

Developer Guidance for KHC Underwriting Model Review

Revised November 2016

KHC has developed the criteria below, which is used by the underwriters in reviewing a project's financial strength and adherence to program underwriting guidelines. This document is not intended be an all-inclusive list of all of the underwriting criteria considered by KHC, but should be used by applicants as a tool for completing the underwriting model. The underwriting review criteria are provided for your benefit and in no way imply a guarantee your project will be awarded funding or that KHC's underwriter will not detect other issues with the project's underwriting model.

A copy of this completed checklist must be uploaded with the other application attachments.

NOTE: Please use the "Applicant Underwriting Notes to KHC" section on the underwriting model to provide any additional information or explanations that may assist the KHC underwriter. If there are variances or discrepancies beyond your control, please identify those in that section as well.

Sources and Uses Page:

1. Have all project costs been itemized, regardless of how they are paid? Yes

Note: project costs should not be grouped together unless there is no other place on the Sources & Uses to show the cost; then an explanation must be provided. Hard costs should match the detailed final cost estimate that will be required at technical submission.

2. Do the amount and terms for any non-KHC loans and Housing Credit equity shown on the Sources & Uses page and application agree with the commitment letters? Yes N/A
3. If the project has a loan that requires a mortgage insurance premium (MIP), has the amount of the MIP been included in the calculated loan payment? (required) Yes N/A
4. If requesting Housing Credits, are the total construction sources and the amount of equity paid in during construction equal to the total project costs? (Refer to the pay-in schedule from the equity provider; note: equity paid in at construction completion may not be considered as a construction source if multiple conditions apply.) Yes No N/A

If no, you have a construction gap. Have you provided a copy of your bridge or construction loan commitment? Yes N/A

5. For KHC funds used during construction, is the appropriate 10% retainage excluded from the construction sources? Yes No N/A
6. Do the "total permanent sources" and "construction financing sources" on the Sources & Uses both balance to zero as compared to the total development cost? Yes No
If no, then you must adjust funding sources and/or project costs accordingly until it balances.
7. For Housing Credit projects that are also requesting KHC funds, have you applied the 30% basis boost AND requested the maximum amount of credit for which the project is eligible in order to determine the project's need for KHC gap funds? Yes N/A

8. If requesting SMAL, is the interest rate shown at or above 3.5% and the amount no more than 90% of the lesser of total development cost or appraised value? (Value is defined as the total of appraised value at restricted rents plus the value of preferred financing.) Yes N/A

9. If requesting SMAL funds, has the 1% origination fee been included on the Construction Financing or Permanent Financing line on the Sources & Uses Page? Yes N/A
10. Is the amount of SMAL requested equal to or greater than the amount of HOME and/or AHTF requested (if applicable)? Yes N/A
11. If requesting Risk-Sharing, is the loan amount \$2,000,000 or less? Yes N/A
12. If requesting Risk-Sharing, have all the appropriate fees been included in the "KHC Risk-Sharing Fees" section on the Sources & Uses page? Yes N/A
13. Is the amount of Risk-Sharing funds requested shown only as a permanent debt source on the Sources & Uses and not as a construction source? (*Risk-Sharing is perm debt only*) Yes N/A
14. If a project is requesting KHC funds and can support an amortizing KHC loan of at least \$50,000 while meeting KHC's minimum DCR for the required affordability period, any request for deferred loan on the underwriting model will be changed to reflect the amount of amortizing loan the project can support. Have you checked to see if your project can support an amortizing loan of at least \$50,000? If it can, have you shown this loan on the Sources & Uses Page? Yes N/A
15. For Housing Credit projects, is the combined HOME and AHTF amount equal to or less than \$500,000 or \$35,000 per unit, whichever is less? Yes N/A
16. For non-Housing Credit projects, is the combined HOME and AHTF amount equal to or less than the Section 234 condo limit for a 1-BR unit multiplied by four? Yes N/A
17. For all projects, is the amount of AHTF requested \$300,000 or less? Yes N/A
18. Is the combined loan-to-value for **all** permanent loans less than 100%? Yes N/A
19. Has a minimum of 5% match from appropriate non-KHC sources been provided for all HOME or AHTF funds requested? Yes N/A
20. Is the HOME match from an eligible source (permanent, non-federal, not from the owner or related entity)? Refer to the Multifamily Guidelines for more info. Yes N/A
21. If the match is non-cash, such as volunteer labor, donated materials or waived fees or taxes, has documentation been provided that supports the value of the match? Yes N/A
22. If the match is donated/reduced sale land or reduced/waived fees or taxes, has the amount claimed as match been correctly offset in the project uses? Yes N/A

