ADDENDUM
IV

APPLICATION EXHIBIT CHECKLIST

FOR

MULTI-FAMILY HOUSING

MSHDA DIRECT LENDING PROGRAMS

Rev. March 23, 2016

EXHIBIT CHECKLIST

Addendum IV:

MSHDA Direct Lending Programs

PRELIMINARY ASSESSMENT PHASE

A. <u>For Proposals Submitting under the NOFA for MSHDA's Gap Financing Program:</u> Unless otherwise agreed to by MSHDA, the following exhibits must be submitted by the funding round's application due date for the Preliminary Assessment processing phase. In addition, a non-refundable application fee of $500 is required with the application. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist along with the LIHTC Program Application. **Two copies of all exhibits are required unless otherwise specified.**

B. <u>For Proposals Not Requesting MSHDA Gap Financing:</u> The Preliminary Assessment Phase is optional. If choosing to proceed with the Preliminary Assessment, the following exhibits will be required and may be submitted at any time. In addition, a non-refundable application fee of $500 is required with the application. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist along with the LIHTC Program Application. **Two copies of all exhibits are required unless otherwise specified.**

√	#	Preliminary Assessment Processing Documents
	P1	**LIHTC Program Application –** Visit the following link to access and complete the primary application: **http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html**
	P2	**Executive Summary -** A narrative description of the project which includes the type of project; type of financing; tenants served; bedroom mix; local, federal or state subsidies; contact information, including email addresses, for all members of the development team; and other relevant information. (For rehabilitation projects, include a listing of the planned scope of work and proposed improvements).
	P3	**Site Information** – Proposal address and preliminary site plan.
	P4	**Development Team Information** – Please provide copies of the following: 1. Architects and Builders Licenses. Provide copies of the professional license for the architect and a current Michigan Residential Builders License for the contractor. 2. Resumes for all members of the development team without previous MSHDA experience.
	P5	**Preliminary or a Reduced Scope Market Study** – At a minimum, a Preliminary Market Study or a Reduced Scope Market Study is required during the Preliminary Assessment Phase. The Market Study is contracted by the Authority. For further information and to order a Market Study, please see MSHDA's Guidelines for Market Studies under Tab C. **(Please Note: As with all other preliminary assessment processing documents, the preliminary or reduced scope market study must be completed and submitted on or before the application due date).** **(Tab C)**

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

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	P6	**Development Financial Statements (for non-MSHDA acquisition and preservation proposals only)** – Provide three years' worth of audited financial statements that clearly set out the recent operating history of the development. Provide copies of all current subsidy contracts; and the currently approved rental structure and tenant-paid utility allowances.
	P7	**Preliminary Proforma** – To be submitted in MSHDA format. **(Tab DD)**

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

THRESHOLD REVIEW PHASE

A. <u>For Transactions Submitted under MSHDA's Gap Financing Program NOFA:</u> Unless otherwise agreed to by MSHDA, the following exhibits **MUST** be submitted, if applicable, by the Threshold due date, for the Threshold processing phase. Exhibits below labeled P/T1 – P/T5 submitted during the Preliminary Assessment Phase need not be resubmitted for the Threshold Review Phase. In addition, a non-refundable Threshold Review Fee of $1,500 is required with the Threshold package. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **Two copies of all exhibits are required unless otherwise specified.**

B. <u>For Proposals Not Requesting MSHDA Gap Financing:</u> The following exhibits must be submitted, if applicable in order to continue or begin the loan process. Proposals that have participated in the Preliminary Assessment Phase will not need to resubmit Exhibits below labeled P/T1 – P/T5 for the Threshold Phase. In addition, a non-refundable Threshold Review Fee of $1,500 is required with the Threshold package, or $2,000 for those proposals that did not previously submit the Preliminary Assessment package. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **Two copies of all exhibits are required unless otherwise specified.**

