

Appraisal 2017



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION

Mark E. Boettcher, MAI
Market Study Analyst, etc.
Missouri Housing
Development Commission
816-759-6664

mboettcher@mhdc.com

APPRAISAL FEE

Appraisal fees are to remain the same at \$6,500 for upcoming appraisals.

5284

PAY TO THE ORDER OF

\$

DOLLARS

FOR

⑆ 22222222 ⑆ 123 111 555⑆ 5284

Definitions

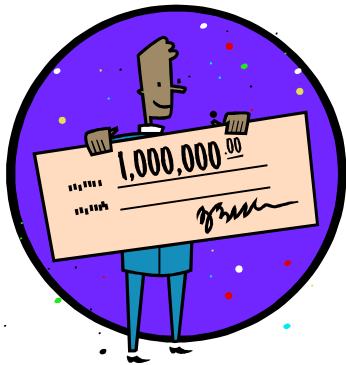
- Market value defined: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
 1. Buyer and seller are typically motivated;
 2. Both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
 3. A reasonable time is allowed for exposure in the open market;
 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Definitions

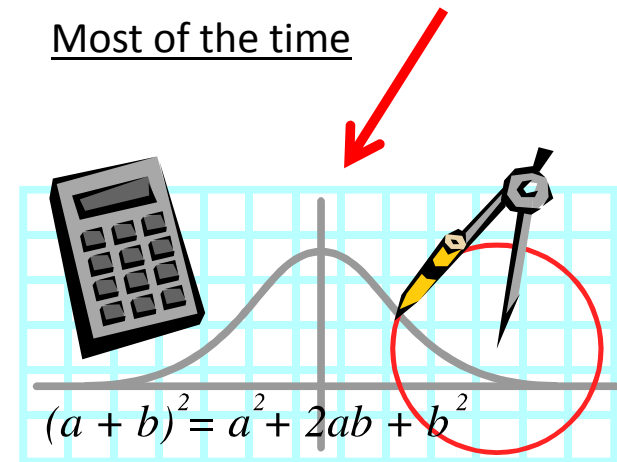
- Appraisal: The act or process of developing an opinion of value. An appraisal is *not* what someone paid for a property – that is price which may or may not approximate value. This also applies to rents.
- Investment value defined: “The specific value of a property to a particular investor, ... based on individual investment requirements; distinguished from market value, which is impersonal and detached”.

Definitions

- ❖ In other words, market value could mean
 - “what most people would pay for a property most of the time”.



Most of the time



- ❖ While investment value could mean what a single investor would pay for a property based upon their investment criteria.

Definitions

MHDC orders market value appraisals, the conclusions of which may be different from the investment needs of each individual deal. \neq



State law requires appraisers to follow a set of rules called USPAP. USPAP states the required content of an appraisal report. Violations in appraisal development could result in sanctions up to and including loss of license.

Appraisers take this very seriously!

Mark's Maxims

- ❖ An appraiser is only as good as their data.



- ❖ An appraiser should observe the market and make decisions based on that and not unduly impose their preconceptions on the conclusion.



- ❖ A good appraiser is one who tells the truth.

- ❖ Line up 20 good appraisers and they may point in all directions.



Approaches to Value

- Cost: Adds land value to replacement cost of the structure to be built, less depreciation, if any. Typically does not consider value of tax credits and should provide a market value of the fee simple estate.

- The figures in your Total Development Cost breakdown are compared to cost figures published by Marshall & Swift Valuation Service which is a decades-old nationally recognized cost data service used by appraisers all over the country.

- RCN – Any Depreciation + Site Value = Value via Cost Approach



NOT COST



Approaches to Value

- Income: The PRIMARY approach when it comes to income property. The appraiser takes the figures shown on the Conditional Reservation FIN 100 and compares them to the market to see if they are reasonable.
- Estimates rents, deducts vacancy and estimated expenses to derive a net operating income. Then capitalizes the NOI into a value estimate. Used for valuations with and without tax credit considerations.



What MHDC looks for in an Appraisal Report

- ❖ That the Highest and Best Use is supported (which is what most people would *use* the property for most of the time and not what the person paying for the appraisal wants to do with the property).
- ❖ **THOUGH THERE IS NO SPECIFIC MHDC PROHIBITATION, DEVELOPERS ARE DISCOURAGED FROM BUYING A SITE THAT HAS A COMMERCIAL HIGHEST AND BEST USE AS THE LIKELIHOOD IS THAT THE SITE WILL BE OVERPRICED FOR RESIDENTIAL USE.**
- ❖ That the acquisition cost is market supported.
- ❖ That the land value estimate is reasonable and supportable and that the adjustments make sense.
- ❖ That the income approach uses suitable rent comps for both market and restricted rent scenarios. That the vacancy rate is supported. That operating expenses are derived from the market-supported and that the cap rate is reflective of market parameters.



Why get an Appraisal?

- ❖ Appraisals provide a 3rd party opinion to us as to the values involved in your deal and appraisals can provide us with additional perspective on your application.
- ❖ Appraisals are one of the steps in our due diligence process.
- ❖ Appraisals assist in good stewardship of the public's money.



Appraisal Processing

- ❖ I budget 30 days turnaround time for each report which is about 20 business days, but sometimes it takes longer.



- ❖ We no longer provide the market study to the appraiser and we request that you do not, either.

- ❖ We will take a look at, and consider, any appraisal you may have, but we will still order our own.



Appraisal Processing

If there is a conflict in appraisal expectations -



every reasonable effort will be made to resolve it.

What Appraisal Content do We Order?

- That the appraiser certify that they have not reviewed the market study developed for this property.
- Market Value of the Site, whether vacant or not
- Market Value “as-is” (with any existing buildings) without consideration to any value created by tax credits.
May or may not = or \neq acquisition cost.
- Market Value “as complete” with market rents and expenses (when the “paint is dry”).
- Market Value “as stabilized” with market rents and expenses (when operating normally).
- (These four are the same as if the project were conventional apartments financed through a regular bank).



What Appraisal Content do we Order?

•MHDC also orders:

1. Market Value “as complete” with restricted rents and expenses.
2. Market Value “as stabilized” with restricted rents and expenses.
3. Market Value of tax credits (LIHTC and/or historic)
4. Present Value (Market) of any below market financing

(These 3 or 4 are unique to LIHTC)



Estimating the Land Value of Tax Credit Projects

IF IMPROVED:

The site value is to be estimated using a capitalization rate and project NOI as if the units and the project were unrestricted and market rate, without considering:

- a) any additional value that may be attributable to subsidies available to the project or to any LIHTCs or other tax benefits the project will receive, or
- b) any value reduction due to any NOI or value limitations caused by regulatory agreements or affordability restrictions imposed by any subsidy program or tax regulation.



IF VACANT:

- a) If the site is vacant, then use sales of land with a multi-family highest and best use should be used (if available).

Section 8 As-Is Value (HUD Guidance)

- Generally, we require appraisers to use market rents and expenses to estimate the fee simple value.
- Market expenses attributed to the subject should not be speculative and should bear some reasonable relationship to the project operating history, understanding that some savings in operating expense line items may be gained when proposed repairs are completed.
- For valuation of existing projects, operating expenses must be adjusted on the basis of comparable projects, but will primarily be based on the past three years of operating experience for the subject project – if available.
- All projects must be analyzed as independent operations and must not reflect shared expenses from nearby projects under the same management, including shared insurance premiums.
- When the acquisition price exceeds the “as is” value of the land and improvements (as accepted by HUD), then the acquisition price MAY BE reduced to the “as is” value.

Rent Determination

- Some projects, especially senior properties, offer a lot of services. Some appraisers opine that such properties are akin to Independent Living Facilities, and use such properties as rent comps.

-



- THEY SHOULDN'T.

- Rents at these properties can range from \$1,500 to \$2,500 per month. At a minimum, MHDC will not consider as rent comparables properties that require state certification/licensing, mandatory meals or other services made mandatory for occupancy, or non-shelter and optional services included in the underwriting of net operating income.

Project Based Section 8 and LIHTC Processing

- The project must be evaluated as the “hypothetical market value” of the project without regard to any Section 8 project based subsidies, rent restrictions or LIHTC.
- Market Value: The appraiser must ignore the Section 8 contract rents, tax exempt bond or LIHTC restricted rents when determining market value and the income to be capitalized for a determination of market value. To be consistent, the appraiser must use a market capitalization rate and must assume market rents in the income approach to value.
- Note that the comparable sales approach to value must be completed without regard to Section 8 or LIHTC awards.

Rental Assistance Demonstration (RAD)

- Valuation Processing for RAD Transactions.
On RAD substantial rehabilitation transactions, the appraiser should use the CHAP* rents and historical occupancy and operating expenses if available to set value.



- *Commitment to Enter into a Housing Assistance Payments Contract.

Thank you . . .

Any Questions?

816-759-6664

mboettcher@MHDC.com



Rental Production Division: Architecture Department



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION





Architecture Department:

Aids the Development Team with:

- Firm Submission
- Construction Loan Closing
- The Construction Period
- Construction Completion
- Construction Close Out
- Loan Conversion



Architecture Department:

Provides assistance with MHDC's
Construction Compliance requirements.

Refer to MHDC's:

DESIGN/CONSTRUCTION COMPLIANCE GUIDELINES (MHDC FORM 1200)

Amended June 29, 2015
(On the MHDC Website)

Architecture Department: Architectural Review

- First submittal to MHDC is for Firm Submission Review:
 - **Two** full sized copies of the Plans and Specifications are required. Half sized plans if over 24”x36” in size.
 - **One** PDF copy on **CD-R**.
 - Submitted to the MHDC Kansas City office as part of the Owner’s Firm Submission package.



Architecture Department: Architectural Review

- MHDC requirements for submission of architectural items can be found in the Design/Construction Compliance Guidelines.
- Architectural Staff reviews Architectural Construction Documents and Cost Exhibits included as part of the Firm Submission.



Architecture Department: Architectural Review

- All reviews are assigned, monitored, tracked, and reported in MHDC's Kansas City Office.
- Plans and specifications are reviewed in the order received.
- Timing on resubmittal reviews will be determined on a case by case basis.



Architecture Department: Architectural Review

- Architectural Firm Submission review comments on the construction documents are sent to the underwriter for issuance to the developer.
- A written response addressing each review comment shall be provided and submitted to MHDC's Architectural staff for review prior to closing.



Architecture Department: Architectural Review

- MHDC engages an independent third party company to perform an upfront construction cost analysis for all approved developments in excess of six units.
- Should a cost analysis report be required by another lender or investor, we will work with that party to avoid duplicate costs.



Architecture Department: FIN-115 Contractor's/Mortgagor's Cost Breakdown

- The FIN-115 is our reference form for hard construction costs.
- This form is used during all reviews and must be filled out in its entirety.
- Any changes to the plans and specifications after Firm Submission that affect costs must be adjusted on the FIN-115 and resubmitted.



