



# MSHDA Preconstruction Manual

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THIS MANUAL AND FORMS ARE AVAILABLE AT [WWW.MICHIGAN.GOV/MSHDA](http://WWW.MICHIGAN.GOV/MSHDA)

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### MSHDA Pre-Construction Meetings should be attended by:

1. Representatives of the Sponsor/Owner
2. The Architect and inspecting staff members
3. Administrative/Accounting Personnel of the General Contractor, Subcontractors, and Suppliers



Equal Housing Lender  
TTY: 1-800-382-4568



The purpose of this preconstruction manual is to provide a quick reference to the Owner, Contractor and Subcontractors, and Supervisory Architect in various aspects of the construction, disbursement and completion process for MSHDA financed housing, including the preservation and modified pass-through programs.

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## **REQUIREMENTS OF THE CONTRACTOR**

### **1. PROGRESS SCHEDULE (4.2.3 of General Conditions)**

The Contractor shall prepare and submit to the Architect and the Authority an estimated progress schedule for the Work, for their approval. The progress schedule shall be related to the entire Development to the extent required by the Contract Documents. This schedule shall indicate the dates for the starting and completion of the various stages of construction and shall be revised as required by the conditions of Work, subject to approval of the Architect and the Authority.

### **2. CONTRACTOR'S LETTER OF CONSTRUCTION START (Section 401 of Construction Contract)**

The Contractor is required to submit a written notice, prior to or at the time of initiating construction work, to the Owner, Architect, and the MSHDA Construction Specialist, indicating the actual date of beginning of work of any nature on the development site or the date it is anticipated to commence. This notice is separate from the Owner's required posting of a Notice of Commencement in compliance with Michigan construction lien law. The actual start of construction cannot commence until the Owner has notified the Contractor that MSHDA's lien has been recorded and the posting of the Owner's Notice of Commencement has taken place.

### **3. SUPERINTENDENT (4.7 of General Conditions)**

A competent Superintendent and necessary assistants are to be present at the development site during the progress of the work. The Superintendent represents the Contractor and will be the primary liaison with MSHDA during construction. MSHDA will assign a Construction Specialist responsible for the development. Communications given by the MSHDA Construction Specialist to the Superintendent will be binding as if given to the Contractor and will be confirmed in writing at the request of the Superintendent.

### **4. EXTENDED TRADE PAYMENT BREAKDOWN (pp 3 and 4 of PSD 10:001-CD 260)**

The Contractor must provide an extended trade payment breakdown to MSHDA prior to the commencement of construction, detailing items and amounts sufficient to depict accurate percentages of completion and material usage. This extended trade payment breakdown will be submitted as part of the monthly Application for Disbursement. A separate line shall be used for each trade or item and the compiled report shall be submitted to MSHDA's Construction Specialist. The Contractor will use the main headings and item numbers used on the approved MSHDA trade payment breakdown.

### **5. NOTICE OF TESTING (18.5 of General Conditions)**

If the contract documents, laws, ordinances, rules, regulations or orders of any public authority having jurisdiction require any work to be inspected, tested or approved, the Contractor will give the Architect and MSHDA timely notice of its readiness and of the date arranged so the Architect and MSHDA representatives may observe such inspection, testing or approval. The Contractor bears all costs of such inspections, tests and approvals unless the Contract Documents indicate otherwise.

## **6. DISPUTES (14.1 of General Conditions)**

In the event of a claim, dispute, or any other question arising out of, or relating to the Construction Contract, the Contractor will carry on the Work and maintain the progress schedule during any proceedings to settle the dispute, unless otherwise agreed by the Contractor and the Owner in writing and approved in writing by MSHDA.

## **7. SUBCONTRACTORS (6.2-4 of General Conditions)**

A Subcontractor or lower tier Subcontractor is a person or organization that has a direct or indirect contract with the Contractor to perform any of the Work at the site.

The Contractor is responsible to the Owner for the acts and omissions of those employed by the Contractor, including all Subcontractors, their agents and employees, and all other persons performing any of the Work.

The Contractor must pay each Subcontractor an amount equal to the percentage of completion allowed to the Contractor on account of such Subcontractor's work in accordance with the approved MSHDA construction disbursement. The Contractor shall also require each Subcontractor to make similar payments to their Subcontractors.

## **8. REPORTING REQUIREMENTS FOR PREVAILING WAGE DEVELOPMENTS**

Developments with more than 11 HOME-assisted units trigger the use of federal prevailing wage rates and rules in relation to subcontractors. A separate set of instructions is available and must be followed for these developments. For information about MSHDA's reporting requirements related to federal prevailing wages, please contact Etta Henderson at 313 456-3605.

## **9. EEO REPORTING**

The Contractor will include EEO language from Section 15.3 in all subcontracts and must assure all Subcontractors use the same language in their contracts. The Contractor will maintain employment records using MSHDA's Monthly Utilization form MF EEO 004 (or a substantially comparable form with MSHDA approval) to compile information on its own employees, and all Subcontractors, second tier Subcontractors, and material suppliers.

EEO performance is evaluated in determining future eligibility to participate in MSHDA financing programs. MSHDA reviews a Contractor's EEO performance in relation to the approved EEO plan for each development, assessing whether all feasible steps were taken to achieve the goals of the plan and documentation of a good faith effort.

- The Contractor will be responsible for reporting on workforce and Subcontractor utilization and will certify actual accomplishments in relation to the achievement of equal opportunity goals at 50% of contract completion and within 30 days after final completion.
- MSHDA will audit the Contractor's employment records and documentation of Subcontractor/material supplier workforce utilization maintained by the Contractor to confirm the Contractor's EEO accomplishments.

**More frequent EEO performance reporting by the Contractor is encouraged, especially if the Contractor is seeking approval to work on other MSHDA-financed developments prior to the completion of existing contracts.**

**MSHDA will provide timely review of Subcontractors and material suppliers to confirm their status as a Minority-owned Business Enterprise (MBE) or Women-owned Business Enterprise (WBE).** EEO Forms 008-M and 008-W must be submitted to Melissa Patrick at MSHDA's Lansing Office, 735 East Michigan Avenue, P.O. Box 30044, Lansing, MI 48909. Melissa can be reached by calling 517-241-0541 or by email at [patrickm1@michigan.gov](mailto:patrickm1@michigan.gov).



## **REQUIREMENTS OF THE ARCHITECT**

### **1. FIELD REPORTS**

Site field visits should be conducted as frequently as needed related to the phase of construction. Reports are to be submitted to the Owner and to MSHDA's Construction Specialist. Failure to provide reports will result in withheld payment of fees. A report of each construction site visit shall record relevant and important observations of the Architect, including:

- Development name and MSHDA number.
- Date, temperature, and weather conditions.
- Purpose of visit.
- Presence of Superintendent.
- Estimate of manpower.
- General description of construction progress.
- Status of each building, if applicable.
- Floor by floor progress, if applicable.
- Items checked for conformance to plans and specifications.
- A detailed description of items of non-conformance, including the effect such non-conformance might have on the development.
- At least monthly, the computed overall percentage of construction completion.
- An evaluation of progress in relation to the construction schedule, with any observed or known reasons for lack of adequate progress.
- Problems or unusual site conditions, with solutions as appropriate.