√	#	Threshold Review Processing Documents
	P/T1	**LIHTC Program Application –** Electronic copy available at the following link:: **http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html**
	P/T2	**Executive Summary -** A narrative description of the project which includes the type of project; type of financing; tenants served; bedroom mix; local, federal or state subsidies; contact information, including email addresses, for all members of the development team; and other relevant information. (For rehabilitation projects, include a listing of the planned scope of work and proposed improvements).
	P/T3	**Site Information** – Proposal address and preliminary site plan.
	P/T4	**Development Team Information** – Please provide copies of the following: 1. Architects and Builders Licenses. Provide copies of the professional license for the architect and a current Michigan Residential Builders License for the contractor. 2. Resumes for all members of the development team without previous MSHDA experience.
	P/T5	**Development Financial Statements (for non-MSHDA acquisition and preservation proposals only)** – Provide three years' worth of audited financial statements that clearly set out the recent operating history of the development. Provide copies of all current subsidy contracts; and the currently approved rental structure and tenant-paid utility allowances.
	P/T6	**Preliminary Proforma** – To be submitted in MSHDA format. **(Tab DD)**

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

	T7	**Market Study** - A full market study is required during the Threshold Review Phase. For proposals where a Preliminary Market Study was generated under the Preliminary Assessment Phase, it must now be finalized to a complete full study. For proposals where a "Reduced Scope" market study was generated, no further action is necessary. The Market Study is contracted by the Authority. To finalize the Preliminary Market Study or order a Full Market Study, please see MSHDA's Guidelines for Market Studies under Tab C. **(Tab C)**
	T8	**Land Control** - Documentation signed by all applicable parties in the form of warranty deed, exclusive option to purchase, land contract, etc., which evidences ability to maintain site control for 120 days from the date of application submission, with additional extensions available.
	T9	**Environmental Assessment** - A Phase I Environmental Site Assessment or if necessary a Phase II Environmental Site Assessment with remediation plan. In addition, for transactions with federal funding or PBV assistance planned, NEPA review is required. All documents must be dated within 6 months of application submission. Please see MSHDA's Environmental Review Requirements under Tab D **(Tab D)**
	T10	**Capital Needs Assessment (CNA) and Updated Scope of Work (for rehabilitation and preservation proposals only)** - A 20-year CNA with itemized cost breakdown is required. A third party contracted by the Authority will complete the CNA. The CNA fee must be submitted along with the proposed scope of work at least 45 days before the Threshold due date to order the CNA. Please contact your assigned Housing Development Officer for more detail. **(Tab OO)**
	T11	**Preliminary Architectural Plans –** For new construction proposals, submit a Site Analysis plan. (For rehabilitation proposals, a Capital Needs Assessment (CNA) is required as described in item T9 above). Please visit MSHDA's web site at the following link for MSHDA's "Standards of Design": http://www.michigan.gov/mshda/0,4641,7-141-5587---,00.html
	T12	**Architects Errors and Omissions Professional Liability Insurance -** Include both the current certificate of insurance and a copy of the policy. **(Tab KK)**
	T13	**Owner-Architect Agreement for Design and Administration Services –** Submit fully executed Legal Form 023. **(Tab BB)**
	T14	**Threshold Trade Payment Breakdown –** Using MSHDA's Trade-Payment-Breakdown form, submit for the Threshold level. **(Tab AA)**
	T15	**Appraisal** – A certified general appraisal to establish the "As is" value is required. For acquisition/rehabilitation projects, MSHDA limits the acquisition price to the lesser of the actual purchase price or the "as is" appraised value of the property prior to rehabilitation. For new construction projects, the value of the land included in project cost shall not exceed the lesser of its appraised value or the purchase price. Please see MSHDA's Real Estate Appraisal Requirements under Tab W. **(Tab W)**