Architecture Department: Architectural Review

- Plans and specifications must be fully complete, accurate, incorporate all reviews, and when feasible be ‘Permit Ready’ in order to be reviewed.
- To avoid delays, changes to the plans or issuance of addenda are discouraged after Firm Submission.



Architecture Department: Architectural Review

- For expediency, our goal is to review the plans and specifications once.
- Revisiting the plans due to changes prolongs the review process.
- Poorly executed or incomplete plans delay the process and slows funding.



Architecture Department: Architectural Review

- MHDC anticipates two addenda after Firm Submission.
- First addendum is in response to the Architectural Firm Submission Review Memo.
- Second addendum is when the Prevailing Wage Rate Decision is pulled and bound into the specifications.



Architecture Department: Architectural Review

- Provide a Signature Block on the Cover Sheet of the plans and a Signature Sheet as the first sheet of the Specifications.
- Required signatures are Owner, Architect of Record, General Contractor, and MHDC.
- Signature Block/Sheet shall have signature lines with addresses for each party.



Architecture Department: Architectural Review

- All construction shall comply with the construction codes and ordinances of the Authority Having Jurisdiction and as such take precedence.
- MHDC will require the use of the 2012 International Building Codes if there is no code locally enforced.



Architecture Department: Architectural Review

- All developments shall meet MHDC's recognized accessibility requirements.
- All new construction shall be designed using the principles of Universal Design.
- MHDC requirements for Universal Design can be found within the Design/Construction Compliance Guidelines, Exhibit 'D'.



Architecture Department: Architectural Review

- A description of the Universal Design principles incorporated into the development must be provided on the plan cover sheet or submitted as a written document.
- In addition, Universal Design elements should be clearly noted and visible within the drawings.



Architecture Department: Architectural Review

- A copy of the AIA Document A201-2007, General Conditions of the Contract for Construction, shall be bound into the specifications.
- A copy of the Federal Labor Standard Provisions, form HUD 4010, shall also be bound into the specifications.



Architecture Department: Development Characteristics Worksheet

- Green Building or Sustainability remains an important component in MHDC Developments.
- Sustainable Housing Election is made on the Development Characteristics Worksheet.
- Be sure to use the current version which has an election for ‘Green Globes – NC’.

Architecture Department: Construction Loan Closing

- Second submittal to MHDC for Pre-Closing:
 - Three full size sets for loan closings at MHDC.
 - Two full size sets for Tax Credit Only developments.
 - For closings that do not occur at MHDC, send two fully signed closing sets of plans and specifications to MHDC's Kansas City office within seven days of closing.



Architecture Department: Construction Period

- During the Preconstruction Conference establish a monthly date and time agreeable to all parties for the monthly draw meetings.
- A construction schedule shall be established and provided to our 3rd party inspectors at the Preconstruction Conference.



Architecture Department: Construction Period

- After the Preconstruction Conference the Construction Phase of a project begins with a Notice to Proceed, with start date, that is issued by the Owner to the General Contractor.
- A copy of the Notice to Proceed must be provided to MHDC's Architecture Department and 3rd party inspector.



Architecture Department: Construction Period

- Monthly Draw Meetings:
 - It is the General Contractor's responsibility to have the G702-1992 (Application and Certification for Payment) ready for review and discussion at the meeting.
 - It is the Owner's responsibility to have the Architect of Record be in attendance at each draw meeting to review and discuss the G702.

Architecture Department: Construction Period

- Monthly Draw meetings:
 - Provide MHDC's 3rd party inspector with a draft copy of the pay app and schedule of values three days prior to the meeting.
 - **Note:** Draw meetings may require decisions to be made. So it is important that they be attended by all **Senior Team Members** if delays are to be avoided.

Architecture Department: Construction Period

- Monthly Draw Meetings:
 - MHDC's third party inspector is required to review and discuss items in the G702/G703 during the meeting.
 - Not having these documents prepared and ready delays MHDC's third party inspector from preparing the Site Observation Report.
 - **Note:** Delays in the report equal **delays in disbursement of funds.**



Architecture Department: Construction Period

- MHDC's third party inspectors are retained by MHDC as independent advisors to provide a monthly Site Observation Report.
- They act as MHDC's 'Eyes and Ears' in the field and should be treated as benefits any representative of MHDC.



Architecture Department: Construction Period

- Observations and concerns noted during inspections appear in the reports.
- These reports are read and reviewed.
- Issues will be addressed, performance noted.
- Being attentive to our 3rd party inspector's comments and concerns is in everyone's best interest.



Architecture Department: Construction Period

- Architect's Field Reports:
 - The Architect of Record is under contract via the B108 and MHDC's Rider (Exhibit 'A') to provide MHDC's Architectural Department with a minimum of one monthly Field Report throughout the construction period.
 - It is the Owner's responsibility to ensure that the Field Reports are submitted on a monthly basis and in electronic format.



Architecture Department: Construction Period

- During the construction period all work is monitored, tracked, and processed in MHDC's Kansas City office.
- All communication, emails, submittals, etc. shall be directed to MHDC's Kansas City office Architecture Department.



Architecture Department: Construction Completion

- Exhibit “B” Sample Punch List: Submit a Final Punchlist with initials & dates by the Contractor and Architect on all items to be completed or corrected by the Contractor prior to final acceptance of the development.
- Exhibit “C”: Submit Final Architects Certification; this is an MHDC form that we use to advance the final installment of permanent loan proceeds.

Architecture Department: Construction Completion

- The owner shall submit a fully executed and signed AIA Document G704 Certificate of Substantial Completion for the entire project to MHDC at construction completion.
- At that time the owner will schedule a final inspection with the MHDC third party inspector assigned to the development.



Architecture Department: Construction Completion

- The owner will submit copies of the Certificate of Occupancy permits to MHDC at completion of construction.
- If applicable, the owner will coordinate the list of incomplete work and the approximate dollar value per each line item.
- The list of incomplete items will be used to establish an escrow account for that work.



Construction Closeout: Latent Defects Inspection

- The Owner, General Contractor, Architect, the Development Manager and MHDC shall be a part of the nine month warranty inspection scheduled by MHDC's compliance staff in our St. Louis office.
- Defects noted shall be documented by the Architect and issued to all parties. MHDC shall be notified once all corrections have been completed and signed off.



Construction Closeout: Construction Warranty Period

- **Regardless of the actual date of unit occupancy, the Owner and/or Contractor shall warranty the work for a full 12 months after the “total development wide G704” Certificate of Substantial Completion is issued.**



Construction Closeout: Latent Defects Inspection

- The twelve month warranty period starts on the date noted on the Certificate of Substantial Completion.
- MHDC does not perform latent defect inspections on Tax Credit only funded developments.



Architecture Department Issues to address:

- **Each project is a TEAM effort!**
- **We are calling on the entire Development Team to assist with the following issues:**

Architecture Department Workmanship:

Quality of Workmanship:



Trending lower
during the past year

Architecture Department Safety Issues:

- Trip Hazards:





Architecture Department Safety Issues:

- According to the CDC, falls are the leading cause of injury and injury related deaths among those 65 and older.
- About 13% of senior adults in Missouri reported suffering a fall-related injury. The highest rate in the nation.



Architecture Department Safety Issues:

- The ADA defines a trip hazard as any vertical change of 1/4” or more at any exterior joint or crack.
- Trip hazards are a serious issue.
- There has been an increase in ‘Trip Hazards’ in MHDC Developments.

Architecture Department Safety Issues:



Architecture Department On the lighter side...



Architecture Department

Even the best laid plans go awry!





Architecture Department

Item of note:

- MHDC does not access **Shared File Sites** such as 'Dropbox'.
- Please do not send a link to documentation.
- We have a **75MB** size limit on emails. Enough to handle large files.

Architecture Department

Item of note:

- Value engineering after project approval is considered to be 'De-value Engineering' to save costs.
- Once an application is approved, MHDC shall be a participant in cost reduction changes to what was submitted.



Architecture Department

Item of note:

- The Architect that attends site meetings should be familiar enough with the project to make simple decisions.
- Needing to ‘Present the issue’ back at the office on every question delays the process.
- Often the ‘issue’ is overlooked completely.



Architecture Department

Item of note:

- There has been an increase of lack of attendance of 'Key' personnel at the time of the meetings.
- Cancellations: There have been numerous occasions when meetings have been cancelled without notifying MHDC's 3rd party inspector.



Architecture Department

Item of note:

- This situation results in an unnecessary trip to the site.
- The development is billed for ‘non-meetings’ attended by our inspector.
- This situation can be avoided with better communication.



Architecture Department

On the bright side!

- “This project has progressed in a very satisfactory manor and appears to be ahead of schedule. The quality of workmanship continues to be well above the industry standard for this type of project, with particular attention to detail in all respects.”
 - (A note in an MHDC Report.)



Architecture Department

- Only with YOUR help can we achieve better performance in procedures and quality in MHDC Developments!



Contact Us:

For questions related to construction compliance you can contact the following persons by email or phone:

Kansas City Office

Jay W. Mahaney, AIA

Architect

Missouri Housing

Development

Commission

920 Main, Suite 1400

Kansas City, MO 64105

816.759.6678 Direct

jmahaney@mhdc.com

Kansas City Office

Deborah Thompson

Administrative Clerk

Missouri Housing

Development

Commission

920 Main, Suite 1400

Kansas City, MO 64105

816.759.6866 Direct

dthompson@mhdc.com

St. Louis Office

Percy Bishop, AIA

Architect

Missouri Housing

Development

Commission

505 N 7th St, Suite 2000

St. Louis, MO 63101

314.877.1387 Direct

pbishop@mhdc.com



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION

THANK YOU!





Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION

The Role of Asset Management in the Firm Commitment Process



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Asset Management Contacts



- Marian Campbell, Director of Asset Management,

mcampbell@mhdc.com

314.877.1350

- Scott Hanak, Asset Manager (Financial/AMRS)

shanak@mhdc.com

314.877.1379

- Candace Maupins, Program Compliance Administrator(Physical/Compliance)

cmaupins@mhdc.com

816.759.6856



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

We Have Moved!!



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

US Bank Plaza –Downtown St. Louis
505 N. 7th Street, 20th Floor, Ste. 2000
St. Louis, Missouri 63101
Ph. (314) 877-1350



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Information Reviewed



- Management Agent Documentation
- Management Plan/Lease Review
- Form 2013 Revenue/Expense Analysis



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Required Management Agent Documentation



- **Exhibit A-2:** MHDC Management Agent Certification* or HUD 9839-B HUD Management Agent Certification if HUD is in first place.
- **Exhibit J:** Authorized Representative Designation*
- **Exhibit J-1:** Management Authorized Representative Designation*
- **Exhibit L:** Property Information Sheet
- **AFHMP** - Affirmative Fair Housing Marketing Plan*



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Note: Original Signatures are required on forms identified with asterisks.