Prior to occupancy of buildings, the Architect must inspect each building to determine substantial completion and complete a punch list to be submitted to MSHDA with the Permission to Occupy forms (PSD 10:006).

### **2. CERTIFICATION FOR DISBURSEMENT (PSD 10:001 – CD260)**

The Supervisory Architect reviews the Contractor's Application for Disbursement (PSD 10:001 – CD260) and certifies to the following:

- All work and materials to be paid for in the Application for Disbursement are satisfactory and conform to the Contract Documents.
- The percentage of completion for items included in the Application for Disbursement.

### **3. CHANGE ORDERS (MF Con. 001)**

The Architect has responsibility for determining the need for and the processing of changes to the plans and specifications in conjunction with direct communications with the owner and contractor. See MSHDA Change order processing described later in this manual (pp 16-19).

#### **4. WARRANTY INSPECTIONS**

The Architect, Contractor, Owner, and Management Representative will conduct an inspection of the Development at or about the ninth month after completion for purposes of discovering defective materials incorporated into the development or deficiencies in the work not in compliance with the Contract Documents. MSHDA's Construction Specialist should be scheduled to participate in this inspection. The Architect will identify to the Owner and MSHDA all defects or deficiencies not less than ten (10) months after commencement of the warranty period and ensure a complete and detailed punch list.

##### **The Architect will conduct an inspection of the developments:**

- Heating system during November, December or January of the first winter following completion of the development.
- Cooling system during July or August of the first summer following completion of the development.
- Landscaping during the first growing season after the completion of the development.

## **REQUIREMENTS OF THE OWNER**

### **1. INITIAL SURVEY**

The Owner will supply an initial survey describing the physical characteristics of the site, legal description, easements, boundaries, and utility locations.

### **2. NOTICE OF COMMENCEMENT**

The Owner will notify the Contractor when MSHDA mortgage has been recorded and the Owner has posted a Notice of Commencement in compliance with Michigan construction lien law. The Owners Notice of Commencement is to be issued, recorded, and posted on the site before the Contractor begins work.



## **MSHDA INSPECTIONS**

**MSHDA has assigned a Construction Specialist to be the main point of interaction between the Contractor and MSHDA. The MSHDA Construction Specialist is generally responsible for all construction inspections, and for the processing of draws and change orders.**

### **1. PURPOSE**

The purpose of the MSHDA **construction inspection** process is to:

- Review the development for conformance to the plans, specifications, and program requirements.
- Review the development for conformance with the construction contract and schedule, and to recommend the disbursement of construction funds.
- Review all work for acceptable quality.
- Discuss any unusual or unanticipated condition that might adversely affect the quality of work or the schedule.

Proper MSHDA construction oversight requires that the frequency and intensity of inspections vary with various phases of work within the construction process. Preservation loans may require only disbursement inspections, depending on the scope of rehabilitation. Modified Pass-Through loans will not be inspected.

### **2. INSPECTION TYPES**

The following types of inspections normally will be conducted during the construction of a development:

- **Random Standard Inspection** – Examination of construction for conformance with contract documents (plans, specifications, construction schedule, and MSHDA Standards of Design).
- **Disbursement Inspection** – Examination of construction to accurately determine percentage of completion for the purpose of accurately determining proper disbursement (generally monthly).
- **Special Inspection/Testing** – Review of problems and observation of mechanical equipment or other specialized systems required by the Contract Documents, which cannot be carried out in the random standard inspections.
- **Occupancy Inspections** – Examination of living units to confirm substantial completion and to prepare a punch list of items of work uncompleted or in need of correction.
- **Final Inspection** – Review of the development to confirm completion of construction and conformity to Contract Documents.
- **Nine-month Warranty Inspection** – Examination of the development after occupancy for latent defects, including landscape inspections after one complete growing season.
- **1 Year Inspection** – Verifying correction of all deficiencies noted in the 9 Month Warranty Inspection, including any deficiencies that have developed since the 9 Month Inspection.

### **3. MANUFACTURED HOUSING**

Developments which incorporate factory built components or modular construction will be inspected more frequently during the delivery and setting of the units. Contractors must notify the MSHDA Construction Specialist of any variances in the Schedule.

## **DISBURSEMENT PROCESS**

The Contractor is responsible for initiating the Application for Disbursement (PSD 10:001 - CD260), and submitting all required documentation to the MSHDA Construction Specialist. Disbursement dates for the entire construction period are generally established at the start of construction, in negotiation with the MSHDA Construction Specialist.

### **1. REQUIRED DOCUMENTS:**

- PSD 10:001 - CD 260 completed and signed by owner, architect, and contractor  
Copies of the Supervising Architect's Construction Inspection Reports covering the time period of the Application for Disbursement.
- Test reports from independent testing laboratories for tests performed during the construction period of the Application for Disbursement for items such as soil and concrete.
- Copy of title endorsement insuring the development for the total amount disbursed including the amount of the current Application for Disbursement (to be obtained by contractor or owner as jointly agreed).
- A Site Survey and Surveyor's Certificate (Legal 025) by a Land Surveyor registered in the State of Michigan, as needed to reflect new building locations.
- Underground Utilities - If payment is requested for underground utilities not visible to the Land Surveyor, provide Contractor's or utility company's drawings. At final payment for an underground utility installed by the utility company, a copy of the utility company's as-built drawings must be attached to the site survey.
- Stored Materials - If payment is requested for materials stored on-site, documentation, such as invoices for materials delivered to the site during the time period covered in the current disbursement request, must be attached, as well as MSHDA form MF CON. 002
- Request for Reduction of Retainage Form - MF CON. 003.

### **2. SURVEY REQUIREMENTS**

A Surveyor's Certificate (MSHDA Form Legal 025) and a Survey of the property by a registered Land Surveyor acceptable to MSHDA's Construction Specialist showing all improvements, including structures and utilities, must be included in the Application for Disbursement submission to MSHDA when new foundations are evident. The Contractor will furnish the survey and the Legal 025 at the Contractor's expense, to the Owner, MSHDA, and the title insurance company insuring the interest of MSHDA. If payment is requested for underground and/or overhead utilities, the Contractor must obtain as-built drawings from the installer or installers. A copy of their as-built drawings should be attached and submitted with the Site Survey to the Owner, MSHDA, and the title insurance company insuring the interest of MSHDA.

### **3. PAYMENT FOR MATERIALS STORED ON-SITE**

The processing of payments for materials stored on-site requires that the Contractor maintain records for review and approval by the MSHDA Construction Specialist. MSHDA form MF CON. 002 is used for this purpose.

Payments for materials stored on-site are subject to the following conditions:

- Request for payments must be included in PSD 10:001-CD 260 Application for Disbursement.
- Payment is limited to items designed, manufactured, and/or supplied for a particular MSHDA development. Complete invoices and/or bills of lading must accompany such request, and show delivery to the subject site. The invoices must be from the initial supplier in the net amount less any discounts. Copies of the invoices or other documentation must be available for review by the MSHDA Construction Specialist at the disbursement meeting/inspection.
- Proper storage for such materials must be provided for on the construction site, subject to the approval of the MSHDA Construction Specialist.
- Approval of payments for materials stored on-site is subject to the MSHDA Construction Specialist's satisfaction that materials have been delivered in an orderly, sequential manner as required by the construction progress.
- Payment of stored materials is intended for items that must be purchased and stored for more than one month before use.
- Payment for services, tools, and operating supplies or for invoices of less than \$500.00 will not be approved.

