

DISBURSEMENT INFORMATION & CHECKLIST

MISSING MIDDLE HOUSING PROGRAM

When Can I Request Disbursement?

When project has an executed Grant Agreement AND financially closing/closed you may request disbursement.

- **At Closing or After Closing – Prior to Certificate of Occupancy (CofO):** The Missing Middle awarded project has an imminent closing date scheduled or has already closed and will begin construction (if not already started).
 - The funds can be disbursed by wire or check to an escrow agent such as a title company.
 - If funds are needed to begin construction and/or close, upon request to MSHDA, they can be remitted to the escrow agent to be made available at primary financial closing.
 - Funds will not be disbursed directly to the awardee prior to CofO*.
 - *Self-funded projects can discuss early disbursement options with MSHDA; each situation may vary.
- **At Project Completion – CofO has been obtained:** The project is deemed complete/ready for occupancy.
 - If the project is a rehab or not required to have a CofO, you should notify your file manager and request a MSHDA inspection so we can deem it complete.
 - With for-sale homes or multi-building rentals, you may request partial disbursement as homes/buildings are ready for occupancy. Be prepared to show costs specific to that unit.
 - Though not required, ideally you have a qualified household identified or living in the unit/home.

Ready to Request Disbursement?

Please notify your file manager via email if you upload disbursement documents into your SharePoint folder

TO START THE PROCESS – Remit the Following:

- Complete the “**Request for Missing Middle Housing Program Grant Disbursement Form**”
- Wiring is the fastest and MSHDA’s preferred way to get you your disbursement. If wiring information is not provided, you will receive a check via U.S.P.S.
If you want funds wired, the awardee must also provide to MSHDA:
 - Written wiring instructions provided by the local branch of the financial institution.
 - If requesting disbursement at closing or prior to CofO provide wiring instructions for the title company/escrow agent.
 - If requesting disbursement at completion (CofO), provide wiring instructions for the awardee’s financial institution.
 - Large national banks often have different instructions for different regions. It is important you provide instructions directly from the branch bank and not simply provide the routing and account numbers from a bank statement or bottom of a check.
- Complete a W9 - This is required for MSHDA Finance to process disbursement and needs to be in the name the developer/awardee.
- Complete the “Compliance Contact Information” form. This provides MSHDA Compliance with required information as you transition into your compliance period.

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TO SUPPORT THE REQUEST – In addition to the items listed in ‘Start the Process’, remit the following based on project status at the time you make your disbursement request.

1. **Requesting at Closing -or- After Closing, but Prior to CofO**

- Required to provide if requesting funds be at closing, and if not already on your disbursement request form:
 - The scheduled closing date
 - Title company contact information (name, phone and email)
 - Draft Settlement/Closing Statement (directly from title company)
- Required to provide only if requesting after closing, but prior to CofO:
 - Final Settlement/Closing Statement (signed by all parties)
- Current Progress Report – You may use the Quarterly Progress Report template or provide the information in another format so long as it contains the most up to date information. NOTE: if your last quarterly report was submitted within 30 days, you may not need to re-submit. Confer with your file manager.
- Evidence of an executed escrow agreement between the developer and escrow agent. It should include language identifying that the escrow agent is to follow requirements as explained in the executed grant agreement.
- RENTAL projects: You are expected to execute a Missing Middle Regulatory Agreement to coincide with disbursement. A draft will be circulated and finalized so it is ready for closing whenever possible.

IMPORTANT – Though not necessarily required to receive your disbursement, you are required to submit the following upon ***project completion*** and ***failure to do so may result in recapture of your award***:

- Copy of CofO for all Missing Middle units. If your municipality does not require a CofO (such as for a rehab), MSHDA may need to inspect the project and deem it complete.
- Documentation to substantiate actual expenditures. When multiple unit addresses are used (i.e. homes) do your best to provide documents that clearly identify respective addresses.
 - From your lender and/or escrow agent, provide the following (as it relates to Missing Middle units):
 - Copy of final development budget.
 - Copy of the disbursement schedule showing all draws made. It should indicate check recipient(s), category, and amount(s) paid.
 - If the lender/escrow agent cannot provide a disbursement schedule, you may be asked to provide other documentation such as copies of paid invoices that match the draw(s).
 - If your project is self-funded provide the following:
 - An itemized summary of final costs related to Missing Middle unit(s). It should indicate total costs associated with respective categories (ex: electrical; flooring etc.)
 - Provide evidence that contractors and vendors were paid. Examples include: copies of paid invoices, cancelled checks, bank statements and/or lien waivers. Be sure documentation identifies the project name and/or address(es) when applicable (i.e. for sale homes).
- Confirm Prevailing Wages – Submit the following:
 - Signed Prevailing Wage Certification Form(s) from each contractor and subcontractor.
 - Signed Waiver of Wages form(s) for any unpaid volunteers who worked on site (if applicable).
 - Every person who worked on the site should be represented by name on one of the above.