Note: The value of future waived or reduced taxes cannot be claimed in the construction budget. Donated land value plus actual acquisition cost (if any) must equal the value shown in the Uses.

23. Does the amount shown for acquisition on the Sources & Uses match what is shown in the site control documentation provided? Yes N/A

If the project is a rehab, has the land value been itemized separately and excluded from eligible basis? Yes N/A

Note: For rehab projects, if the existing R4R is being transferred to the new owner, it should not be included in the acquisition cost, but instead shown as a deposit to the R4R account.

24. Is the Operating Deficit Reserve (ODR) amount equal to or greater than the minimum amount of ODR shown on the Sources & Uses Page? Has the source of funding for the ODR been identified on the Sources & Uses Page? Yes

25. Is the Reserve for Replacement (R4R) amount at least \$400 PUPA or the amount required in the PCNA (rehab projects) or Capital Reserve Replacement Schedule? Yes

If an upfront deposit to the R4R is required to fully fund the capital needs of the project through the applicable term, has the deposit been budgeted on the Sources & Uses? Yes N/A

26. Are the project fees budgeted within KHC's maximum limits (developer fee, general requirements, builder's profit, builder's overhead, management fee, etc.)? Yes

27. Have all typical hard costs been budgeted for, e.g., appliances, new construction/rehab costs, earth work, lawns & plantings, roads/walks, site utilities, P&P bond, general requirements, builder's overhead & profit, construction insurances, and contingency? Yes

28. Have all typical soft costs been budgeted for, e.g., construction interest, insurances, appraisal, architect fees, legal fees, market study, appraisal, capital needs assessment, environmental, relocation, property taxes, survey, title, and recording? Yes

29. Have project costs listed on "other" line items in the Sources & Uses been identified and have you ensured that there isn't a designated line item already provided for it? Yes N/A

Are "other" costs shown correctly as being excluded or included in eligible basis?

Yes N/A

30. If requesting Housing Credits, have the application fee, reservation fee, market analysis fee, and inspection fee been included on the appropriate KHC Tax Credit lines on the Sources & Uses?

Yes N/A

31. If a rehab project, has the initial inspection fee been included on the Sources & Uses?

Yes N/A

32. Is the amount of developer fee budgeted less than or equal to the amount calculated on the Underwriting Criteria tab, dependent on the type of construction and number of units? Yes

Note: Total developer fee (including consulting fees) cannot exceed the **lesser of** the per-unit calculation or a maximum of \$1.2 million.

33. For AHTF projects, is the amount of developer fee paid from AHTF no more than 7.5% of the total AHTF request? Yes N/A

34. If requesting Housing Credits with HOME and/or AHTF funds, is at least 25% of the developer fee deferred? Yes N/A

35. For Housing Credit projects, if the project is deferring developer fee, can the project pay it back within 10 years? Yes No N/A

If no, have you shown the remaining unpaid developer fee on the Sources & Uses Page as "excluded from basis"? Yes N/A

36. If the project is utilizing federal historic rehab credits, has the amount of the credit (not the equity) been shown in the “reductions to eligible basis” section on the Sources & Uses? Yes N/A

37. If the project is requesting the 30% boost in Housing Credits, have you provided justification that the boost is needed? Yes N/A

Note: Housing Credit projects that are also requesting KHC funds must apply the 30% basis boost.