Required Management Agent Documentation Cont...



- Management/Maintenance Plan
- Proposed Lease
- Lease-up Narrative and Budget



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Exhibit A-2: Management Agent Certification - Errors



PLEASE NOTE: ITEMS 1 - 4 do NOT apply to LIHTC only properties.

1. Upon receiving MHDC approval, execute a Management Agreement for the property. The Agreement will provide that the Agent will manage the property for the term and fee described below. Changes in the fee will be implemented only in accordance with MHDC's requirements.
 - (a) Term of Agreement: This Agreement shall be in effect for a period of _____ years, beginning either on the date that pre-leasing activities begin or _____, and ending one year thereafter or _____, and is thereafter automatically renewable, under the same terms and conditions for successive one-year terms.

MHDC will not approve a management fee that is inconsistent with the approved budget and MHDC policies. If the request is found to be inconsistent, MHDC reserves the right to approve a management fee based on MHDC staff changes to the request.

MHDC will not recognize management agreements and related fees outside of those stipulated on this exhibit.

- (b) Fees:
 - (1) \$ _____ per unit (during initial lease up only);
 - (2) \$ _____ per occupied unit
 - (3) **OR** _____ percentage of collected rental income

(NOTE: **Number (2) OR (3) must be completed, not both.** Collected rental income is described in the MHDC Handbook)



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Additional Management Document Errors



- Missing original signatures
- Missing MHDC #/LIHTC# property identification number
- Missing Notary Signatures
- Using outdated MHDC Forms/Exhibits



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Management Agent Certification Process



All existing and/or new management companies seeking to manage properties in Missouri must be approved as a “Certified Property Management Agent.”



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Management Agent Certification Process



- **Exhibit A-5:** Certified Property Management Application plus all required supplemental documents.
- One, two, or three year certifications.
- Scheduled Submission Quarters - must submit 90 days before certification expires i.e., submit by 3/31/17 for 7/1/17 effective date.

Note: Management Companies – must be certified before taking on new business.



Certified Management Agent Letter



Re: Management Agent Certification

Dear Mr. [REDACTED]

[REDACTED] Company Inc. has been approved as an MHDC Certified Management Agent for the term of one year. [REDACTED] Company Inc. will be placed on the approved Certified Management Agent list available at www.mhdc.com.

This certification is valid until **12/31/2017**. You must reapply prior to your existing agreement **expiring**. Recertification documentation must be submitted within **90 days** of expiration to allow sufficient time for MHDC review and processing. Your next application is due no later than **9/30/2017**.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

MHDC Certified Property Management Listing



MHDC Certified Property Management Agent Listing

The management companies listed below have been approved as MHDC Certified Property Management Agents to manage properties in Missouri. Interested parties are encouraged to review the list to ensure that the chosen management agent is included, as the list may change periodically. Should you have any questions regarding the status of a management agent, please feel free to contact that management company directly. If you have questions about management requirements in Missouri, please contact Candace Maupins at 314-877-0967 or cmaupins@mhdc.com.

Certified Management Agent Listing as of the following date:

August 22, 2016

Management Agent	Contact	Email	Telephone	Main Office Location
------------------	---------	-------	-----------	----------------------

http://www.mhdc.com/program_compliance/index.htm



Management Plan Review



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Refer to **Exhibit A-1** Management Plan Outline and Checklist to ensure all required items are included in the property management plan.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Management Plan Review with Project Based Section 8



- Review 4350.3 Ch 4 for required elements of the Tenant Selection Plan.
- A copy of the Tenant Application, Tenant Selection Plan, required leases and all lease addendum and pet policies should be attached to the plans submitted to MHDC.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Leases



- Refer to LIHTC manual page 33 section - 5.4 Leases.
- Common missed clauses:
 - Obligation of the tenant to recertify income annually
 - Obligation of the tenant to notify management regarding change in student status
- March 4, 2016, New VAWA Addendum 91067 was released including new appendices.



Ownership



- **Oversee Management.**
- **Required to cover deficits of the property.**
- **Management is required to notify us when owners are no longer willing to materially participate – reported to the Commission.**



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

MHDC Form 2013 Review



- Assist underwriting in determining project's overall viability over initial 15 year period.
- Determine reasonableness of the proposed first year budget.
- Provide suggestions for developer's consideration based on current portfolio.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Expense Line Item Changes



Owners and Developers must include a expense change explanation memo for all expense line items that differ from the initial application.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Form 2013 - Benchmarking Analysis



Proposed Revenue and Expenses are compared with the following benchmarking segments:

- Geographic
- Expense Account Category
- Total Development Units
- Management Company
- Development Type
- Multiple phases
- Urban/Rural



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Form 2013 - Benchmarking Analysis



INCOMESTATEMENT Account Category Name	Audit Exp...	PROJECT Development Type	ELDERLY
PROJECT Urban Or Rural	URBAN	INCOMESTATEMENT Account Hierarchy	No selecti...
PROJECT County Name	Saint Louis	AFSAudit Report Type	No selecti...
PROJECT Units Band	48-99	PROJECT City	No selecti...
INCOMESTATEMENT Statement Type	AUDIT	PROJECT Building Type Name	No selecti...
PROJECT Mgmt Co Name	No selecti...	INCOMESTATEMENT Statement Year	2012



Strength, Dignity, Quality of Life
MISSOURI HOUSING
 DEVELOPMENT COMMISSION

MHDC Form 2013 Budget Review Tips



- Include expenses that are expected to re-occur on an annual basis.
- Budget One FTE Manager and Maintenance person for properties with 48 + units and are not part of a multi-phase development.
- Avoid the “Miscellaneous” temptation.
- Common space utilities still need to be budgeted.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

MHDC Form 2013 Budget Review Tips



- Highly recommend security to be budgeted for all properties located in metro areas.
- Neighborhood Scout Crime Index is now 4.97.
- Avoid grouping contract related expenses, i.e., snow removal, HVAC, exterminating, vacant unit preparation costs, etc. under the general contracts category.
- Obtain current insurance quotes.
- Indicate any tax abatement.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Cost Per Unit Data



LIHTC Only	Urban / Rural	Dev Type	Construction Type	City	County	Num Units	Admin	Utility	Operating & Maintenance	Real Estate Taxes	Property And Liability Insurance	Taxes And Ins Other	R4R Deposits	Total Expenses	Exp / Unit
NO	URBAN	FAMILY	NEW	Saint Louis	Saint Louis City	82	\$172,192	\$23,025	\$42,381	\$4,616	\$22,278	\$6,071	\$3,883	\$274,446	\$3,347
YES	URBAN	ELDERLY	REHAB	Saint Louis	Saint Louis City	273	\$243,214	\$220,153	\$173,534	\$97,035	\$75,908	\$75,013	\$88,980	\$973,837	\$3,567
YES	URBAN	FAMILY	REHAB	Saint Louis	Saint Louis City	15	\$19,215	\$6,507	\$18,977	\$3,081	\$18,852	\$3,053	\$4,800	\$74,485	\$4,966
YES	URBAN	FAMILY	REHAB	Saint Louis	Saint Louis City	31	\$33,484	\$13,819	\$41,710	\$4,061	\$15,447	\$6,047	\$9,300	\$123,868	\$3,996
NO	URBAN	FAMILY	NEW	Saint Louis	Saint Louis City	51	\$66,993	\$17,838	\$75,124	\$7,325	\$35,269	\$7,370	\$15,300	\$225,219	\$4,416
NO	URBAN	FAMILY	NEW	Saint Louis	Saint Louis City	70	\$17,007	\$17,007	\$21,000	\$1,500	\$10,000	\$0	\$10,000	\$170,000	\$2,500



Strength, Dignity, Quality of Life
MISSOURI HOUSING
 DEVELOPMENT COMMISSION

1st Year Compliance Requirements



- MHDC must be notified when lease-up commences.
- All properties must submit complete and executed first year 8609s. Complete means signed by the owner with the Part II section filled out. #
- Property must be inspected for Latent Defects within nine months from construction completion date. #

- Failure to do so will result in the property being issued an 8823 which reports noncompliance to the IRS.



Annual Compliance Requirements



- **Exhibit A** forms must be submitted annually through COL and a hard copy must be submitted to MHDC's Compliance Reporting Team in accordance with the seasonal reporting schedule.

SEASONAL REPORTING SCHEDULE			
<i>Placed-In- Service Date</i>	<i>Activity Period Covered</i>	<i>COL Report Due Date</i>	<i>Exhibit A & K Due Date</i>
1990, 1991, 1992, 1993, 2006, 2010, 2014	April 1 – March 31	April 15	April 30
1994, 1995, 1996, 1997, 2007, 2011, 2015	July 1 – June 30	July 15	July 31
1998, 1999, 2000, 2001, 2008, 2012, 2016	October 1 – September 30	October 15	October 31
2002, 2003, 2004, 2005, 2009, 2013, 2017	January 1 – December 31	January 15	January 31

Seasonal reporting schedule is based on the year the last building is placed in service

- If HOME funded, hard copies of **Exhibits H and K** must also be submitted to MHDC's Compliance Reporting Team in accordance with the seasonal reporting schedule.



Common COL Errors



- Late submissions.
- Missing transient housing information.
- Missing certification dates.
- Missing data i.e., “Unit Assistance Type.”



COL - Unit Assistance Type:



- General Information Tab/Head of Household Basic Data

Family Size: Non Qualified Students

Household Annual Income:

Unit Assistance Type:

Owner's Designation:

HOH Special Population:

HOH Disabled:

Dropdown menu options: Other, Project-Based, Tenant-Based



Rent Increases



- Properties must wait at least one year from the date the last building was placed in service before a rent increase request may be submitted.
- All Rent Increases must be approved by MHDC prior to implementation.
- Rent increase approval process is specifically tied to funding and development type.
- Rent increase caps - 7%; previous year COLA for Elderly
- Rent increase process can be found at

http://www.mhdc.com/program_compliance/accounting/rent_increases/index.htm.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Noncompliance Fees



- A non-compliance fee will be assessed for the period of time a property, specific building, unit, or management agent is failing to satisfy program requirements.
- The amount of the fee varies based on the type on non-compliance.
- The detailed non-compliance fee notice is located at www.mhdc.com.