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- Provide the following documentation based on your project type (rental or for-sale units)

Rental:

- For all **occupied** rental unit(s), remit the following items:
 1. Signed Tenant Income Certification (TIC)
 2. Copy of Authorization to Release Information, **signed** by household
 3. We do NOT need the income calculation back up (not the 1040 etc.) but you must retain copies in the resident file to support what was entered on the TIC, in case of audit.

For Sale:

- For all **sold** homes, remit the following:
 1. Signed Owner Income Certification (OIC)
 2. Copy of official document showing how mortgage payment was determined (Ex: payment coupon; bank statement). It must break down principal, interest, escrows, fees etc.
 3. We do NOT need income calculation back up, but you must retain copies in the resident file to support what was entered on the OIC, in case of audit.
 4. Copy of Authorization to Release Information, **signed** by household
 5. Copy of **executed** Beneficiary Compliance Agreement*
 6. Copy of **executed** deed including Deed Restrictive Covenant*
 - * For Community Land Trusts, with MSHDA approval, a Retention Agreement may replace the Beneficiary Compliance Agreement and Deed Restrictive Covenant.

If a home is unsold at the time of disbursement, you are required to provide the above as soon as possible to remain in compliance with the Missing Middle program and avoid recapture.

- Once the project is complete, provide a **final** quarterly progress report showing the project as being 100% complete. This can be done regardless of the timing (i.e. even if midway thru a quarter). Use your most recent quarterly progress report template and enter data in the next empty tab. MSHDA will notify you when to stop providing these reports.

2. Requesting Disbursement at CofO - Provide:

- Copy of the CofO for all Missing Middle units. If your municipality does not require a CofO (such as for a rehab), MSHDA may need to inspect the project and deem it complete.
- Documentation to substantiate actual expenditures. When multiple unit addresses are used (i.e. homes) do your best to provide documents that clearly identify respective addresses.
 - If you used a lender, provide the following (as it relates to Missing Middle units):
 - Copy of lender's final development budget.
 - Copy of the lender's disbursement schedule showing all draws made. It should indicate check recipient(s), category and amount(s) paid.
 - If the lender cannot provide a disbursement schedule, you may be asked to provide other documentation such as copies of paid invoices that match the draw(s).
 - If your project is self-funded (no lender) provide the following:
 - An itemized summary of final costs related to Missing Middle unit(s). It should indicate total costs associated with respective categories (ex: electrical; flooring etc.)
 - Provide evidence that contractors and vendors were paid. Examples include: copies of paid invoices, cancelled checks, bank statements and/or lien waivers. Be sure documentation identifies the project name and/or address(es).

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- Confirm Prevailing Wages – Submit the following:
 - Signed Prevailing Wage Certification Form(s) from each contractor and subcontractor.
 - Signed Waiver of Wages form(s) for any unpaid volunteers who worked on site (if applicable).
 - Every person who worked on the site should be represented by name on one of the above.
 - Provide the following documentation based on your project type (rental or for-sale units)
 - Rental:** Rental projects require a Regulatory Agreement. If not already executed your file manager will work with you and MSHDA legal to get it finalized.
 - For all occupied rental unit(s), remit the following items:
 1. Signed Tenant Income Certification (TIC). Retain backup documents in your files.
 2. Copy of Authorization to Release Information, **signed** by household
 3. Copy of signed lease
 - For Sale:**
 - For all sold homes, remit the following:
 1. Signed Owner Income Certification (OIC). Retain backup documents in your files.
 2. Copy of official document showing how mortgage payment was determined (Ex: payment coupon; bank statement). It must break down principal, interest, escrows, fees etc.
 3. Copy of Authorization to Release Information, **signed** by household
 4. Copy of **executed** Beneficiary Compliance Agreement*
 5. Copy of **executed** deed including Deed Restrictive Covenant*
 - * For Community Land Trusts, with MSHDA approval, a Retention Agreement may replace the Beneficiary Compliance Agreement and Deed Restrictive Covenant.
- If a home is unsold at the time of disbursement, you are required to provide the above as soon as possible to remain in compliance with the Missing Middle program and avoid recapture.
- If the project is complete, provide a final quarterly progress report showing the project is 100% complete. This can be done regardless of the timing (i.e. even if midway thru a quarter). Use your most recent quarterly progress report template and enter data in the next empty tab. MSHDA will notify you when to stop providing these reports.