38. For Housing Credit projects requesting acquisition credit, has the appropriate floating credit factor for the 30% credits been entered on the bottom of the Sources & Uses? Yes N/A

Note: KHC will underwrite to the credit rate in effect the month prior to the application submission due date.

Income Page:

39. Was the most current utility chart used (from KHC’s website, local housing authority, HUD, or RD, as applicable) and do the amounts on the Income Page match the chart? If the project has project-based rental assistance, do the utility allowances match those in the most recent approved contract? Yes N/A

40. Are the correct rents shown for each type of funding requested? (Rent charts can be found on KHC’s website. For Housing Credit rents, use KHC’s link to the Novogradac rent calculator.) Yes

Note: Please provide a copy of the completed Novogradac rent calculation.

41. Do the rents meet the requirements of the income to be served elected in the application? (The information provided in the market study should be used to determine the reasonable rents and whether the rents are competitive with those of other rental property in the area.) Yes

42. Do the rents entered on the Income Page match the most current approved rents as established by the rental assistance provider (KHC, HUD, RD, etc.), **if applicable?** Yes N/A

Note: Please provide a copy of the current rent renewal letter or contract from the rental assistance provider that establishes current rents and utility allowances. If proposing post-rehab rents, please provide written documentation as justification for your projected rent and utility amounts.

43. Do the non-KHC funds require a rent restriction? If so, are the rents within the required limits? Yes N/A

44. On the Income Page, is the required number of HOME, AHTF, and/or SMAL units from the unit distribution section accounted for in the breakdown for the various unit types and sizes? Yes N/A

45. Are the HOME units proportionately distributed, as shown on the Compliance Checks page? Yes N/A

46. Has information been provided to justify the amount of “Other Income,” i.e., laundry fees, vending, late fees, etc., as shown on the Income Page? Yes N/A

Expenses Page:

47. Is the management fee shown on the Expenses Page at or below 8.5 percent? Yes No N/A (If no, you must provide justification for the higher management fee)

48. Are the total expenses shown between \$2,500 and \$4,500 and within +/- \$1,000 of the most current historical expense data for the county where the project is located? (refer to KHC's website for [historical expense data](#)). Yes No

If "No," have you provided an explanation for the variance? Yes

49. If an equity provider or other funder is requiring an asset management fee, has it been shown on the Expenses Page (if a guaranteed annual expense) or shown on the operating proforma as a cash flow expense, as applicable? Yes No N/A

50. Has KHC's compliance monitoring fee been budgeted on the Expenses page? (Refer to KHC's website for the fee schedule). Yes No N/A

51. Has at least \$250 per unit been budgeted for property insurance? Yes No N/A

Housing Credit Page:

52. Have you shown the correct per-unit limit in the Housing Credit Per Unit Test section? (\$12,000 for urban sites, \$13,500 for rural sites, **or** if requesting the 30 percent boost, \$15,600 for urban sites or \$17,550 for rural sites) Yes N/A

53. Is the total amount of Housing Credits requested less than or equal to the maximum eligible amount allowed per the calculation on the Housing Credits Page? The maximum allowed is the lesser of the equity gap test, the credit per unit test or the eligible basis test. Yes N/A

54. If requesting KHC gap funds, have you first applied the 30% basis boost AND maximized the amount of Housing Credit available to the project, based on the credit tests and the project's eligible basis? Yes N/A

Note: KHC's underwriter will analyze the project to ensure it is not over-subsidized – applicants should utilize the full amount of credit available to the project before requesting KHC gap funds.