Noncompliance Fees



- Instances of non-compliance include, but are not limited to:
 - Physical and/or file deficiencies
 - Failure to submit required documentation change in partnership or management agent without prior approval from MHDC
 - Failure to submit a timely Certified Management Agent application
 - Failure to report casualties in a timely manner



Special Needs Unit Monitoring



- Two inspections per year
- Compliance Items:
 - Proper Set-Aside
 - Services provided
- Noncompliance treatment
 - Treated the same as Sec 42
 - Subject to 8823 issuance
 - Potential suspension and/or debarment



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Service-Enriched Monitoring



- Ensure commitments made for services during application are implemented.
- Noncompliance treatment
 - Loss of future opportunities to ownership and its affiliated partners to be considered for future tax credits and MHDC financing.
 - Non Compliance Fees are assessed.



Contact Changes



- Owner/Management responsibility to make changes.
- AMRS must be updated.
- New Exhibit L must be submitted if:
 - General Partner change
 - Primary Management Contact change
 - Management Company Address change
 - Special Needs Lead Referral Agency change
 - Service-Enriched Housing Provider change



New Fair Housing Requirements



- Post Fair Housing posters.
- Make Fair Housing brochures available.

http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/marketing

- Will be enforced with inspections beginning 4/1/17.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

New Transfer of Physical Assets Policy



- New TPA Application Form
- Timeframes
 - Limited Partner transfers = 15 days
 - General Partner transfers = 30 days
 - Full Transfers (tax credit or loan) = 45 days

Note: End of year TPAs must be in no later than November 1 or processing may not occur by December 31.

- Submit documents on a recordable CD and number them according to checklist.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

New Transfer of Physical Assets Policy Cont...



- Note that certain documents require original and/or notarized signature.
- Post-transfer documentation (e.g., recorded documents) must be submitted within 45-days of transfer; notify MHDC if closing does not occur, or occurs more than 30 days after the date of MHDC approval letter.



Forms/Exhibits



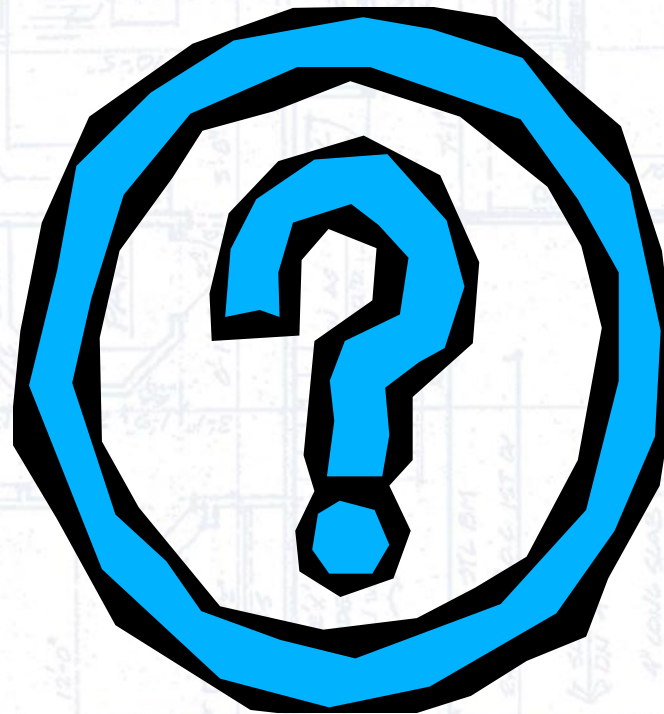
- All Asset Management Forms can be found at:
http://www.mhdc.com/program_compliance/LIHTC/forms-documents.htm.
- Make the Exhibit A-20 Asset Management Reporting Checklist your Friend!



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

CONSTRUCTION DISBURSEMENT



Title Company Selection



The Title Company – must be authorized to do business in the jurisdiction in which the Property is located.

The Title Company- must be able to perform monthly disbursement.

The Title Company – must be able to furnish date-down endorsements for each draw process and collect lien waivers.

The Title Company- must have a minimum rating from A.M. Best of “B+” or Demotech rating of “S”.





Initial Disbursement Application

- The mortgagor/owner and the general contractor are responsible for providing MHDC with the appropriate designated forms and documentation.
- The Application for Advance of Mortgage Proceeds (MHDC # 2420), must be submitted seven days prior to the date of Initial closing for all construction loans.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Initial Disbursement Application



- The Draw must contain the following original forms:
 - » 1. The Application for Advance of Mortgage Proceeds -- MHDC #2420
 - » 2. The Disbursement Schedule -- MHDC #2430
 - » 3. The Application and Certification for Payment—AIA Document G702-G703
 - » 4. The Contractor Advance—MHDC #2440



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Initial Disbursement Application



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

- Documentation to support the amounts being requested- (i.e., invoices, statements)
 - 1. Invoices –must contain the following information for payment and /or reimbursement :
 - » Company Name
 - » Company address
 - » Amount being billed
 - » Project information
 - » Description of the activity



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION

Initial Disbursement Application



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- The following items should be included on the first draw or proof the items have been previously been paid:
 - All Insurance invoices
 - The Invoice for Title & Disbursing
 - Building Permits
 - Letter of Credit



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Insurance Requirements



- The below insurance must be in place for closing to occur:
 - Builder's Risk
 - Coverage amount must match the minimum insurable value listed on Exhibit E of the Firm Commitment
 - Mortgagor/Owner must be listed as the insured
 - MHDC needs to be listed as the additional interest
 - MHDC needs to be marked as the loss payee and mortgagee
 - General Liability
 - Mortgagor/Owner must be listed as the insured
 - MHDC needs to be listed as the certificate holder
 - Fidelity Bond
 - Minimum coverage of \$50,000
 - MHDC needs to be listed as the certificate holder



Insurance Requirements



- The below insurance will be required for the project to convert to a permanent loan:
 - Property & General Liability
 - No gap period in coverage
 - Mortgagor/Owner must be listed as the insured
 - MHDC needs to be listed as the additional interest
 - MHDC needs to be marked as the loss payee and mortgagee
 - Fidelity Bond
 - Management Company listed as the insured
 - Minimum insurable value of \$50,000
 - MHDC needs to be listed as the certificate holder
 - Worker's Compensation
 - Management Company listed as the insured
 - MHDC needs to be listed as the certificate holder



Monthly Disbursements Forms



- The monthly disbursement will require the utilization of the same forms submitted for the initial draw.
- Contractor's Prevailing Wage Certificate (MHDC Form #2450)- must be certified by General Contractor and the Inspecting Architect.
- Master Subcontractor 's List (MHDC Form 2502)-must contain subcontractors and suppliers actively providing services or supplies on the construction site.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Monthly Disbursements



- The amount requested for construction must be approved by an MHDC designated inspector.
- The development must be in good standing with the weekly submission of Prevailing Wage Payroll.
- The Application for the Advance of Mortgage Proceeds should include all outstanding MHDC interest invoices.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contractors Fees and Retainage



- The monthly amount requested for contractors Builder's Profit and Overhead should not exceed the percentage of completion of development.
- The Contractor Fees should never exceed the percentage of construction amount established on the MHDC Form 2013.
- MHDC will permit up to five percent of the construction/rehabilitation cost as retainage during the construction period.



Contractors Fees and Retainage



- The five percent retainage will be released at project completion with the submission of the Contractor's Cost Certification and Letter of Credit for Latent Defects.
- Retainage **may be** adjusted for stored material.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

ESCROWS



- Lease up Escrow-must be funded at initial closing and should used only for marketing and administration expenses related to lease up period.
- Incomplete Work Escrow –must be established prior to the release of the final retainage.
- Latent Defects Escrow- Contractor must establish escrow of 2.5% of Construction Contract. The escrow will be held for 15 months from the established cutoff.



Change Orders



- Change Orders involving MHDC construction loans must be submitted with the draw on the AIA G701 form with original signatures:
 - Inspecting Architect
 - Owner
 - Contractor
- Change Orders with Permanent MHDC Financing should also include supporting documentation.
- All Change Orders must be approved by the designated MHDC inspector.



Change Orders



- Adjustments to the approved MHDC Form FIN 115 must be processed with a Change Order approved by all required parties.
- All Change Orders must contain the detail account for each increase/decrease to the scheduled values of the construction contract.
- All Change Orders must be submitted prior to final paid application to the Contractor.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Cost Certification Cutoff Dates



- The Certificate of Substantial Completion (AIA G704) for the **entire** project approved by the designated MHDC inspector will establish the cutoff date for the Contractors.
- The Final Inspection Report approved by the designated MHDC inspector will establish the Mortgagor's cutoff date for the development.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Questions?

Missouri Housing Development Commission

920 Main, Suite 1400

Kansas City, MO 64105

Lorenzo Rice

(816)759-6698

lrice@mhdc.com

Brianne Cabe

(816)759-6696

bcabe@mhdc.com





Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

2017 Environmental Review for Approved Developments

Limited Topics



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



**EQUAL HOUSING
OPPORTUNITY**



Phase I ESA Report



- **ASTM E1527-13** **Standard Practice for Environmental Site Assessments: Phase I Environmental Site Assessment Process** is the latest version released by ASTM International, November of 2013.
 - ASTM International is a private sector company that has developed a specific format developers and other business professionals may use to comply with the EPA's All Appropriate Inquiry (AAI) Rule for site evaluation with regard to contamination.
 - MHDC requires use of ASTM E1527-13.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Phase I ESA Report



- General weaknesses found in Phase I report reviews.
 - Please use ASTM E1527-13, X4 Recommended Table of Contents and Report Format.
 - Reliance Statement must include MHDC.
 - » In lieu of the reliance statement the EP must provide MHDC with a reliance letter.
 - » Reliance Statement (or letter) must also be part of other reports submitted to MHDC.
 - Users Responsibilities (ASTM section #6 specifically 6.1, 6.2, 6.2.1)
 - » Environmental Liens and Activity and Use Limitations (AUL) are two distinct instruments. They are legal and / or physical controls placed on the property.
 - Environmental Lien – Usually attached to a title and is in response to a hazardous substance or petroleum found on the site.
 - Activity and Use Limitations – A legal (restrictive covenant, easements, zoning) or physical restriction (physical modifications) that may include restrictions on use or access.