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

	T16	**Title Insurance** - The commitment must be current and in the estimated amount of the mortgage loan and must include the pending disbursement language of the title company. Any liens, easements, encumbrances, or other exceptions noted in the title insurance commitment must be researched, and readable copies of the recorded documents must be provided.
	T17	**Surveyor's Certificate of Facts and the ALTA Survey** - Refer to MSHDA's Legal Forms 025 and 026 for Surveyors Certificate and survey standards to be submitted. Ensure that any encumbrances of records are included. **(Tab EE and Tab U)**
	T18	**Zoning Documents** – Please provide copies of the following: 1. Documentation from the appropriate local official on official letterhead (dated within 60 days of application submission) identifying the address of the project, the property's current zoning designation and an explanation of whether or not the project is permitted under the zoning ordinance. If the project is not currently properly zoned, what, if any, steps are in process to obtain proper zoning for the proposed development. The documentation must include a timetable for rezoning. For Rehabilitation Projects, the letter must state that the zoning is compatible with the proposed use of the buildings. 2. Zoning Map. 3. A certified copy of the current Community Zoning Ordinance – Required for all new construction proposals, and for rehabilitation proposals where rezoning is necessary. 4. Renaissance Zone (if applicable) – Letter on official letterhead and signed by an official of the local municipality which verifies that the property is in a designated Renaissance Zone.
	T19	**Site Utility Availability (Electricity, Fuel, Water, Sanitary Sewer, and Storm Sewer)** - Documentation from the municipality and/or local utility companies on their letterhead regarding utility availability and adequacy to serve the site, including whether such is currently available or will be available.
	T20	**Marketing/Construction Transition Plan (for occupied acquisition and preservation proposals only) –** Provide a Marketing/Construction Transition Plan detailing efforts the management agent will use to identify a process between the owner and contractor that will be followed in an occupied building during the physical rehabilitation of the building, and the specific efforts and processes to be used by the management agent for retaining existing residents, marketing and leasing of vacant units. Please see MSHDA's Marketing Transition Plan guidelines under Tab MM. **(Tab MM)**
	T21	**Resident Information (for occupied acquisition and preservation proposals only) –** For an existing MSHDA-financed development, please provide a copy of the development's current rent roll and information on the current residents, including lease terms, family size, gross incomes, and unit size, as well as occupancy and turnover data for the previous three years. For non-MSHDA developments please submit the same, if available.
	T22	**Operating Budget Documents –** Please provide copies of the following: 1. A proposed development-operating budget with notes. 2. A Marketing and Equipment/Furnishings Budget. 3. A Budget Comparable Table. **(Tab II)**

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

	T23	**Financial Statements** – Please provide copies of the following: 1. Financial statements for the sponsor(s)/guarantor(s). Individual sponsors/guarantors must submit the form Individual Financial Statement, which is available from MSHDA upon request. 2. Financial statements for the builder. <u>Financial statements must be current</u>, which is defined as being not more than six months earlier than the date the proposal was submitted. MSHDA may request updated financial statements throughout the development and construction process. **(Tab LL)**
	T24	**Confirmation of Additional Financing** – Please provide documentation of the following, if applicable: 1. Secondary Financing - Proposals which rely on some form of secondary financing to achieve Threshold must be accompanied by a detailed explanation and a confirmation from the source of that financing that the additional funds have been applied for and are (or are expected to be) available. 2. Federal, State or Local Government Financing - Letter from local municipality stating that application has been submitted and amount of request. 3. Grants/Other Subsidies - Letter from proposed grantor stating that application has been submitted and amount of request. 4. Letter of Intent and/or Syndication Partnership Agreement **–** A copy of the letter of intent and/or the syndication partnership agreement (to include pay-in schedule) from the equity provider.
	T25	**Tax Documents** – Please provide copies of the following: 1. Tax Abatement - Proof of tax abatement or a letter of tax abatement support from local taxing jurisdiction, if applicable. For Tax Credit submissions – See Addendum I, page I-19 for specific filing requirements. 2. Proof of Local Taxation Rate (if no tax abatement) - For acquisition/ rehabilitation a tax bill will meet requirement, otherwise a letter from local assessor estimating tax bill will be necessary.
	T26	**Certified Copy of City or Township Charter.**
	T27	**Preliminary HUD Section 3 Utilization Plan (For federally funded proposals only)** - Provide a utilization plan outlining how the developer and prime contractor will fulfill goals for workforce hiring of Section 3 local residents and contracting opportunities for Section 3 local business concerns. **(Tab NN)**

COMMITMENT REVIEW PHASE

Unless otherwise agreed to by MSHDA, the following exhibits **MUST** be submitted, if applicable, by the Commitment processing phase due date. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **Two copies of all exhibits are required unless otherwise specified.**