****MSHDA RESERVES THE RIGHT TO ASK FOR ADDITIONAL DOCUMENTATION FOR ANY OF THE ABOVE CATEGORIES AND/OR A 3RD PARTY COST CERTIFICATION PRIOR TO APPROVING A DISBURSEMENT****

When Will I Get the Funds?

- Missing Middle staff will notify you that we have authorized MSHDA Finance to wire funds (or cut a check).
 - Wiring takes 2-3 business days on average.
 - If funds are requested for closing, MSHDA will make every effort to make sure funds are available. Be sure to submit your request timely to ensure there is plenty of time to process the request. Ideally a minimum of 5 business days.
 - Checks are sent via USPS and will generally reach you within 10-14 business days.
 - **NOTE:** MSHDA reserves the right to deny or reduce the amount of a requested disbursement, particularly prior to CofO. Decisions will be made on a case-by-case basis.

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...And Then What?

- So long as you have funds awaiting disbursement, you must continue submitting quarterly reports. You cannot stop reporting quarterly until your project is 100% complete **and** one of the following occurs:
 - Your disbursements total your maximum awarded funds (i.e. none left to draw).
 - You made all eligible draw requests but will no longer be receiving the full award. For example, a change in your project size/Missing Middle unit count or not enough eligible reimbursable items.
 - The window to request disbursement runs out.
- Following disbursement(s), your file will transfer to MSHDA Compliance for monitoring. When that occurs, you will be notified and given your MSHDA Compliance contact person's information.
 - Missing Middle requires 5 years of compliance on for-sale units and 10 years on rental projects.
 - If you receive staggered disbursements, you may have units transfer to compliance ahead of others.
 - You must ensure Missing Middle units are occupied by eligible households.
 - Rentals: You must lease Missing Middle units to income qualified households and ensure their rent does not exceed the allowable rate. Per the terms of the program, your grant agreement, and regulatory agreement minimum compliance is 10 years.
 - For Sale: You must ensure homebuyers income qualify, and their mortgage payment is reasonable. Per the terms of the program and your grant agreement, minimum compliance is 5 years. Therefore, should a unit changes ownership during the required 5-year period, you must ensure the new buyer also qualifies as a Missing Middle household.
 - MSHDA Compliance will require annual reporting and may schedule physical inspections.
 - Refer to the Missing Middle webpage for links to the Missing Middle compliance policies, forms and additional details or contact MSHDA Compliance for further guidance.

Where Can I Find Forms and Resources?

The most current version of our forms are on our webpage at: www.michigan.gov/mshda/developers/missing-middle

- Forms and documents available on our webpage include:
 - This Disbursement Information & Checklist document
 - Request for Missing Middle Housing Program Grant Disbursement Form
 - MSHDA approved W-9 Form
 - Compliance Contact Information Form
 - Authorization to Release Information
 - Prevailing Wage Certification Form
 - Waiver of Wages form
 - Beneficiary Compliance Agreement (only applicable to "For Sale" units)
 - Deed Restrictive Covenant (only applicable to "For Sale" units)
 - MSHDA Missing Middle Regulatory Agreement (only applicable to "Rental" developments)
- In addition, you will find Compliance related links on our webpage including:
 - Tenant Income Certification (TIC) Form
 - Owner Income Certification (OIC) Form
 - Missing Middle rent and income limits
 - Missing Middle Compliance policies
 - Missing Middle Housing Program 1040 Worksheet

Email us at MSHDA-MissingMiddle@michigan.gov if you need further assistance.