Phase I ESA Report



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- » These can be found (in part or in total) with County Recorder / Registry of Deeds, Preliminary Title Reports, Title Commitments, Condition of Title and Title Abstracts.
- » Certain professionals can be engaged to investigate such as Title Company, Real Estate Attorney, Title Professional.
- » For example Environmental Data Resources, Inc. (EDR) and other companies can provide environmental lien search reports. Some of these reports provide both environmental lien and activity and use limitations.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



106 Historical



- For developments with federal funding. (HOME and / or Risk Share)
- For new construction, conversion, and rehabilitation.
- PROCEDURAL CHANGE: MHDC will now become the point of contact with the Mo. State Historic Preservation Office (SHPO).
- Complete the Section 106 Review application including exhibits Mo. Dept. of Natural Resources (MDNR) Send to MHDC / Karen Justice. [mdnr.mo.gov.com/StateHistoricPreservationOffice]
 - Under contact information on the application please fill in with the following: Missouri Housing Development Commission / Karen Justice (phone 816-759-6842), KJustice@MHDC.com), 920 Main, Suite 1400, Kansas City, Mo. 64105
 - MHDC will forward the package too Mo. SHPO and receive the response(s). Correspondence and further information requested by the Mo. SHPO will be forwarded to the developer by MHDC. MHDC must be the entity that the Mo. SHPO communicates with.
 - Make sure to include dirt being brought in and / or taken away from the development site. This is specifically addressed on the application. MHDC must resubmit the application if missed.
 - In some instances a Historical Consultant is utilized by the developer. That consultant must be familiar with the 106 Historical process and 36 CFR part 800 (Federal Register / Advisory Council on Historic Preservation) **MHDC must remain the point of contact** for the historical consultant's correspondence with the Mo. SHPO, Advisory Council and others; and work closely with the consultant regarding decisions.
 - Clearance letter if one is issued by Mo. SHPO and / or National Park Service will be forwarded to the developer after completion of construction.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contact Info



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- Karen Justice 816.759.6842
Kjustice@mhdc.com
- Pamela Sanders 816.759.6684
Psanders@mhdc.com



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Legal Department



Isn't this the same as last year?

a.No, 2017 is full of new and exciting updates!

b.Some things remain the same, but a little refresher course never hurt anyone.

c.Both (a) and (b).

d.Neither (a) nor (b).



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

LEGAL DEPARTMENT



PRESENTATION OVERVIEW

- Loan closing process
- Due diligence highlights (including key forms and resources)
- Common causes for closing delays
- Tips to expedite the closing process



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

What is the role of the MHDC legal department?



- a. Good question. What do you do?
- b. To review due diligence materials, draft and negotiate documents and to coordinate the MHDC closing process.
- c. Shakespeare had it right. Legal always gets in the way.



LOAN / TAX CREDIT CLOSING PROCESS



- STEP 1: FIRM SUBMISSION RECEIPT & REVIEW; MHDC ATTORNEY ASSIGNED.
- STEP 2: ONGOING COMMUNICATION WITH MHDC LEGAL DEPARTMENT AND CONTINUED SUBMISSION AND REVIEW OF DUE DILIGENCE.
- STEP 3: FIRM COMMITMENT ISSUED BY MHDC UNDERWRITER.



LOAN / TAX CREDIT CLOSING PROCESS (cont.)



- STEP 4: LOAN/TAX CREDIT DOCUMENTS DRAFTED AND CIRCULATED, CLOSING DATE ESTABLISHED (**NOTE: THIS IS SUBSEQUENT TO THE ISSUANCE OF THE FIRM).**)
- STEP 5: CLOSING (AND FUNDING IF MHDC IS PROVIDING A LOAN).
 - Where MHDC is the first position lender, closing **MUST** occur at MHDC's Kansas City office.



What if I don't have a construction loan?



- a. Where there is no MHDC loan, the checklist is just a suggestion. They don't really review all those items.
- b. MHDC does not need to be involved at all at the construction closing because there are no loan funds.
- c. MHDC still needs to review due diligence materials. Best to get MHDC involved early in the process to avoid delays.



PERMANENT LOAN & TAX CREDIT ONLY CLOSINGS



- MHDC must still be involved in the construction loan closing process, even where MHDC is not providing construction financing.
- MHDC must review and approve the LPA/OA, Construction Contract, Owner-Architect Agreement, Developer Agreement, etc., prior to the closing of the construction loan.
- Tax Credit LURA must be executed and recorded ahead of the construction loan documents.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

KEY FORMS AND RESOURCES



- Most key forms and resources providing guidance from MHDC's legal department regarding closing requirements can be located on the MHDC website at www.mhdc.com.
- Among the items available on MHDC's website are:
 - Sample closing checklists
 - MHDC's LPA/OA language requirements (revised April 2014)
 - Survey Guidelines (revised January 2017)
 - Title Insurance Requirements (revised January 2017)
 - MHDC language requirements for AIA Construction Contracts (revised September 2012)
 - B108 Amendment required by MHDC (revised July 2014)
 - Completion Assurance Requirements (revised January 2017)



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- About MHDC
- Rental Production**
- Asset Management
- Homeownership
- Lender Resources
- R.E. Professionals
- Community Initiatives
- Section 3
- MBE/WBE

About MHDC

- About Us
- Contact Us
- Meeting Notices
- Calendar of Events
- Career Opportunities
- RFPs /RFQs
- NOFAs

Homeownership

- Homebuyer Programs
- Home Repair

Info for Renters

- Find an Apartment

Info for Developers

- Rental Production Programs

Special Notices

- Developer Workshop for FY-2015 Approved Developments - Mar 11
- MBE/WBE Developer Introduction Workshop - Mar 27
- RFQ - Software Development Services
- Reminder: New mailing address for MHDC KC 920 Main, Suite 1400 Kansas City, MO 64105

AFFORDABLE HOUSING Locator

Capital City Elderly Act
1303 Edwards St
Jefferson City, MO 65204

FIND AN APARTMENT

SEARCH

First Place Homebuyer Program

Down Payment Assistance Available

Learn

ATTENTION:

The February 27th Commission Meeting is canceled.



Strength, Dignity, Quality of Life MISSOURI HOUSING DEVELOPMENT COMMISSION Missouri's Housing Finance Agency

Join our e-mail list

VISIT MO.gov Official Missouri State Website

MEMBER NCSHA

Rental Production

The Missouri Housing Development Commission provides funding for affordable housing to qualified nonprofit organizations and for-profit developers. Financing includes:

- [Rental Production and Preservation Program](#)
- [Federal HOME Program](#)
- [Low Income Housing Tax Credits \(LIHTC\)](#)
- [Missouri Affordable Housing Assistance Program \(AHAP\)](#)

General Information

- [MBE/WBE Information](#)
- [Prevailing Wage Rates - Direct Links for Counties](#)
- [Notice of Funding Availability \(NOFA\) Current & Past](#)
- [Funding History](#)
- [2013 Qualified Census Tracts](#)
- [2014 Qualified Census Tracts](#)
- [2013 Nonmetropolitan Difficult Development Areas](#)
- [2014 Nonmetropolitan Difficult Development Areas](#)
- [MHDC Guidance for Condominium Conversions](#)
- [Maximum Income/Maximum Rents \(HUD Limits\)](#)
- [Maximum Development Cost Limits](#) UPDATED 08-07-2014
- [LIHTC Links & Resources](#)
- [Developers Workshop Presentations](#)

Developer Resources - Application, guides, etc.

- [General Forms and Other Resources](#)

FY-2015

- [Application Forms and Checklist](#)
- [Notice of Funding Availability](#)
- [Qualified Allocation Plan](#)
- [Developer's Guide](#)
- [Firm Submission Documents and Guidelines](#)
- [Frequently Asked Questions](#)

www.mhdc.com



- About MHDC
- Rental Production
- Asset Management
- Homeownership
- Lender Resources
- R.E. Professionals
- Community Initiatives
- Section 3
- MBE/WBE

Rental Production > General Forms and Other Resources

General Resources

- [Monthly Progress Report](#)
- [Rent Roll](#)
- [Waiver Request Form](#)

Resources by Category

• Architectural

- [Architectural Documents](#)
- [Design/Construction Compliance Guidelines \(Form 1200\)](#)
- [Physical Needs Assessment Guidelines \(Form 1201\)](#)

• Construction

- [Construction Disbursement Guide MHDC 2400](#)
- Also please download [Exhibits](#)
- [Construction Disbursement Worksheets](#)

• Environmental

- [Environmental Phase I Checklist](#)

• Legal

- [FY2011 Legal Department Forms](#)
- [FY2012 Legal Department Forms](#)
- [FY2013 Legal Department Forms](#)
- [FY2014 Legal Department Forms](#)

• Relocation

- [Relocation Guidelines & Forms](#)

• Tax Credit Allocation

- [Carryover 10% Test](#)
- [Form 2241 Development Financing Certification](#)

How do I know what materials are still outstanding?



- a. My MHDC legal department contact will provide me a checklist.
- b. Call my MHDC legal department contact.
- c. Well, I know I sent it. I know I think I sent it. MHDC must have it.
- d. My investor said we're good to close, I don't need to send MHDC anything.



CLOSING/CONVERSION CHECKLISTS



- **ALL** due diligence items shown on checklist must be sent to the appropriate MHDC legal department contact.
- All checklist items must be received and approved prior to closing/conversion, unless specifically approved as a post-closing item. Do not assume.



Does MHDC have its own title and survey requirements?



- a. I don't see any title issues, why does anyone need to review?
- b. There are no MHDC loan funds so this item is not applicable to my development.
- c. MHDC has specific title and survey requirements that must be met prior to closing.



TITLE INSURANCE REQUIREMENTS



- Each title policy must comply with all MHDC requirements, including MHDC required endorsements (*see resources on our website*).
- Share the MHDC requirements with your title company early in the process. This should be before you obtain your title commitment to submit to MHDC with your firm submission.
 - This is especially important for title companies new to MHDC requirements as MHDC does not waive its requirements just because the title company is not used to MHDC requirements.



New for 2017!



- Going forward, MHDC will require title companies to provide electronic signature endorsements.
- These are already provided by several title companies as it negates the need for original signatures on title policies.



SURVEY AND SURVEYOR'S REPORT REQUIREMENTS



Each survey and surveyor's report must comply with all MHDC requirements (see *resources on our website*).

- Share the MHDC survey and survey report requirements with your surveyor up front.
- Submit surveys and reports in hard copy.
- Multi-lot developments should be captured on a single survey if at all possible.
 - At a minimum, all contiguous parcels should be on a single survey.
 - If a single survey is impossible, please provide a vicinity map.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

SURVEY AND SURVEYOR'S REPORT REQUIREMENTS (cont.)



- There is still not a new Surveyor's Report consistent with the 2016 standards, though HUD has provided a redline of acceptable changes designed to comply with the 2016 standards.
- MHDC legal staff is monitoring and will update survey requirements as appropriate.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

When should I submit checklist items?



- a. Whenever I feel like it.
- b. Never, they are just suggestions.
- c. The day before closing. MHDC legal is made up of superheroes who will get my deal closed.
- d. As soon as I have them. That way, MHDC can provide me plenty of time to resolve any issues identified by staff.



LIMITED PARTNERSHIP/ OPERATING AGREEMENT



- MHDC Legal and Underwriting staff thoroughly review each LPA/OA to ensure it accurately represents the transaction as approved by MHDC and all applicable MHDC policies and requirements.
- MHDC reserves the right to make comments on any provisions in the LPA/OA.
- The LPA/OA should be in final executable form at least three days prior to closing.