As a matter of general policy, disbursement for material stored off-site is not allowed.

#### **4. CONTRACT RETAINAGE**

An initial disbursement of mortgage loan proceeds may be paid to the Contractor. All subsequent disbursements will equal no more than 90% of the value of the construction improvements completed at the time of the request for disbursement.

This 10% retainage will be released, subject to the following conditions:

- Construction is progressing on schedule.
- The undisbursed balance of the Contract exceeds, by a reasonable amount, the Owner's and MSHDA's estimate of the cost to complete the work.
- The marketability of the buildings turned over to the Owner is not impaired because of uncompleted adjacent site work or ongoing construction activities disruptive to prospective tenants.
- The Contractor is in compliance with the Contract and with the Contract Documents in all other respects.

If the above conditions are satisfied, the Contractor shall be entitled to a reduction of the retainage based on the following work being completed:

- **Structures** (Lines 9-39 of Trade Payment Breakdown)
  - ✓ One and two story buildings
    - First 50% - After 50% of buildings are fully completed and have been issued a MSHDA Certificate of Occupancy, the retainage attributable to each fully completed building is fully released for these buildings.
    - Last 50% - For buildings fully completed after the final completion of the first 50% of the buildings, the retainage attributable to each fully completed building shall have up to one-half of the retainage released or 5% of the total estimated value of the work attributable to the completed building.

- ✓ Three-Story and higher buildings
  - Upon the Owner's and MSHDA's written acknowledgement of satisfactory completion of 50% of the work attributable to such building, no funds will be held back from each succeeding draw provided the Contractor remains in compliance with the conditions of the Contract.
  - Upon compliance with all provisions of the Construction Contract Article 7: Final Payment, the remaining holdback will be released.
- **Non-Structure Items** (Line 1-8 of Trade Payment Breakdown)
  - ✓ Upon completion of 90% of each line item of the approved trade payment breakdown of non-structure work, the Contractor is entitled to receive up to one-half of the amount previously retained for such work, provided that the holdback is not reduced below 5% of the estimated value. When these items are 100% complete, retention may be reduced to 2.5%. Further reduction will not be permitted until the entire job is 100% complete and verification is submitted indicating that all provisions contained within Article 7: Final Payment of the Construction Contract have been met.

**Reduction of Subcontractor's Retainage**

- ✓ The retainage for Subcontractors will be reduced by the Contractor if their work is incorporated in and attributable to buildings for which the Contractor's retainage has been reduced, subject to claims or offsets the Contractor may have against a Subcontractor. The Contractor will disburse the retainage to Subcontractors who have satisfactorily completed performance under their contracts. Amounts remaining will be distributed on a pro rata basis to other Subcontractors whose work retainage has been withheld, in an amount which reflects the relative amount of the work performed by that Subcontractor for which retainage funds have been disbursed.
- **Final Payment Checklist :**
  - ✓ A completed form PSD 12:002A indicating the date of construction completion, including Exhibit A (a list of uncompleted items or items requiring correction with cost breakdown information and a time schedule for completing the work).
  - ✓ Local occupancy permits, Architect's final punch list inspection reports, completion sign-off sheets and MSHDA's Permission to Occupy forms (PSD 10:006) for each building.
  - ✓ A letter from the local or state fire marshal indicating approval of the buildings or a letter from the governing agency that the building occupancy permits includes this approval.
  - ✓ A final ALTA Survey and Surveyor's Certificate. The survey must show all grades, improvements constructed on the property, and the location of utilities such as water, sewer, gas and electrical lines and mains, and all existing easements and/or right of ways. The survey is to be prepared by a registered land surveyor.
  - ✓ Certification of carpets for compliance with UM-44d and for carpet cushion with UM-72 and letter from carpet and cushion installer indicating which items were installed.
  - ✓ KCMA certification of the cabinets. Certification that countertop complies with flame spread requirements of at least a "Class C" finish.

- ✓ Certificates of approval for systems such as elevators, boilers, electrical, fire alarm, sprinkler, and other mechanical systems, and emergency call systems.
- ✓ A letter signed by the Owner showing receipt of a set of As-built Drawings, all manufacturer's warranties, and serial numbers of all removable items such as stoves, refrigerators, dishwashers, microwaves, air conditioners, washers and dryers incorporated into the development during construction.
- ✓ Contractors approved Certification of Cost to be submitted to MSHDA's Finance Division within 90 days of final completion.
- ✓ A copy of the Michigan Department of Community Health Operation Permit for the swimming pool installation.
- ✓ A letter from the local governing agency indicating their approval and acceptance of the water and sewer systems.
- ✓ A Sworn Statement from the Contractor listing all Subcontractors, the amount of subcontracts and the amount paid each Subcontractor, also Waiver of Lien from each Subcontractor.

MSHDA will hold 2.5% retainage until everything is received, including Contractor's Cost Certification.

## **CHANGE ORDER PROCESS**

### **1. CORRECTION ORDERS**

When work has been inadequately performed and/or where certain materials installed do not comply with the requirements and/or intent of the Contract Documents, as determined by the MSHDA Construction Specialist or the Architect, a Correction Order may be executed. Such corrections do not qualify for adjustments of contract amount or date of completion. Signatures on the executed document indicate concurrence in the evaluation of work that requires correction. The execution of a Correction Order form (AIA G-780 or other MSHDA approved form) is coordinated by the Architect and must be approved by the MSHDA Construction Specialist. Copies of these forms are available from the AIA.

### **2. FIELD ORDERS**

The Architect shall have authority to order minor changes in the work not involving an adjustment in the Total Contract Sum or an extension of the Contract Time and not inconsistent with the intent of the Contract.

The Architect shall issue written Field Orders, using the standard AIA form or any similar form approved by the Owner and the Authority, prior to the performance of the related work. The Owner and MSHDA shall be immediately furnished with copies of such orders. The Contractor shall carry out such orders promptly.

The following items may warrant a Field Order:

- Interpretation of the Contract Documents necessary for the proper execution or progress of the work. Such interpretations shall be consistent with, and reasonably inferable from, the Contract Documents.
- Minor changes in the work consistent with the intent of the Contract Documents.
- Changes to facilitate installation or servicing of mechanical equipment.
- Approval of acceptable types of similar and equal methods and materials.
- Emergency changes to protect integrity of property.

Such changes do not modify the amount, time, or intent of the Contract Documents.

Upon receipt, Owner and Contractor shall immediately sign the Field Order, acknowledging concurrence, and forward a copy to MSHDA's Construction Specialist.

### **3. CHANGE ORDERS**

A Change Order is a written order to the Contractor, issued after the execution of the Contract, which authorizes a change in the work or an adjustment in the Total Contract Sum or the Contract Time. A Change Order must be signed by the Owner, Architect, and Contractor, and approved in writing by MSHDA. A Change Order is the only means of changing the Total Contract Sum or the Contract Time. MSHDA approval is required prior to implementation of a Change Order.