√	#	Commitment Review Processing Documents
	C1	**Trade Payment Breakdown –** Please submit **four original signed copies** of MSHDA's trade-payment-breakdown form. **(Tab AA)**
	C2	**Preliminary Equal Employment Opportunity Plan** **(Tab F)**
	C3	**Contractor's Qualification Statement** (AIA Document A305) - available from MSHDA upon request.
	C4	**Soil Conditions** – For new construction, proof of engineering report and soil boring test. (Will be required for the acquisition or preservation of an existing property if the footprint of the site plan is changing).
	C5	**Final Architectural Plans –** Final plans and specs are required. Please visit MSHDA's web site at the following link for MSHDA's "Standards of Design": http://www.michigan.gov/mshda/0,4641,7-141-5587---,00.html
	C6	**Affirmative Fair Housing Marketing Plan** - An Affirmative Fair Housing Marketing Plan is required for all new construction, and non-MSHDA acquisition and preservation proposals. (For rehabilitation/preservation proposals with current MSHDA financing, a new or updated plan is required). **(Tab P)**
	C7	**Ownership Entity Formation** – Copies of the certificate of limited partnership and any amendments on file with the Department of Labor & Economic Growth, Bureau of Commercial Services and a copy of the limited partnership agreement with all amendments.
	C8	**Updated Additional Financing Documentation** (if applicable) – Please provide any updates or modifications relating to the documentation submitted during the Threshold Review Phase pursuant to item T22.

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

	C9	**Site Plan Approval** – Please provide the following documentation as appropriate: 1. New construction: A letter signed by the appropriate official of the municipality on its letterhead which identifies the project's name and address and states that final site plan approval has been granted, or, if site plan approval has been granted with contingencies, a statement in the letter verifying that the contingencies do not have to be approved by the planning board but may be approved at a staff level. - Or – 2. Acquisition or preservation: a letter from the relevant board or commission of the municipality stating that it has reviewed the proposal, including the level of rehabilitation work to be completed at the site, and that no further plan approvals are necessary.
	C10	**Nonprofit Documentation** (if applicable) - If the General Partner in the LDHA is a non-profit, the following items must be submitted: 1. A certified copy of the Articles of Incorporation dated within 30 days of application submission. 2. Copy of by-laws. 3. An executed agreement between the sponsor and the non-profit if the project is a joint venture.
	C11	**Final HUD Section 3 Utilization Plans –** For all federally funded proposals, final Section 3 utilization plans are required.
	C12	**PBV Award Letter** – For transactions seeking PBV assistance. (Only permanent supportive housing units are eligible for PBV assistance from MSHDA)

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

PRE-CLOSING PROCESSING PHASE

Unless otherwise agreed to by MSHDA, the following exhibits **MUST** be submitted, if applicable, during the Pre-Closing processing phase. To indicate each exhibit submitted, place a check mark in the box provided and return a copy of this checklist with the exhibits. Each submitted exhibit must be tabbed with the appropriate corresponding number from the checklist. **Two copies of all exhibits are required unless otherwise specified.**

√	#	Pre-Closing Processing Documents	Destination
	PC1	**Operating Agreements** – Three original copies of the following documents required: • Management Agreement (3 copies) Contact MSHDA's Office of Asset Management for formatted documents.	AM
	PC2	**Final Documents of Additional Financing** – To the extent applicable, submit final documents relating to: 1. Secondary Financing – Final loan documents relating to all secondary financing. 2. Federal, State or Local Government Financing – Final loan and/or grant documents relating to all non-MSHDA, Federal, State or Local government financing. 3. Grants/Other Subsidies – Final documents relating to all grants and other subsidies. 4. Letter of Intent and/or Syndication Partnership Agreement **–** Final syndication partnership agreement (including pay-in schedule) from the equity provider.	L
	PC3	**LIHTC Program Application (Updated) and Addendum I Scoring Summary –** Submit a fully executed tax credit application, and Addendum I Scoring Summary. Electronic copy available at the following link:: **http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html** **Note:** LIHTC Reservation required for closing.	LIHTC
	PC4	**Uniform Relocation Act (URA) (For occupied rehabilitation and preservation proposals only where federal funds and/or PBV assistance is planned) –** Send proof that URA requirements have been met, by submitting copies of all required notices to existing and new residents.	HDO
	PC5	**Application for Disbursement** – An "Application for Disbursement" request with supporting documentation. **(Tab JJ)**	CS
	PC6	**Draw Schedule** – Submit a proposed Draw Schedule	CS HDO
	PC7	**Acquisition Documents -** As applicable, provide copies of the deed/assignment of leases/bill of sale/etc.	L