LPA/OA (cont.)



- Some specific areas of focus:
 - Ensuring total equity pay in and credit pricing match MHDC's underwriting in the Firm Commitment.
 - Ensuring MHDC's minimum equity pay-in thresholds are independently satisfied by the state and federal equity investors.
 - Ensuring the amount and timing of equity contributions are sufficient to fund all escrows/ reserves and pay down loans when due.
 - Ensuring the document incorporates the MHDC required language verbatim (*see resources on MHDC website for required language*).



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Whoa, wait? MHDC must approve my LPA/OA?



- a. No, just another suggestion.
- b. Not approval, MHDC just needs a copy for the file.
- c. Only for loans paid out of cash flow.
- d. Yes, MHDC really does review and really does have requirements that need to be included regardless of the type of MHDC funding involved.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

OTHER ORGANIZATIONAL DOCUMENT REQUIREMENTS



- Organizational documents must be provided for the owner entity and all underlying entities (including Certificates of Good Standing and resolutions evidencing signatory authority).
- Owner entity must be a Missouri entity.
- GP/Managing Member entity must be a Missouri entity or registered to do business in Missouri.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

OWNER-ARCHITECT AGREEMENTS



- The Owner-Architect Agreement must be on the AIA B108-2009 form.
- The MHDC B108 Amendment must be fully completed, signed, witnessed, and attached.
- Amendments to the AIA form must be conspicuously reflected within the contract itself and not reflected in footnotes or a change summary following the document.



CONSTRUCTION CONTRACTS



- When MHDC is the first position lender, the MHDC construction contract must be used (MHDC will draft and circulate this with the MHDC loan documents).
- When MHDC is a subordinate lender, the AIA A102-2007 may be used instead.
 - Note: Because MHDC requires a cost plus fee arrangement, do not use the A101-2007 Stipulated Sum contract.
 - All amendments must be conspicuously reflected within the document.
 - MHDC has required language that must be added to the AIA form. This language may be inserted in the body of the contract or attached as an exhibit.



COMPLETION ASSURANCE REQUIREMENTS



- All developments receiving construction loans from MHDC must provide completion assurance.
- Can take the form of cash, letter of credit, or performance and payment bond.
 - See our website for full explanation of requirements on letters of credit and performance and payment bonds. *(Please note that Letters of Credit must not terminate until the 18 months or the construction term, whichever is **later.**)*



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

COMPLETION ASSURANCE REQUIREMENTS (cont.)



CAUTION: Just because you have complied with another lender or investor's completion assurance requirements (if any), doesn't mean you've satisfied MHDC's requirements.

ALWAYS VERIFY, DON'T ASSUME.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

PERFORMANCE & PAYMENT BONDS



- If you elect to use a performance and payment bond, you need to be aware of the following and share the same with your contractor and the surety:
 - If MHDC is the first lender, it will draft the bond on its form and deliver that form to the closing table. No additional obligees or riders of any kind are allowed.
 - If MHDC is a subordinate lender, an AIA form of bond may be used. MHDC must be listed as an obligee on a multi-obligee rider.
 - Surety must have an AM Best rating of “A-” or higher.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Where's the checklist if I have a participation loan?



- a. There is no special participation loan checklist because the construction loan checklist applies.

- a. There is no special participation loan checklist because MHDC defers to the participating lender.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Participation Loan Program



- MHDC no longer has any standing participation agreements, so ALL participation loans will require a separate agreement.
- MHDC's form of agreement must be used. Make sure you provide this to your lender early in the process so it can be signed ahead of closing.
- As a general rule, MHDC will not entertain changes to the form of participation agreement.
- Be sure to allow the participating lender sufficient time to complete any necessary review of the MHDC loan documents, as those will be the forms that are used.



Conversion



- Be sure to start the process early.
- A signed MHDC form of chattel list is required, and must contain all those items identified on the Development Characteristics Worksheet (DCW).
 - Don't forget microwaves, ceiling fans, garbage disposals, and HVAC units (if in the unit) with all required information included. MHDC will require you to go back into units to obtain missing information.
 - If you received permission to deviate from the DCW submitted at firm submission, please submit a new DCW with your conversion materials.



How do I ensure a quick closing?



- a. If I can dream it, I can achieve it. Just pick a date and go.
- b. Call my legal department contact every day, at least twice a day, to discuss my deal.
- c. Wait until all agreements are final to submit anything.
- d. Get MHDC legal involved early and respond promptly to requests for information.



FOUR PRIMARY CAUSES FOR CLOSING DELAYS



- Failure to get MHDC's legal department involved in the transaction early on and keep it informed throughout the process.
- Failure to submit due diligence in a timely manner (including the LPA/OA).
- Failure to resolve comments to submitted due diligence in a timely manner.
- Failure to provide timely comments to MHDC's loan documents.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

TIPS FOR EXPEDITING CLOSING PROCESS



- Start including your MHDC legal contact on all communication (conference calls, emails, etc.) as soon as he/she is assigned.
- Involve MHDC in the review and negotiation of your LPA/OA early on. Do not wait until you've agreed to terms with your investor(s).
- Address MHDC's comments to the due diligence checklist early (particularly title and survey). Do not wait until the last minute.
- Submit conversion requirements early. Do not wait until the day before your investor expects 8609s.



TIPS FOR EXPEDITING CLOSING PROCESS (continued)



- Do not wait until the last minute to submit closing checklist items - plan to complete the checklist five to seven days prior to closing.
- Make sure all members of the development team are aware of MHDC requirements are able to comply.
- Provide comments to MHDC closing documents within three days of receipt, and final comments to all MHDC loan documents at least three days prior to the scheduled closing date.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Early submission is encouraged.

Please note that the legal staff will review documents as received and will prioritize developments for closing based on which developments are furthest along in satisfying due diligence requirements.

Help us help you!



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Contact Information



Katie Jeter-Boldt – (816)759-6835, kjeterboldt@mhdc.com

Joann Osorio – (816)759-6864, josorio@mhdc.com

Matt Wine – (816)759-6624, mwine@mhdc.com

Anne Powell – (314)877-0967, apowell@mhdc.com

Sabrina Smith – (816)759-6833, ssmith@mhdc.com

Christine Snell – (816)759-6860, csnell@mhdc.com



Up Next: Fair Housing



You have an affirmative duty to comply with all local, state, and federal fair housing laws, including:

- The federal Fair Housing Act, www.justice.gov/crt/fair-housing-act-2
- The State of Missouri Human Rights statutes (RSMo § 213.040.1 et seq.), www.moga.mo.gov/mostatutes/stathtml/21300000401.html
- You should determine if any local rules, regulations, ordinances, or laws exist related to fair housing and are applicable to the project.



Additional information regarding compliance with fair housing may be located at the following:

- The Department of Housing and Urban Development
 - Website: <https://portal.hud.gov/hudportal/HUD>
 - Fair Housing and Equal Opportunity for All Brochure: https://portal.hud.gov/hudportal/documents/huddoc?id=FHEO_Booklet_Eng.pdf
 - Fair Housing Poster: https://portal.hud.gov/hudportal/documents/huddoc?id=Fair_Housing_Poster_Eng.pdf
 - Outreach Tools: https://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_op/marketing
 - YouTube Channel: <https://www.youtube.com/user/HUDchannel>
- The Missouri Commission on Human Rights
 - Website: <https://labor.mo.gov/mohumanrights>
- Missouri Housing Development Commission
 - Website: <http://mhdc.com/>

*Please be aware that not all videos may have been posted by HUD.

*Information and links are available by clicking on the Equal Housing Opportunity logo on the webpage.



Questions regarding fair housing or your obligations may be directed to the following organizations:



- **Kansas City Regional Office (HUD):**
400 State Avenue, Room 200
Kansas City, KS 66101-2406
Phone: (913) 551-5462
- **St. Louis Regional Office (HUD):**
1222 Spruce Street, Suite 3.203
St. Louis, MO 63103-2836
Phone: (314) 418-5400
- **Missouri Commission on Human Rights**
3315 W. Truman Blvd., Rm 212
P.O. Box 1129
Jefferson City, MO 65102-1129
Phone: 573-751-3325
mchr@labor.mo.gov



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- The Missouri Commission on Human Rights is the very next presenter at this Developer's Workshop and we recommend attendance at the next presentation to receive information regarding your obligations under state and federal fair housing laws.



- While some resource locations have been provided that assist in educating about the duty to comply with fair housing laws, it is important that you consult with your legal counsel to ensure that any project remains in compliance with fair housing laws at all times. MHDC does not represent or warranty that the resources provided are current or accurate, only that they represent information available from other government agencies who provide education on and/or monitor compliance with fair housing laws. At no time does MHDC certify your compliance with fair housing laws, through this presentation of information or otherwise, and MHDC assumes no responsibility or liability for your failure to comply with any fair housing law.





Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Monthly Reporting to MHDC



Owner or general contractor shall provide on a monthly basis copies:

- All invoices (soft and hard costs) submitted for payment to MBE/WBE subcontractors for the month preceding the submission of invoices.
- Invoices are to include all work completed, not just work for which payment has been made. The invoices can be emailed to Sheryl Butler at:

sbutler@mhdc.com.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Monthly Reporting to MHDC

- If you received an award of tax credits only and no construction loan from MHDC, please include the vendor payment list being submitted to the disbursing agent.

The owner or general contractor shall email the most current MHDC Form 2502 (Master Subcontractor List) along with the invoices.





Monthly Reporting to MHDC

- If there are no invoices for any work performed by MBE/WBE subcontractors for a particular month, please submit the form “No MBE/WBE Activity.”
- If you do not have this form, please contact Sheryl Butler at MHDC 314-877-1382.





Monthly Reporting to MHDC

If you have an MHDC construction loan and MHDC is the disbursing agent, you have two options:

- 1) Include in your draw request package copies of the MBE/WBE subcontractor invoices and the 2502.
- 2) Email the invoices and the 2502 to sbutler@mhdc.com at the same time you are preparing the draw request.





Due Date of Report

Email the copies of the MBE/WBE subcontractor invoices, the vendor payment list, and the 2502 to sbutler@mhdc.com no later than the end of the month during construction of the development.





Due Date of Report

- If you received an award of tax credits only, and no construction loan from MHDC, please email the copies of the MBE/WBE subcontractor invoices, the vendor payment list and the 2502 to sbutler@mhdc.com no later than the end of each month during construction of the development.



Quarterly Reporting to MHDC



- An updated Schedule of Participation ...with or without revisions.
- HUD60002 Section 3 Report for the developer and any contractor awarded a contract of at least \$100,000.