## **The Change Order Process:**

- The Architect determines the needed changes and executes the PSD 10:005, obtains the required signatures, and forwards the documents to MSHDA.
- Change Orders are to be numbered consecutively, and five (5) copies of each must be submitted to MSHDA's Construction Specialist. One (1) signed copy is returned to the Owner, Architect, and Contractor, if approved.
- The Architect submits a statement of the necessity or desirability of the modification and a description of the proposed work including necessary drawings and specifications. These documents should describe the proposed changes in work directly and concisely. Documentation must include references to specifications by divisions and paragraphs and to plans by sheet numbers. New drawings should be attached, if necessary, and should show what is already covered by contract and the added or deleted work.
- The Contractor submits a proposal complete with Subcontractor's breakdowns, itemized to show a complete estimate of all quantities of materials, unit cost, total costs of materials, materials suppliers and addresses, hours of labor, hourly rates, and total labor costs. This information must accompany the Change Order, and no action will be taken by MSHDA unless it is complete.
- The Contractor shall not implement proposed changes in Contract Documents prior to written approval from MSHDA. The only exception is construction changes of an emergency nature or required to be accomplished immediately by local building inspectors.
- MSHDA reserves the right to disapprove a Change Order for lack of timely submission.

## **4. CHANGE ORDER POLICY**

The Construction Division of the Michigan State Housing Development Authority, in an effort to provide better service to our customers, has policies to expeditiously process requests for construction changes. These policies benefit all parties involved in the construction process for each development if the prime Contractor will:

- Strictly adhere to the guidelines for the implementation of change orders contained within the MSHDA Pre-Construction Manual. The guidelines clearly indicate the responsibilities of the participants involved in the change order process, that being the Sponsor(s), Contractor, Architect and MSHDA.
- With the initial notification of an upcoming change, whether in writing or verbally, the Contractor must submit the change order request within thirty (30) calendar days. The change order request shall include all necessary forms, an itemized breakdown, and all other pertinent and supportive information.
- Change order requests for work that is added shall also indicate any work that is omitted or deleted, along with attached costs or deductions where applicable.
- Any change order request and all supporting documentation must be submitted not more than sixty (60) days after the work is in place and identified as being that which constitutes a change to the original scope of work contained within the approved construction documents. Should the information not be received in the office of the assigned MSHDA Construction Manager within the sixty (60) day period, the Construction Manager will either stop payment on that particular item of work or create an escrow equal to an amount of 150% of the estimated costs directly related to the change(s).

- If the processing for requested changes is not completed within ninety (90) calendar days after the completion of the work and without showing good cause for the delay as determined by the MSHDA Director of Construction Management, it is assumed that the Contractor waives his rights to have any costs recognized by MSHDA as an addition to the construction contract.
- When submitting change order requests, include no more than three (3) individual items within each request. Change order requests containing more than three (3) items will not be accepted for processing and will be sent back.

Change Orders may be disapproved by MSHDA under the following circumstances:

- If the change represents:
  - ✓ A reduction of the material standards or quality of the final product to an unacceptable degree.
  - ✓ A lessening of the aesthetics or functionality of the design.
  - ✓ An elimination of project amenities.
- If the cost or credit associated with the change is not properly documented or supported in the judgment of the Construction Specialist.
- If the proposed change represents work implied by the Construction Documents and the change is necessary to complete a “working system” or is for work required under the manufacturers’ specifications for an element of the contract included in the original Documents.
- If the proposed change is part of the original construction Contract Documents.
- If the change order and supporting documentation is not submitted in a timely manner (within 60 days of the change).

Change orders may include an allowance or “mark-up” for builder profit, general conditions, and overhead not to exceed the amount stipulated within the Trade Payment Breakdown. Credit Change Orders do not require a deduction for profit and overhead.

MSHDA will determine whether the changes add value to the development, and thus the changes are “Betterments”. Betterments include changes that improve the quality of residential life in the development, such as added or upgraded amenities, enhancements to fire and life safety, improved energy efficiency, and upgrades in materials from those required by MSHDA standards, as well as removal of unforeseen underground debris and environmental remediation. Betterments will be eligible to be funded from residual receipts. To the extent the Owners seek a mortgage loan increase at the time of final or permanent loan closing; these are the only changes eligible for consideration (see next page).

All approved Change Orders will be paid from Mortgage Savings first and by the Owner second. This will be true even in situations where the Change Order results from architectural error or omission. Changes that are determined to be “betterments” will also be paid from “residual receipts”, (the net remaining rental income received from residents prior to the cut-off date after the payment of all operating expenses for that period of time).

Contingency funds for “unforeseen conditions” will be included in mortgages involving the rehabilitation of existing structures, and for construction on previously developed land (see next page). Change Orders may be paid from this contingency as soon as the work is properly completed and the Change Order is approved. Additional work that could not reasonably have been anticipated by the Contractor or the Architect is generally defined as “unforeseen

conditions". Any balance remaining in the contingency fund upon completion of the job will be applied to fund other approved Change Orders and will thereafter be treated as "mortgage savings".

In anticipation of proper and necessary changes in any development, the Contractor and Owner must come to agreement on the timing of payment for change orders for which funding is not immediately available as a condition of the initial construction loan closing. It is acceptable to MSHDA if this agreement defers payment to the final mortgage loan closing, though MSHDA will not agree to allow any interest charges to be paid from residual receipts or mortgage loan proceeds.

In the event the aggregate sum of all Change Orders approved but not yet paid exceeds 3% of the original Construction Contract amount, MSHDA shall consider the loan to be out of balance and shall require the Owner to deposit additional equity or other non-mortgage proceeds to assure completion of construction of the development.

For construction on never-developed sites, the Contractor retains full responsibility for reviewing soils information and for any increased costs resulting from unknown soils conditions. Should the Contractor initiate such a request for a Change Order, the project Owner may choose to reject it since it is understood that Owners assume responsibility for payment if they approve the request. Change Orders that are submitted to MSHDA with the approval of the Owner for such soils conditions will be reviewed and may be approved with the clear understanding that the Owner will be responsible for funding the Change Order if there are no savings in other line or trade items in the Construction Contract or Mortgage Savings. The Contractor and Owner may elect to enter into an agreement at the construction loan closing which stipulates the degree to which the parties are willing to assume risk of soils conditions and underground debris. In such cases, Change Orders will be reviewed and funding recommended in accordance with the agreement.

For construction on sites that have been previously developed, the Contractor, prior to Mortgage Loan Commitment, must establish an allowance for underground debris and soil conditions, in an amount acceptable to MSHDA, and in a separate line of the Trade Payment Breakdown. A contingency of 1.5% will also be funded in the mortgage loan. Once the separate Trade Payment Breakdown line item has been exhausted, Change Orders may be paid from this contingency for unforeseen underground debris removal upon properly completed work and Change Order approval. The Construction Specialist will be responsible for obtaining a modification to the trade payment breakdown and for notifying the Finance Division of the need to move contingency funds to the construction contract line item. Removal of unforeseen underground debris will generally be defined as additional work not to have been reasonably anticipated by the Contractor, the Architect, the Owner, or MSHDA. Any balance remaining in the contingency fund upon completion of the job will be applied to fund other approved Change Orders and will thereafter be treated as "mortgage savings". Additional Change Orders for this purpose will be considered and may be approved, with funding to come from; 1) mortgage savings, 2) residual receipts, and 3) the Owner. Change Orders for the proper removal and remediation of environmentally hazardous contamination or unforeseen underground debris removal may be considered for mortgage loan increase.