Operating Proforma Page:

55. Has the appropriate vacancy rate been applied, dependent on the funds requested from KHC or the more stringent vacancy requirement of another funding partner? Yes

If using a vacancy rate other than KHC's recommended rates, have you provided the appropriate justification for the proposed vacancy rate? Yes N/A

56. Is the Year 1 DCR at least 1.20 (or 1.25 for Risk-Sharing)? Yes

57. Does the project's DCR and cash flow remain at or above 1.10 through year 15 (year 20 for HOME new construction projects)? Yes No N/A

If no, or if the DCR is declining and approaching a 1.10 DCR, or the project shows a negative cash flow, have you provided an explanation and documentation that sufficient funds will be available to support the project through year 15 (or year 20)? Yes N/A

Note: Projects requesting Housing Credits only must adhere to the requirements established by the investor.

58. If the project has expenses that are only payable from available cash flow (loans, fees, etc. – refer to the equity or funding commitment), have those been shown and identified on the operating proforma? Cash flow loans must also be shown on the Sources & Uses page. Yes No N/A

59. Have the project's total annual capital needs (from the Capital Reserve Replacement Schedule) been entered on the bottom of the proforma? (*Housing Credit projects only*) Yes N/A
60. Is there an amount needed to balance the replacement reserve to the start of year 15 (Housing Credit only) or year 20 (Housing Credit with KHC funds)? Yes No N/A
61. If yes, has that amount been included on the Replacement Reserve Deposit line on the Sources & Uses? Yes No N/A

Compliance Checks Page:

62. Is the maximum HOME subsidy per unit within the appropriate limits? (Be sure to enter the current year's HOME subsidy limits – found on KHC's website). Yes No N/A
63. Is the total development cost within the cost containment limit? (Be sure to enter the current year's cost containment limits – found on KHC's website). Yes No N/A
64. Is the total project cost within the appropriate cost containment limits? Yes N/A
65. For Housing Credit projects, is the project located in a QCT and providing a Community Service Facility (CSF)? Yes No N/A

Notes:

- *If yes, the eligible basis attributed to the CSF cannot exceed 25% of the project's total eligible basis before the boost and the total development cost cannot exceed \$15 million dollars.*
- *The uses of funds attributable to the CSF must be itemized on the Community Service Facility tab of the underwriting model to determine the CSF eligible basis. These costs are to be included in the project's total Sources & Uses, but also itemized separately on the Community Service Facility tab.*

APPLICANT/DEVELOPER CERTIFICATION FORM

The undersigned represents and warrants to KHC that:

1. They have made a physical inspection of the property and are of the opinion the site plan to be submitted conveys a concept that can reasonably be followed in practice.
2. All information in the application has been provided to the management company that will manage the proposed project.
3. To the best of their knowledge and belief, no information or data contained herein or in the exhibits or attachments submitted herewith are in any way false or incorrect, and they are truly descriptive of the project and property which is intended as security for the proposed project.
4. All members of the development team are in good standing and neither they nor any member of the development team are named on any suspended or debarred lists with any state or federal agency.
5. They understand that Kentucky Housing Corporation (“KHC”) reserves the right to recapture funds if the technical submission items are not submitted by the date referenced in the approval letter. If funds are not committed and/or expended and construction completed by the dates referenced in the funding agreement or if the project substantially changes after funding commitment, funds may be recaptured or amended.
6. The project complies with Minimum Design Standards and/or Universal Design Standards as applicable.
7. They understand that failure to provide complete and accurate information during the application process and/or failure to comply with attributes pledged on the application or in any other KHC program may result in rejection of the application and applicant being barred from further participation in all of KHC programs.
8. They have read and understand the Multifamily Finance Guidelines and Qualified Allocation Plan (if requesting Housing Credits) that are in effect at the time of application submission and agree to adhere to the policies and requirements contained therein.
9. They agree that KHC reserves the right to share, at its discretion, all project-related information, including the application, attachments, technical submission documents and other pertinent materials with other funders participating in the project throughout the life of the project. KHC will not share personal information such as financial statements, tax returns, credit reports and other credit review documents unless specifically authorized by the applicant/owner.