In Summary Remember to submit:

- Workforce List MHDC Form 2502
- M/WBE Entity Information (for any new subs)
- Copies of contracts not previously submitted
- Copies of certifications not previously submitted
- No M/WBE Entity Activity Statement, if applicable
- Quarterly updated Schedule of Participation
- Quarterly HUD60002 Section 3 Summary Report or end of work report



Preconstruction Conference, Prevailing Wage, and Relocation



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION





Introduction and Agenda

- Preconstruction Conference or Meetings
- Prevailing Wage: Certified Payroll Requirements
- Relocation Requirements
- Questions

Preconstruction Conference

- MHDC requires a preconstruction meeting before work can begin on every MHDC project
 - Meetings are held after construction closing
 - Agenda is created and the meeting is facilitated by the General Contractor
 - Meetings are generally held at or near the project site
 - Should expect to have a majority of the subcontractors to attend
 - MHDC attends along with 3rd party inspector



Preconstruction Conference

- Agenda items to cover
 - How to handle change orders
 - Communication procedures
 - Hours of operation and construction schedule
 - Safety regulations
 - Wage rate/labor requirements (MHDC)
 - Site visits/inspections
 - Payment request process
 - Contact Carol Craig at MHDC for a sample agenda

Preconstruction Conference

- Meetings scheduled through Jay Mahaney, MHDC Architect
- Usually once construction closing has occurred
 - (816) 759-6678 or jmahaney@mhdc.com
 - Assigns and includes third party inspector in communication
- Co-coordinated with Carol Craig
 - (816) 759-6896 or ccraig@mhdc.com
 - Representative for MHDC attending the meeting
 - Present information on prevailing wage

Prevailing Wage: Certified Payroll

- Required for ALL MHDC development projects
- Overview of Process
 - MHDC will issue a **Wage Decision** for construction phase
 - Process for adding **Additional Wage Classifications** not listed on original decision
 - **Weekly Payrolls** submitted to MHDC by General Contractor on behalf of all subs
 - **Payroll Issues** are identified and resolutions are requested

Prevailing Wage: Certified Payroll

- The Wage Decision
 - MHDC issues final wage decision within 10 days of construction closing
 - Federal Department of Labor
 - Department of Labor: <http://www.wdol.gov/>
 - MHDC website: http://www.mhdc.com/rental_production/pwr/index.htm
 - Same Wage Decision is used throughout the entire construction period
 - Each Wage Decision is unique to that project

Prevailing Wage: Certified Payroll

Project Wage Rate Sheet			Missouri Housing Development Commission				
Project Name:					Wage Decision Number/Modification Number:		
Project Number:					Project County:		
Work Classification	Basic Hourly Rate (BHR)	Fringe Benefits	Total Hourly Wage Rate				
Bricklayers			\$0.00	Laborers			
Carpenters			\$0.00	Group #	BHR	Fringe Benefits	Total Wage
Cement Masons			\$0.00	1			\$0.00
Drywall Hangers			\$0.00	2			\$0.00
Electricians			\$0.00	3			\$0.00
Iron Workers			\$0.00	4			\$0.00
Painters			\$0.00	Operators			
Plumbers			\$0.00	Group #	BHR	Fringe Benefits	Total Wage
Roofers			\$0.00	1			\$0.00
Sheet Metal Workers			\$0.00	2			\$0.00
Soft Floor Layers			\$0.00	3			\$0.00
Tapers			\$0.00	4			\$0.00
Tile Setters			\$0.00	5			\$0.00
Other Classifications				Truck Driver			
			\$0.00	Group #	BHR	Fringe Benefits	Total Wage
			\$0.00	1			\$0.00
			\$0.00	2			\$0.00
			\$0.00	3			\$0.00
			\$0.00	4			\$0.00
			\$0.00	5			\$0.00
Additional Classifications							
Work Classification	Basic Hourly Rate (BHR)	Fringe Benefits	Total Hourly Wage Rate	Date Classification Requested	Date of Approval		
			\$0.00				
			\$0.00				
			\$0.00				
			\$0.00				
Laborer/Operator/Truck Driver Descriptions (If Necessary)							

Prevailing Wage: Certified Payroll

- Additional Wage Classifications
 - If a work classification is not on the original wage decision, it must be requested through MHDC
 - Submit request with the following information:
 - MHDC project name & number
 - Worker classification requested & brief description of duties performed and tools used
 - The requested Base Hourly Rate
 - The requested hourly fringe benefit rate
 - If workers are union or non-union & any supporting documentation for the requested wage



Prevailing Wage: Certified Payroll

- Documentation Requirements
 - E-Verify MOU
 - Print out from website with company name and number
 - No hand written information
 - Affidavit of Workforce Eligibility
 - Notarized
 - Must have on file for every sub and General Contractor
 - Send prior to or with first payroll submission



Prevailing Wage: Certified Payroll

- Supporting documentation for Independent Contractors or 1099 Workers
 - Business license or state certification as a business and/or Independent contractor
 - A copy of the required contract, containing the required Federal Labor Standard Compliance language and General Wage Rate Sheet or Wage decision
 - Any other document that validates the workers as independent contractor within the state, county or city

Prevailing Wage: Certified Payroll

- Weekly Payrolls Submitted to MHDC
 - All workers should be paid weekly at least the amount of the wage plus fringe on the wage determination
 - One original copy with original signature
 - Complete and legible
 - Submission process coordinated by General Contractor
 - Prevailing Wage Guide document available

Prevailing Wage: Certified Payroll

- Issues and Resolution
 - Three people at MHDC review all payroll issues
 - Carol Craig (816) 759-6896 or ccraig@mhdc.com
 - Aaron Brown (816) 759-6873 or abrown@mhdc.com
 - Ken Denham (816) 759-6888 or kdenham@mhdc.com
- MHDC will email a list of issues discovered to payroll contact
 - 30 days to resolve issues
 - After 30 days, monthly disbursements or draws may be held for the ENTIRE project due to one sub's compliance issues
 - Be sure to address concerns with MHDC staff

Prevailing Wage: Certified Payroll

- Common Payroll Issues
 - E-Verify MOU and Affidavit of Worker Eligibility forms missing
 - Job Classifications not listed correctly
 - Fringe/Other Deduction additional documentation missing
 - Use of apprentices
 - Apprentice Ratios
 - Proper Certifications
 - Authorized Signatures

Prevailing Wage: Certified Payroll

- Construction Compliance
 - MHDC-2502
 - Master Subcontractor List
 - Due to MHDC monthly
 - Contract type and subcontractor company name
 - Indicate if the contract falls under Section Three, WBE, MBE or DBE
 - Date of contract
 - Reporting if sub-contractors or their subs are active during the applicable time period



Prevailing Wage: Certified Payroll

- MHDC On-Site Interviews
- Project Closing
 - All issues must be resolved before MHDC will close development
 - Outstanding restitution issues could be placed in escrow

Relocation Requirements

- HOME vs. MHDC Relocation Policies
- Policy guides and sample forms are available on the MHDC website at:
http://www.mhdc.com/rental_production/relocation_docs/index.htm
- Policy Similarities
 - Proper and timely notice to all residents
 - Four stages of relocation process
 - Relocation plan and tenant lists



Relocation Requirements

- Stage 1 (Application Phase)
 - Required Documentation
 - Seller Certification
 - Acceptance of MHDC Relocation Policy
 - Relocation Plan
 - Tenant list
 - Sample notices

Relocation Requirements

- Stage 2 (Firm Commitment Phase)
 - Required Documentation
 - Updated forms
 - Proof that General Information Notices (GIN) have been delivered to ALL residents
 - Updated Relocation Plan
 - Tenant interview contents and participation (HOME Only)
 - Tenant Notices
 - Evictions and move outs with supporting documentation
 - List of over-income or rent-burdened tenants, if any
 - If applicable – permanently displaced households
 - Notice of Eligibility
 - Supporting Documentation
 - Copies of notices with proof of delivery

Relocation

- Stage 3 (Construction Phase)
 - Required Documentation
 - Supporting documentation that all residents were reimbursed for moving expenses
 - Proof of HQS standards have been met for temporary & permanent units
 - Voluntary move out documentation
 - Permanently displaced household documentation



Relocation

- Stage 4 (Project Completion Phase)
 - Required Documentation
 - Final list of tenants
 - Final list of permanently displaced households



Questions?



Contact Information:

Carol Craig

HOME Coordinator

ccraig@mhdc.com

Direct: (816)759-6896

Fax: (816)759-6829



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION





Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life

MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Special Needs Housing (SNH) Firm Submission and Program Requirements



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Firm Submission- SNH

- Executed Referral and Services Agreement or MOU
- Updated Supportive Services Plan:
 - Who will provide services
 - Where services will be provided
 - How services will be provided, service delivery plan
- Exhibit L- Property Information Sheet:
 - SNH agency contact information
 - Lead Referral Agency (LRA) primary contact
 - Target population
 - Number of Set aside units



Compliance- SNH



- Referrals:
 - Screening criteria and eligibility for set aside units and services
 - Process for LRA to accept referrals from other community providers
 - LRA waiting list
 - Referral process for set aside units to include property management



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Compliance- SNH Cont.



- Occupancy:
 - LRA involvement in the initial marketing of set aside units
 - At initial lease-up, notification to LRA must occur 90 days prior to the earlier of (a) anticipated receipt of certificate of occupancy or (b) when marketing begins.
 - During ongoing operations, the manager will notify the LRA upon receipt of notice of intent to vacate a targeted unit.



Compliance- SNH Cont.



- Occupancy:
 - LRA referrals during and after initial lease-up
 - During and after lease-up, LRA referrals must be moved in first regardless of chronological order of the general waiting list until all targeted units are occupied with referrals.
 - Management cannot have a preference for referrals with a Section 8 voucher.
 - During lease-up, properties that are not 100 percent SNH are required to hold the number of designated SNH units for a period of 90 days for leases to persons with special needs.



Compliance- SNH Cont.



- Occupancy:
 - LRA referrals during and after initial lease-up
 - After the 90 day period these units can be leased to the general population meeting the property leasing criteria.
 - As units become vacant, they must be held open for a period of 30 days or until the number of required SNH units have been leased.
 - After the 30 day period they may be leased to other qualified tenants.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Compliance- SNH Cont.



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

- Services:
 - Document services or refusal of services
 - Services offered on and off site
 - Transportation
 - Service appropriate for target population and meeting the needs of tenants
 - LRA designated point of contact for residents
 - Changes to the Services Agreement/ MOU since Firm Submission
 - Changes to the Supportive Services Plan since Firm Submission



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Service Enriched Housing (SE) Firm Submission and Program Requirements



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Firm Submission- SE



- Final Supportive Services Plan:
 - Who will provide the services
 - Where service will be provided
 - How services will be provided- service delivery plan
- Commitment letters from service providers:
 - Include duration of compliance period
 - Not letters of support



Compliance- SE



- Services:
 - Service commitment review
 - Documentation of services or refusal of services
 - Services offered on and off site
 - Transportation
 - Service delivery plan
 - Evaluation and meeting tenant needs
 - Services appropriate for target population





Compliance- SE Cont.