Note: Tabs A – NN may be found on MSHDA's web site at the following link: http://www.michigan.gov/mshda/0,4641,7-141-5587-60010--,00.html

ADDENDUM IV

Application for Tax-Exempt, Taxable Bond and MSHDA's Gap Financing Programs

APPLICATION FILING REQUIREMENTS

- A non-refundable application fee must accompany the application. Please check the program statement for the amount of the application fee.

- **Two copies** of the primary application and the required exhibits must be submitted unless otherwise specified.

- This is not an application for Housing Tax Credits. A separate application will be required for Housing Tax Credits of Direct Lending transactions. For Tax-Exempt transactions, an updated LIHTC Program Application must be submitted as required during the Pre-Closing Phase of the loan process. For Taxable Bond transactions, a LIHTC Program Application must be submitted as required under the competitive funding rounds of the Housing Tax Credit Program.

- The first page of the LIHTC Program Application should indicate if applying for the 4% Tax-Exempt Bond Program.

- To assist in the filing of an application, please visit the following link for a description of the Direct Lending Parameters for the Tax-Exempt and Taxable Lending Programs: http://www.michigan.gov/mshda/0,4641,7-141-5587_5589---,00.html

In addition, please reference Tabs A – NN for related information and/or forms on our web site under MSHDA's Combined Application for Rental Housing Programs, specifically the following:

- MSHDA's Guidelines for Market Studies - **Tab "C"**
- MSHDA's Level I Environmental Review Requirements, and NEPA Review Checklist - **Tab "D"**
- Income Limits And Rent Restrictions - **Tab "E"**
- Section 8 Fair Market and HOME Program Rents - **Tab "Q"**
- Preliminary Equal Opportunity Plan Requirements - **Tab "F"**
- Sample MOU and Inclusion Plan for Permanent Supportive Housing - **Tab "G"**
- Affirmative Fair Housing Marketing Plan Requirements -**Tab "P"**
- Uniform Relocation Act General Information Guideform Notices - **Tab "R"**

- Survey Requirement Language - **Tab "U"**
- Utility Information by County and Region - **Tab "V"**
- LIHTC Policy Bulletins (#88 - Real Estate Appraisal Requirements) (#7 – Individual Financial Statement) - **Tab "W"**
- Trade Payment Breakdown - **Tab "AA"**
- Owner Architect Agreement - **Tab "BB"**
- Site Selection Criteria - **Tab "CC"**
- MSHDA Direct Lending Proforma Format **- Tab "DD"**
- Surveyor's Certificate of Facts - **Tab "EE"**
- Rural And Small Communities List - **Tab "GG"**
- Architects Certifications – MI Products – High Speed Internet - **Tab "HH"**
- Budget Form Documents - (MSHDA Budget, Budget Comparable Table and Marketing and Equipment/Furnishings Budget) -**Tab "II"**
- Application for Disbursement - **Tab "JJ"**
- Requirements for Errors and Omissions Insurance for Architects and Engineers - **Tab "KK"**
- Individual Financial Statement - **Tab "LL"**
- Marketing Transition Plan - **Tab "MM"**
- Section 3 Handbook and Utilization Plan Templates - **Tab "NN"**
- Scope of Work Format for CNA's within Direct Lending Transactions – **Tab "OO"**

The form for Individual Financial Statement and the Contractor's Qualification Statement (AIA Form A305-1986) are available upon request, as are various policy and program statements.

For more information please contact Rental Development at (517) 373-6880 in Lansing.