## OCCUPANCY PROCEDURES

### 1. ITEMS REQUIRED BY MSHDA FOR OCCUPANCY

MSHDA's Construction Specialist must approve the following items before the release of units for occupancy. The lack of, or the incompleteness of, an incidental item that the Contractor had unusual difficulty obtaining or completing, may be approved with the recommendation of the Construction Specialist.

- **Interior of Units:**  
Completion of construction, cleanup, and punch list and approved by the Architect.
- **Exterior of Units:**  
Substantially complete construction with safe access and egress without inconvenience to occupants.
- **Corridors, access ways, and Common Areas:**  
Completion of construction or approved safe access to and egress from all units and exit ways.
- **Porches, Steps, and Entrance Walks:**  
Completion of construction or approved safe access to and egress from all units and exit ways.
- **Drives, Parking and Site Lighting:**  
Suitable permanent or temporary facilities to provide safe and reasonable access and lighting without causing inconvenience to the occupants.
- **Site and Landscaping:**  
Construction as complete as possible, including rough grading; removal of construction debris, materials, and equipment; completion of special safety items (protected fences, retaining walls, etc.). Must be safe and causing no inconvenience to occupants.
- **Required Systems and Services:**  
The following systems and services must be completed, tested, approved, and properly operating, or, in special cases, an approved temporary substitute:
  - ✓ Heating, ventilating, water/sewer and electrical systems.
  - ✓ Fire alarm systems.
  - ✓ Smoke detectors and fire extinguishers.
  - ✓ Sprinkler and fire pump systems.
  - ✓ Emergency generator systems.
  - ✓ Any type of life safety item or system.
  - ✓ Fire doors, fans and dampers.
  - ✓ Elderly emergency call systems.
  - ✓ Elevators.
  - ✓ Mail service systems.
  - ✓ Trash disposal systems.
  - ✓ Services for residents provided for by the loan agreement.

Partial occupancy of units while construction is in progress will require willingness of Owner, Contractor, Subcontractors, suppliers, workers, and Management to assure units, buildings, walks, parking areas, drives, and all occupied areas are free of inconveniences or hazards to occupants.

## **2. PROCEDURE FOR OBTAINING MSHDA OCCUPANCY APPROVAL (PSD 10:006)**

MSHDA must issue a PSD 10:006 prior to the occupancy of each building, or portion thereof. The following steps describe the procedure for obtaining MSHDA approval for the release of completed units & common areas from the Contractor to the Owner.

- The Contractor completes the interior of the units & common areas, performs his/her own "Punch Out" inspections and corrects all noted deficiencies.
- The Contractor informs the Owner, Architect & MSHDA Construction Specialist that he has completed the work necessary for "Occupancy Inspections".
- The Stakeholders communicate to schedule the "Occupancy Inspection(s)", with an effort to have all parties in attendance to perform the inspections and develop a punch list of any additional items & deficiencies requiring correction. NOTE: A recommendation is made to the Owner/Sponsor to invite Management Staff to participate in the inspection process.
- A re-inspection of the units & common areas is performed to verify that the deficiencies have been corrected, again preferably attended by all Stakeholders.
- Once corrections have been made and inspections have been performed to the satisfaction of the Stakeholders, the Contractor generates the MSHDA Permission to Occupy form PSD 10:006, with dated signatures of the Contractor, Architect & Owner/Sponsor. NOTE: Attached to the Permission to Occupy form is the Governing Code Authority's Certificate of Occupancy, the Owners Liability Insurance Coverage Certificate and the Architects signed final "Punch List(s)" for the areas covered under the Permission to Occupy.
- PSD form 10:006, with required attachments, is submitted to MSHDA Construction Specialist for review and approval.
- MSHDA Construction Specialist submits signed and dated PSD 10:006 form to MSHDA Construction Manager for dated signature.
- Completed forms, with all necessary dated signatures, are filed with MSHDA with return submissions to all Stakeholders; the Contractor, the Architect and the Owner/Sponsors.

## **FINAL CLOSING/FINAL PAYMENT/FINAL SURVEY**

### **1. Participants:**

Contractor, Architect, Owner, and MSHDA'S Construction Specialist.

### **2. Process:**

- Contractor notifies Owner, Architect, and MSHDA Construction Specialist that construction is complete.
- Participants set date of inspection.
- Architect and MSHDA Construction Specialist perform inspection. If inspection reveals work still to be completed, the Contractor is given written notice specifying items. Upon completion of items, restart process.
- If the inspection reveals that no further work remains to be done at the site, the date of inspection is established as the date of final completion by completing PSD 12:002A.
- MSHDA Construction Specialist provides other participants with a list of Documents required for final payment.
- Participants proceed with preparation for final closing.

### **3. Specific Responsibilities of Participants:**

#### **• Contractor:**

- ✓ Complete construction according to Contract Documents.
- ✓ Notify Architect, Owner, and MSHDA Construction Specialist that construction is complete and request final inspection.
- ✓ If uncompleted items are noted during inspection, Contractor must complete or correct them and request a re-inspection.
- ✓ Prepare Application for Disbursement for 100% payment less retainage and escrow amounts.
- ✓ Sign Form PSD 12:002A establishing date of final completion.

#### **• Architect:**

- ✓ Inspect development with MSHDA Construction Specialist to assure that construction is completed and in conformance with the Contract Documents.
  - Review inspection log for unresolved items and make special note of these items during the inspection.
  - Review site work items such as landscaping, grading, roads, and walks for conformance with the Contract Documents.
  - Inspect items of work not completed at the time of previous inspection and perform at least a spot check of all buildings, or all floors of three or more story buildings.
- ✓ Prepare a list of uncompleted items of work for the Contractor.
- ✓ In the event there are no uncompleted items or if the items are minor, date of inspection shall be indicated on the form PSD 12:002A establishing that as the date of final completion.

#### 4. Documents Required for Final Disbursement Checklist:

- A completed form PSD 12:002A indicating the date of construction completion, including Exhibit A (a list of uncompleted items or items requiring correction with cost breakdown information and a time schedule for completing the work).
- Local occupancy permits, Architect's final punch list inspection reports, completion sign-off sheets, and MSHDA's Permission to Occupy forms (PSD 10:006) for each building.
- A letter from the local or state fire marshal indicating approval of the buildings, or a letter from the governing agency that the building occupancy permits include this approval.
- A final ALTA Survey and Surveyor's Certificate. The survey must show all grades, improvements constructed on the property, and the location of utilities such as water, sewer, gas and electrical lines and mains, and all existing easements and/or right of ways. The survey is to be prepared by a registered land surveyor.
- Certification of carpets for compliance with UM-44d and for carpet cushion with UM-72 and letter from carpet and cushion installer indicating which items were installed.
- KCMA certification of the cabinets. Certification that countertop complies with flame spread requirements of at least a "Class C" finish.
- Certificates of approval for systems such as elevators, boilers, electrical, fire alarm, sprinkler and other mechanical systems, and emergency call systems.
- A letter signed by the Owner showing receipt of a set of As-built Drawings, all manufacturer's warranties, and serial numbers of all removable items, such as stoves, refrigerators, dishwashers, microwaves, air conditioners, washers, and dryers incorporated into the development during construction.
- Contractors approved Certification of Cost to be submitted to MSHDA's Finance Division within 90 days of final completion.
- A copy of the Michigan Department of Community Health Operation Permit for the swimming pool installation.
- A letter from the local governing agency indicating their approval and acceptance of the water and sewer systems.
- A Sworn Statement from the Contractor listing all Subcontractors, the amount of subcontracts, the amount paid each Subcontractor, and a Waiver of Lien from each Subcontractor.

