwarded upon receipt of the firm submission package. A closing date will not be set until the Firm Commitment is issued.