

## **Missing Middle Housing Program**

### **Financial Capacity and Creditworthiness**

(Tab D)

The developer/owner and general contractor will be evaluated and approved for financial capacity and creditworthiness based on the following.

#### **Financial Statement Requirements:**

Please submit the following three items:

1. Most recent Audited, Reviewed, or Compiled Financial Statements dated at least with fifteen months of the application submission date.
2. A balance sheet dated within six months of the application submission date that is prepared by an independent CPA or a CPA who is an employee of the company. This must be accompanied by a statement from the CPA stating that they have checked and prepared the balance sheet from the books and records of the company and to the best of their knowledge the balance sheet accurately reflects the financial position of the company. If the Financial Statements in item #1 are dated within six months, this requirement can be disregarded.
3. A statement from the chief executive officer (or operating officer) and the chief financial officer (or equivalent positions within the organization) stating that the reviewed financial statements fairly present the financial position of the corporation to the best of each person's knowledge or belief.

#### **Financial Capacity Ratios:**

1. Developers/Owners: Required to have net liquid assets at least equal to 3% of the permanent mortgage loan(s) of the proposed project, plus permanent mortgage loan(s) for project(s) that have been approved previously by MSHDA and have not completed construction. If an applicant is unable to satisfy this financial requirement, a letter from the lender confirming its acceptance of the applicant's financial capacity may be submitted.
2. General Contractor: Required to have net liquid assets at least equal to 3% of the construction contract of the proposed project, plus the construction contract for project(s) that have been approved previously by MSHDA and have not completed construction.

#### **Creditworthiness and Background Checks:**

MSHDA may not approve the funding if the developer/owner or general contractor has outstanding tax liens or does not have a reasonable credit payment history. To expedite the credit review of developers/owners and general contractors, it is required that current financial information be on file with Dun & Bradstreet.

If funded, upon MSHDA request, all development team members will be required to supply their Name, Address, S.S.N., and D.O.B. for purposes of completing background checks.