## **WARRANTY INSPECTION GUIDELINES**

The Contractor is required to correct construction defects due to faulty materials or workmanship which appear during the warranty period.

The purpose of the warranty inspection and the ensuing report is to document the construction defects due to faulty materials or workmanship and to provide the Contractor with instructions for correcting them during the warranty period.

The following warranty inspection procedures will be followed:

- The MSHDA Construction Specialist and the supervising Architect will schedule and conduct an inspection with the Contractor, Owner, and Management Representative approximately nine (9) months from the date of substantial completion or as per Construction Contract warranty period.
- The warranty inspection will be conducted and include a complete inspection of the exterior of all buildings, site work, and landscaping. Special emphasis should be placed on reviewing the grading at the buildings for settling, loose or missing roof shingles and siding, settled concrete walks or asphalt paving, and dead shrubs. The specific locations of problem areas must be noted.
- At least 5% of the living units must be inspected. The units inspected must be a representative sampling of units in the development. The interior inspection will include an evaluation of mechanical systems such as heating and air conditioning.
- All interior common areas will be inspected.
- The Architect will compile a detailed item-by-item Inspection Report, outlining the problems and their location, and provide the recommended corrective measure to be taken by the Contractor. The report is to be compiled as soon as possible after the warranty inspection to allow the Contractor sufficient time to correct the items during the warranty period.
- Normal maintenance items and defects resulting from inadequate maintenance must not be included in the report as construction defects.
- A copy of the Inspection Report will be forwarded to the Contractor, Owner, and the MSHDA Construction Specialist.
- Before expiration of the 1 Year Warranty Period, a re-inspection of the corrected work will be scheduled for verification of all work being completed, with all Stakeholders present.





**APPLICATION FOR DISBURSEMENT OF MORTGAGE LOAN PROCEEDS**

**735 E. Michigan Avenue  
P. O. Box 30044  
Lansing, MI 48909**

**Date:  
MSHDA No.:  
Development:  
City / County:  
Mortgagor:  
Contractor:**

**APPLICATION NUMBER:**

A. You are hereby requested to disburse funds in the total amount of \$ \_\_\_\_\_ in accordance with the provisions of the Building Loan Agreement dated \_\_\_\_\_ between the above Mortgagor and MSHDA. The requested disbursement is to be applied to the following line items in the commitment and paid to the following payees:

- 1) Description: \_\_\_\_\_ \$  
Payee: \_\_\_\_\_  
Address: \_\_\_\_\_
  - 2) Description: \_\_\_\_\_ \$  
Payee: \_\_\_\_\_  
Address: \_\_\_\_\_
  - 3) Description: \_\_\_\_\_ \$  
Payee: \_\_\_\_\_  
Address: \_\_\_\_\_
  - 4) Description: \_\_\_\_\_ \$  
Payee: \_\_\_\_\_ MSHDA
- TOTAL..... \$

A. The undersigned hereby certifies that all of the above items have been paid or are due and payable to the undersigned under the aforementioned Building Loan Agreement.

After disbursement of the amount requested the total amount of \$ \_\_\_\_\_ will have been disbursed from Mortgage Loan proceeds and the total amount of \$ \_\_\_\_\_ disbursed from the Mortgagor's cash escrow of funds required over and above Mortgage Loan proceeds, if any, to complete the development.

The undersigned further certifies that Hazard Insurance, as required under the Building Loan Agreement, is in full force and effect upon whatever improvements are now upon the mortgaged premises including, but not limited to, materials stored on the site for which disbursement is being requested. It is also certified that all prior work, labor, and materials to be paid pursuant to this Application for Disbursement of Mortgage Loan Proceeds, if any, are satisfactory and in accordance with contract documents.

Dated: \_\_\_\_\_

Mortgagor  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**GENERAL CONTRACTOR'S REQUISITION**

In accordance with the Construction Contract entered into regarding the subject development and the Trade Payment Breakdown, this requisition is submitted for the amount of \$\_\_\_\_\_ for work performed through \_\_\_\_\_ as itemized below.

- A. Total Structures and Land Improvements Completed To Date  
(Use Amount Complete to Date) ..... \$
- B. General Requirements: \_\_\_\_\_% of \$  
(Use % Complete To Date) ..... \$
- C. Builder's Overhead: \_\_\_\_\_% of \$  
(Use % Complete To Date) ..... \$
- D. Builder's Profit: \_\_\_\_\_% of \$  
(Use % Complete To Date) ..... \$
- E. Materials Stored On-Site  
(Attach listing, as required by MSHDA) ..... \$
- F. Total of Approved Change Orders to Date: ..... \$  
Total of Approved Change Orders Completed To Date: ..... \$  
(List Change Order Numbers, Amounts, requested Payment for each)
- G. Subtotal (G) ..... \$
- H. Less 10% Retainage ..... \$
- I. Less Escrow (if applicable) ..... \$
- J. Subtotal (J) ..... \$
- K. Bond Premium.....\$  
Tap Fees.....\$  
Permits.....\$  
Other (*describe*).....\$  
Subtotal (K) ..... \$
- L. Subtotal (L) ..... \$
- M. Less Previous Payments ..... \$
- N. Net Amount Due ..... \$

**CERTIFICATE**

The undersigned certifies that payments have been received in the total amount of \$\_\_\_\_\_ up to the date hereof on account of the Construction Contract regarding the subject development.

Date: \_\_\_\_\_

General Contractor

By: \_\_\_\_\_  
Its: \_\_\_\_\_

MSHDA No.: \_\_\_\_\_ Development: \_\_\_\_\_

Listed below are all of the work items per the Trade Payment Breakdown in the Construction Contract. Indicate with an asterisk (\*) those trade items being performed by a minority subcontractor.

LINE	TRADE ITEM	Amount of Contract	% Complete To Date	Amount Complete To Date	LINE	TRADE ITEM	Contract Amount	% Complete To Date	Amount Complete To Date
1	SITE ENVIRONMENTAL MITIGATION				28	SPECIAL EQUIPMENT			
2	EARTH WORK				29	APPLIANCES			
3	ROADS / WALKS				30	CABINETS			
4	SITE UTILITIES				31	BLINDS / DRAPES			
5	SITE IMPROVEMENTS				32	SPECIAL CONSTRUCTION			
6	LANDSCAPING				33	ELEVATORS			
7	SITE IRRIGATION				34	PLUMBING / DOMESTIC HOT WATER			
8	SPECIAL SITE CONSTRUCTION				35	FIRE PROTECTION			
	TOTAL SITE WORK				36	HEAT / VENTILATION / AIR CONDITIONING			
9	BUILDING CONCRETE				37	ELECTRICAL			
10	MASONRY				38	LOW VOLTAGE ELECTRICAL			
11	METALS				39	ARCHITECTURAL ENVIRONMENTAL MITIGATION			
12	ROUGH CARPENTRY					TOTAL STRUCTURES			
13	FINISH CARPENTRY				40	COMMUNITY BUILDING			
14	INSULATION				41	ACCESSORY BUILDINGS			
15	ROOFING				42	OFF-SITE IMPROVEMENTS			
16	SIDING				43	SITE SECURITY			
17	CAULKING				44	BUILDING PERMITS			
18	DOORS / HARDWARE				45	BOND PREMIUM			
19	WINDOWS				46	GENERAL REQUIREMENTS			
20	GLASS				47	BUILDER'S OVERHEAD			
21	DRYWALL				48	BUILDER'S PROFIT			
22	CERAMIC TILE				49	TAP FEES			
23	ACOUSTICAL CEILINGS				50	COST CERTIFICATION EXPENSE			
24	RESILIENT FLOORING					TOTAL CONSTRUCTION			
25	CARPETS				DO NOT WRITE IN THIS SPACE - FOR MSHDA USE ONLY:				
26	PAINTING / DECORATING								
27	SPECIALTIES								