- Services:
 - Designated point of contact- Service Coordinator
 - Days and hours available to tenants
 - Tenant engagement
 - Collaboration with management company



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Resources



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION



2017 Developer's Guide:

- Special Needs Housing Priority
- Service Enriched Housing Priority

Special Needs Coordinator

- Remona Miller
816-759-7238
rmiller@mhdc.com



Strength, Dignity, Quality of Life
MISSOURI HOUSING
DEVELOPMENT COMMISSION

Low-Income Housing Tax Credits

2017 Developer's Workshop | January 18, 2017



Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION



Development Process

9% Projects

- Commission Approval
- Conditional Reservation
- Firm Submission
- Firm Commitment
- **Carryover Allocation Agreement**
- Construction Closing
- **10 Percent Test**
- Conversion/Final Closing
- Issuance of 8609 & MOST

4% Project (Tax-Exempt Bonds)

- Commission Approval
- Conditional Reservation
- Firm Submission
- Issuance of Firm Commitment
- **Issuance of 42(m) letter**
- Construction Closing
- Conversion/Final Closing
- Issuance of 8609 & MOST

Firm Submission – Plan Review Worksheet Form 3345 (4% or 9% Credits)

- Detailed building and unit information in the project.
 - Required at Firm Submission
 - Must be signed by Owner
 - Required at Cost Certification
 - Must be signed by Owner and Management Company
 - If a revision of the unit numbers are required after the signed Cost Certification version is submitted MHDC may assess a fee of **\$25 per unit number change** for incorrect information.

Acquisition Credits (4% or 9% Credits)

Legal Acquisition Opinion Letter

- If receiving acquisition credits, an attorney opinion must be submitted to MHDC prior to construction closing.
- Opinion must give detailed reasons for each specific requirement as to why the development will qualify for acquisition credits, set forth in Code Section 42(d)(2)(B).



Carryover Allocation Agreement (9% Credits)

- Carryover Allocation Agreement is typically issued simultaneously with the Firm Commitment.
- If claiming Acquisition credits, must elect when the Applicable Credit Percentage will be effective:
 - The month of allocation (effective-date of Carryover); or
 - The month each building is placed in service.
- Must satisfy requirements for a Carryover during calendar year 2017.
- A development receiving a Carryover in 2017 is required to complete the development and place it in service no later than December 31, 2019.
- If awarded LIHTC from the non-profit set-aside, the non-profit must be a signatory on the Carryover and the Land Use Restriction Agreement (LURA).
- The tax credit fee of 7 percent of the Federal LIHTC amount shown in the Carryover is due with the executed Firm.
- Building Identification Numbers (BINs) and Applicable Fraction per building established.
 - Assigned BINs to be used on all building-level documentation.



Ten Percent Test (9% Credits)

- More than 10 percent of the reasonably expected basis (equal to land plus depreciable basis) must be spent within 12 months from the effective-date of the Carryover.
- Ten Percent Test documentation must be submitted to MHDC no later than the end of the 13th month after the effective-date of the Carryover.
- Submit electronic documents to LIHTC@mhdc.com.
- One original signed hard copy of 10 Percent Test must be submitted.

42(m) Letter Request (4% Credits/TE Bonds)

- Must be on bond issuer's letterhead and include bond amount, mailing address of issuer, and printed name of letter's signatory.
- Original must be received by MHDC at least five (5) business days prior to construction closing.
- MHDC will issue 42(m) letter to bond issuer prior to construction closing.
- Building Identification Numbers (BINs) and Applicable Fraction per building established.
 - Assigned BINs to be used on all building-level documentation.

Election of Applicable Percentage (4% Credits/TE Bonds)

- Elect to lock the rate in the month the bonds were issued.
 - Must be received by MHDC no later than the fifth day after the month in which the bonds were issued.
 - Submit the following documents (available at www.mhdc.com):
 - Executed Election of Applicable Percentage Form (owner).
 - Issuer Statement Relating to Election of Applicable Percentage (bond issuer).

Cost Certification

- Should be submitted to MHDC no later than the last day of the second full month after the date of substantial completion of the last building in the development.
- Submit electronic documents to LIHTC@mhdc.com.
- Two signed original hard copies must be submitted.
- Allow at least four (4) weeks for processing of the Cost Certification.

Issuance of IRS 8609 and Missouri Eligibility Statements (MOST)

- If there is an MHDC loan, 8609(s)/MOST will not be issued until conversion/final closing of the loan.
- If no MHDC loan, 8609s/MOST will not be issued until all documents on the MHDC checklist have been received and approved.



Forms

- Current LIHTC forms available on MHDC website.
 - Current versions of forms posted must be used and submitted.
- Webinar
 - Developer Cost Certification tutorial webinar available on www.mhdc.com.

Contact Information

Jennifer Schmidt

Tax Credit Administrator

920 Main Street, Suite 1400

Kansas City, MO 64105

jschmidt@mhdc.com

816.759.6654

Donna Lawhon

Tax Credit Specialist

920 Main Street, Suite 1400

Kansas City, MO 64105

dlawhon@mhdc.com

816.759.7220

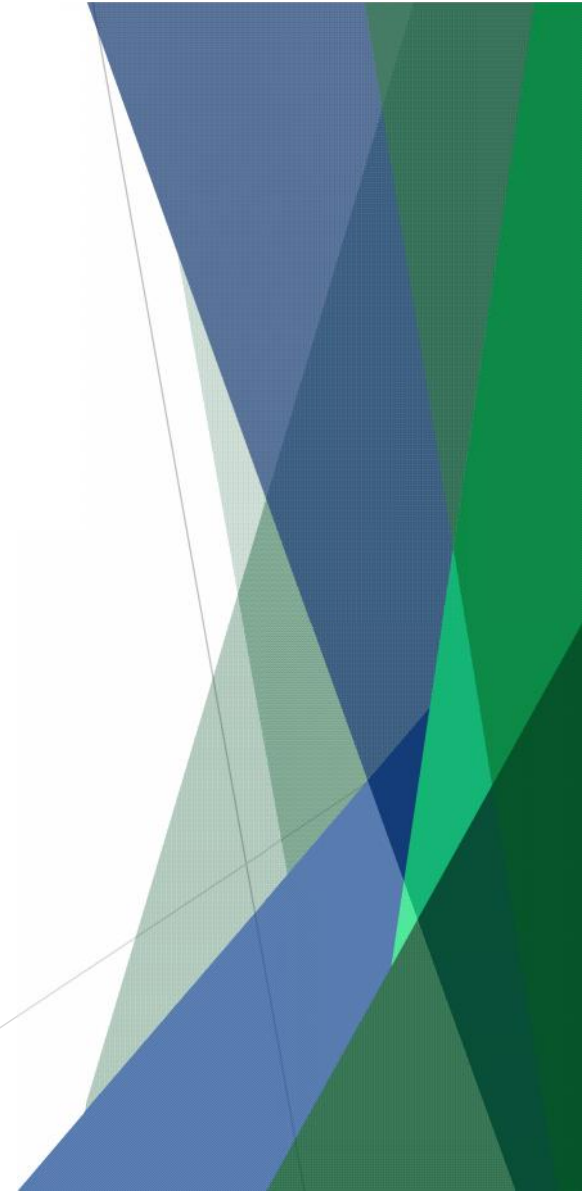




Strength, Dignity, Quality of Life

MISSOURI HOUSING

DEVELOPMENT COMMISSION



Underwriting

Post Commission Approval



MISSOURI HOUSING

DEVELOPMENT COMMISSION



Communication

- First point of contact post development approval should be your underwriter

Workflow

- MHDC timeline after Conditional Commitment
 - Appraisals
 - Environmental Review
 - Release of HOME funds
 - Construction Cost Review
 - Firm Commitments
 - Closing

Firm Submission

- Use 2017 Updated Checklist
 - Original Documents
 - Electronic Documents
 - Date of Firm Submission will not be acknowledged until package is complete and deficiencies corrected

Firm Submission - Timeline

- Timeliness varies – somewhat dependent on when Firm Submission occurs
 - Expenses – initial review completed at application submission – changes should be noted in the #2013A Exhibit
 - Appraisals – ordered early
 - Review of plans and specs – 3rd party when necessary

Firm Commitment - Memos

- Must resolve any outstanding issues before Firm Commitment is issued
 - Architecture
 - Plans/Spec
 - Cost Review
 - Environmental
 - Tax Credit
 - Asset Management

Firm Submission - Items required by 3rd parties contrary to MHDC standards

- Communicate to Underwriters before submission for discussion
 - Contingency
 - Replacement reserves
 - Soft debt service placement in waterfall
 - Appraisals
 - All others

Firm Submission - Items to Note

- Significant changes must be discussed with underwriter – communicate early
 - Information within the Development Characteristics Workbook
 - Unit Size
 - 3345 = FIN-100
 - Rents
 - Sites
 - Service Provider(s)
 - Other amenities

Firm Submission - Items to Note

- Extensions cause delays
- Request for updated Firms
- Appraisal Issues – must be resolved before Firm Commitment
- Cost limits at Firm are same as at initial underwriting

Firm Submission - Items to Note

- LP equity = FIN-100
 - GP Equity
 - Total Pay-In
- Environmental Delays

Firm Submission - Special Needs and Service Enriched Housing

- Improvements may be requested in the service plan
- Clarify any ambiguities that were noted in the application review

Firm Submission - Development / Consultant Fees

- Amount for “Developer Fee Post Construction Completion” showing within the #2013 should be carefully reviewed by developer before submitting the Firm Submission
- Separate lines for fees paid during and after construction

Construction Period

- Cost savings

Monthly Progress Reports

- Due by the 20th of each month after approval
- An important source of information that is relied on by multiple departments within MHDC:
 - Underwriters
 - Department heads
 - Compliance
 - Architectural
 - Legal
 - Others

Application Workshop

- Will be a two (2) day event this year with one day dedicated to explanation of how to properly complete application exhibits and work within **underwriting standards** – new developers / developers wanting refresher
- Will be announced in March – expected to be held in early June

Resources

- Web Site: www.mhdc.com
- QAP
- Developer's Guide
- FAQ
- Underwriter
- Frank Quagraine or Gus Metz

Underwriter Contact Information

- Alissa Ice / 816-759-7234 / aice@mhdc.com
- Erik Berg / 816-759-6688 / eberg@mhdc.com
- Gus Metz / 816-759-6878 / gmetz@mhdc.com
- Paula Harmon / 816-759-7204 / pharmon@mhdc.com
- Tina Clubine / 816-759-6816 / tclubine@mhdc.com

Questions?