\* Minority subcontractor is an African American, Hispanic, American Indian, and/or Asian American or Pacific Islander owner

## SUPERVISORY ARCHITECT'S CERTIFICATE

**(Complete only if disbursement of Construction Funds is requested)**

I certify that either I, or my authorized representative, have visited the subject development within \_\_\_\_\_ days prior to the date of this Certificate to determine the true basis of cost upon which I certify this Application for Disbursement of Mortgage Loan Proceeds. I further certify that all prior work and the work, labor, and materials to be paid for under this Application are satisfactory and, to the best of my knowledge, information and belief, conform to the Contract Documents.

Date: \_\_\_\_\_

Architect

By: \_\_\_\_\_

Its: \_\_\_\_\_

**SURVEYOR'S CERTIFICATE OF FACTS**

Department of Labor & Economic Growth  
MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY  
735 East Michigan Avenue  
Lansing, Michigan 48912

TO: MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY

I CERTIFY, that on *(insert date original or first survey was prepared)* \_\_\_\_\_, 200\_\_, I made an accurate Survey of the property standing in the name of *(insert name of property owner at time survey was prepared)* \_\_\_\_\_ and located at \_\_\_\_\_ County, Michigan (the "Property"), and shown on the accompanying Survey entitled: \_\_\_\_\_.

I made a careful inspection of the Property and of the buildings located on the Property *(delete if there are no buildings)* at the time of making such Survey, and again on *(insert date of last updated survey or delete if not applicable)* \_\_\_\_\_, 200\_\_, and on such later inspection I found the Property to be in the possession of *(insert name of property owner at time survey was prepared)*: \_\_\_\_\_.

I further certify as to the existence or nonexistence of the following at the time of my latest inspection:

1. Rights of way, old highways or abandoned roads, lanes or driveways, drains, sewer or water pipes over and across the Property *(if none, so state)*: \_\_\_\_\_.

2. Springs, streams, rivers, ponds or lakes located on, bordering on or running through the Property *(if none, so state)*: \_\_\_\_\_.

3. Cemeteries or family burying grounds located on the Property *(if none, so state)*: \_\_\_\_\_.

4. Telephone, telegraph or electric power poles, wire or lines located on, over-hanging or crossing the Property *(if none, so state)*: \_\_\_\_\_.

5. Disputed boundaries or encroachments *(if any buildings, projections or cornices or signs affixed to any buildings, fences or other indications of occupancy encroach upon adjoining properties or the like encroach upon the Property, specify all such encroachments or if none, so state)*: \_\_\_\_\_.

6. Is there any observable evidence of earth moving work, building construction or building additions, alterations or repairs within recent months? (if so, identify; if none, so state): \_\_\_\_\_

\_\_\_\_\_.

Any changes in building or possession lines? (If the Property is located in an incorporated area, specify as to any walls that are independent walls or party walls and identify all easements of supports or "beam rights"; if the Property is located in an unincorporated area, report specifically how boundary lines are evidenced--by fences or otherwise; if none, so state):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

7. Are any changes in street lines either completed or officially proposed? (If none, so state): \_\_\_\_\_

\_\_\_\_\_.

8. Is there any observable evidence of site use as a solid waste dump, sump or sanitary landfill? (If none, so state): \_\_\_\_\_

\_\_\_\_\_.

Any indications of recent street or sidewalk construction or repair? (If none, so state): \_\_\_\_\_

\_\_\_\_\_.

9. If any zoning or other municipal regulations affect the use of the Property, do the improvements on the Property and the use made of them comply with the zoning or other municipal regulations? (If not known, so state): \_\_\_\_\_

\_\_\_\_\_.

10. If you have any information as to any restrictive covenants on the Property, do the improvements, use and occupancy comply with such covenants? If the Property is subject to any restrictive covenants, obtain and attach a copy of such covenants (if none, so state): \_\_\_\_\_

\_\_\_\_\_.

The undersigned acknowledges that any false pretense, including any false statement or representation; or the fraudulent obtaining of money, real or personal property; or the fraudulent use of an instrument, facility, article, or other valuable thing or service pursuant to his/her participation in any Michigan State Housing Development Authority program, is punishable by imprisonment for up to ten (10) years or by a fine up to \$5,000.00.

\_\_\_\_\_  
Licensed Professional Surveyor or Civil Engineer

**(Please affix seal)**

Legal 025

p 2 of 2

30



**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**  
 Design and Technical Resources – Construction Section

**INVENTORY SHEET FOR STORED MATERIALS**

Development Name

MSHDA #

Date

* Line Item	Supplier	Previous Month's - Material	Less Installed + Materials	Plus Purchased = Material	Present Month Stored Material

NOTE: The Line Item number should correspond to the number of the Line Item in the Trade Payment breakdown.





**REQUEST FOR CONSTRUCTION CHANGES**  
**Execute Five Sets and Submit to MSHDA**

735 E. Michigan Avenue  
 P.O. Box 30044  
 Lansing, MI 48909

Date: \_\_\_\_\_  
 MSHDA No.: \_\_\_\_\_  
 Development: \_\_\_\_\_  
 Mortgagor: \_\_\_\_\_  
 Contractor: \_\_\_\_\_

**TO: Michigan State Housing Development Authority**

You are requested to consider the following proposed changes in the drawings and specifications applicable to the subject development. Their signatures below indicate approval of these changes by the appropriate parties.

<u>Change Order No.</u>	<u>Description of Changes</u> <u>Value of Changes ( +/- )</u>
_____ <i>Contractor</i>	_____ <i>Mortgagor</i>
By: _____ <i>Authorized Agent for Contractor</i>	By: _____ <i>Authorized Agent for Mortgagor</i>

**Certification of the Architect Administering the Contract for Construction**

I certify that I have no financial interest in the subject development beyond the fee for my professional services. The changes in this request conform to the intent of the construction documents, and it is my professional recommendation that these changes be approved.

By: \_\_\_\_\_  
*Architect*

For Limited Dividend Developments: It is understood, and agreed upon by the signing of this change order, that if the total change order equals a net contract increase, there will be no increase in the mortgage amount.

Change originated from:  
 Architect     Contractor     Developer

Reason for change: \_\_\_\_\_

\_\_\_ Changes accepted  
 \_\_\_ Changes are not accepted for the following reason:

For Change Orders which increase construction contract value, funding is approved as follows:

\_\_\_ Construction Contract Savings  
 \_\_\_ Mortgage Savings  
 \_\_\_ Residual Receipts  
 \_\_\_ Mortgagor  
 \_\_\_ Contingency  
 \_\_\_ No Cost Change

\_\_\_\_\_  
*Construction Specialist* *date*

\_\_\_\_\_  
*Construction Manager* *date*

MF Con. 001

8/08





**PERMISSION TO OCCUPY**  
**Execute Five Sets and Submit to MSHDA**

**735 E. Michigan Avenue**  
**P.O. Box 30044**  
**Lansing, MI 48909**

**Date:** \_\_\_\_\_  
**MSHDA No.:** \_\_\_\_\_  
**Development:** \_\_\_\_\_  
**City / County:** \_\_\_\_\_  
**Mortgagor:** \_\_\_\_\_  
**Contractor:** \_\_\_\_\_

**Mortgagor's Request**

Permission is requested for the occupancy of \_\_\_\_\_ dwelling units identified as

All dwelling units are suitable for occupancy. The premises have been inspected by those public authorities having jurisdiction, and permission to occupy has been granted as evidenced by the certificates annexed hereto. Any proposed revisions to the previously approved schedules of rents or carrying charges and estimated annual expenses are being submitted simultaneously with this request. The required insurance per the Building Loan Agreement of \_\_\_\_\_ is in effect.

\_\_\_\_\_  
By: \_\_\_\_\_ (Mortgagor) (date)

**Inspecting Architect's Certification**

I have completed an inspection of the subject units and prepared and presented to the Contractor a listing (punch list) of items to be completed or corrected. All dwelling units are suitable for occupancy with the exception of:

\_\_\_\_\_  
By: \_\_\_\_\_ (date)

**Contractor's Certification**

This certifies that all work in connection with the subject units has been substantially completed, and we have received from the Inspecting Architect a listing of items to be completed or corrected. Everything required for safe occupancy, domestic use, safe and adequate approaches to the site and the aforesaid dwelling units have been provided, including such other provisions as are necessary for the protection of the occupants and public and to insure uninterrupted access during the period any portion of the development is under construction. These units are ready to be released from our custody, and any additional work or correction necessary to complete them strictly in accordance with the Contract Documents and in a manner acceptable to MSHDA will be performed without delay and at no additional cost to the Mortgagor.

\_\_\_\_\_  
By: \_\_\_\_\_ Contractor (date)

**MSHDA Construction Specialist's Report**

Examination of the subject dwelling units, including the available means of access, reveals the Mortgagor's request regarding permission to occupy to be proper with the exception of the following units:

Recommended Date: \_\_\_\_\_ By: \_\_\_\_\_

**Approval of Mortgagor's Request**

Permission is granted for the occupancy of the dwelling units identified on the MSHDA Inspection Report portion of this form. It is understood that this inspection does not constitute and shall not be construed as constituting a final inspection such as must be made to determine acceptable completion of construction in accordance with the Contract Documents.

**Michigan State Housing Development Authority**

By: \_\_\_\_\_  
Construction Manager

PSD 10:006 (08/08)





**ESTABLISHMENT OF DATE OF SUBSTANTIAL CONSTRUCTION COMPLETION**

**735 E. Michigan  
P.O. Box 30044  
Lansing, MI 48909**

**MSHDA No.:  
Development:  
City / County:  
Mortgagor:  
Contractor:**

The work performed under the construction contract for the subject development has been inspected and found to be complete, except as noted in Exhibit A attached. In accordance with the General Conditions, the Date of Substantial Construction Completion is hereby established as \_\_\_\_\_. The Sponsor/Mortgagor accepts the work as complete, except as otherwise noted, and will assume full possession thereof 8:00 A.M. Eastern Standard Time on this date. Responsibility for maintenance, heat, utilities, and insurance for the subject development shall become that of the Sponsor/Mortgagor as of the aforementioned date of full possession, unless otherwise noted in Exhibit A.

A schedule of items of the work to be completed or corrected by the Contractor (the Substantial Completion checklist) is attached as Exhibit A. An escrow for this work, plus 2.5% of the construction contract, will be retained until all escrowed items are addressed and the contractor's cost certification has been received and approved by MSHDA. Failure to include any items on such schedule shall not alter the responsibility of the Contractor to complete the work in accordance with the contract documents.

\_\_\_\_\_  
*Contractor (please print)* By: \_\_\_\_\_  
(title) (date)

\_\_\_\_\_  
*Architect (please print)* By: \_\_\_\_\_  
(title) (date)

\_\_\_\_\_  
*Sponsor / Mortgagor (please print)* By: \_\_\_\_\_  
(title) (date)

\_\_\_\_\_  
*MSHDA Construction Specialist* (date)

**MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY**

By: \_\_\_\_\_  
Construction Manager Date

The date in the first paragraph is hereby established as the Construction End Date. The contractor's cost certification is due to MSHDA no later than \_\_\_\_\_. Two signed copies are to be submitted to MSHDA's Finance Division. The warranty period for buildings expires \_\_\_\_\_ and for landscaping expires \_\_\_\_\_.

PSD 12:002A (08/08)



# CONSTRUCTION COST TRADE PAYMENT BREAKDOWN



<b>DATE:</b>	
<b>DEVELOPMENT NO:</b>	
<b>PROJECT NAME:</b>	
<b>CITY / COUNTY:</b>	
<b>MORTGAGOR:</b>	
<b>CONTRACTOR:</b>	

LINE	TRADE ITEM	COST	LINE	TRADE ITEM	COST
1	Site Environmental Mitigation		27	Specialties	
2	Earth Work		28	Special Equipment	
3	Roads / Walks		29	Appliances	
4	Site Utilities		30	Cabinets	
5	Site Improvements		31	Blinds / Drapes	
6	Landscaping		32	Special Construction	
7	Site Irrigation		33	Elevators	
8	Special Site Construction		34	Plumbing / Domestic Hot Water	
			35	Fire Protection	
	Total Site Work	-	36	HVAC	
			37	Electrical	
9	Building Concrete		38	Low Voltage Electrical	
10	Masonry		39	Architectural Environmental Mitigation	
11	Metals				
12	Rough Carpentry			Total Structures	-
13	Finish Carpentry				
14	Insulation		40	Community Building	
15	Roofing		41	Accessory Buildings	
16	Siding		42	Off-Site Improvements	
17	Caulking (Exterior) Sealants		43	Site Security	
18	Doors / Hardware		44	General Requirements @ 6%	-
19	Windows		45	Builder's Overhead @ 2%	-
20	Glass		46	Builder's Profit @ 6%	-
21	Drywall		47	Building Permits	
22	Ceramic Tile / Quarry Tile		48	Bond Premium	
23	Acoustical Ceilings		49	Tap Fees	
24	Resilient Flooring		50	Cost Certification Expense	
25	Carpets				
26	Painting / Decorating			Total Construction	-

**COMMENTS:**

Total construction costs shown have been approved by MSHDA. The line item breakdown of costs is subject to revision, prior to disbursement of construction draws, after review of subcontractor and supplier contracts and approval by MSHDA. The total construction contract may not be increased or decreased.

Contractor (please print)	Sponsor / Mortgagor (please print)	MSHDA Representative (please print)
Signature	Signature	Signature