Applicant/Developer Certification Form
Page 2

The undersigned assures and agrees that neither applicant/developer/owner nor anyone authorized to act on their behalf will decline to rent or otherwise make available any of the property or housing in the project to a prospective tenant because of age, race, color, religion, sexual orientation, gender, disability, familial status or national origin. The entities identified below will comply with federal, state and local laws and ordinances; and failure or refusal to comply with the requirements of either shall constitute sufficient basis for KHC to reject requests for future business with the identified entity or to take other action as appropriate.

Project Name: _____

Applicant Signature: _____

By: _____

Title: _____

Date: _____

Developer Signature: _____

By: _____

Title: _____

Date: _____

CONSULTANT CERTIFICATION FORM

The undersigned represents and warrants to Kentucky Housing Corporation (KHC) that:

1. To the best of their knowledge and belief, no information or data contained herein or in the exhibits or attachments submitted herewith are in any way false or incorrect, and they are truly descriptive of the project and property which is intended as security for the proposed project.
2. All members of the development team are in good standing and neither they nor any member of the development team are named on any suspended or debarred lists with any state or federal agency.
3. They understand that KHC reserves the right to recapture funds if the technical submission items are not submitted by the date referenced in the approval letter. If funds are not committed and/or expended and construction completed by the dates referenced in the funding agreement or if the project substantially changes after funding commitment, funds may be recaptured or amended.
4. The project complies with KHC's Minimum Design Standards and/or Universal Design Standards as applicable.
5. They understand that failure to provide complete and accurate information during the application process and/or failure to comply with attributes pledged on the application or in any other KHC program may result in rejection of the application and applicant being barred from further participation in all of KHC programs.
6. They have read and understand the Multifamily Finance Guidelines and Qualified Allocation Plan (if requesting Housing Credits) that are in effect at the time of application submission and agree to adhere to the policies and requirements contained therein.
7. They agree that KHC reserves the right to share, at its discretion, all project-related information, including the application, attachments, technical submission documents and other pertinent materials with other funders participating in the project throughout the life of the project. KHC will not share personal information such as financial statements, tax returns, credit reports and other credit review documents unless specifically authorized by the applicant/owner.

The entities identified below will comply with federal, state and local laws and ordinances; and failure or refusal to comply with the requirements of either shall constitute sufficient basis for KHC to reject requests for future business with the identified entity or to take other action as appropriate.

Project Name: _____

Consultant Signature

Applicant/Owner Signature

Printed Name

Printed Name

Title

Title

Date

Date



Community/Neighborhood Revitalization Plan Certification

Project Name: _____ **Date of Certification:** _____

Project Location - City: _____ **County:** _____

Directions: A copy of the entire revitalization plan, as well as a map of the targeted area and evidence of the plan's adoption or reauthorization, must be uploaded with the application attachments. Please note that short term work plans, comprehensive plans, consolidated plans, municipal zoning, land use plans, and plans formulated by the Project Owner and submitted for local government approval do not qualify. The Applicant must identify the page of the revitalization plan which supports each statement on this Certification.

- 1. Name of Community Revitalization Plan: _____
- 2. Name of government body that adopted the plan: _____
- 3. Date the plan became effective: _____

4. Have the following been uploaded with the online application?
- Entire revitalization plan: A map of the area targeted:
- Evidence of adoption/reauthorization:

5. Describe the area covered by the plan. If the site is located in an urban area, the plan should be for the city or municipality in which the site is located. If the site is located in a rural area, the plan may be for a neighborhood as large as one county.

Page of plan that references area covered: _____

6. List sources of non-KHC funding committed to the plan:

Source	Type of Funding	Amount	Plan Page Reference

7. Page of plan that clearly delineates target area and that includes the proposed project site: _____

8. Please provide the plan's detailed policy goals (one of which must be the rehabilitation/production of affordable multifamily housing):

- a. _____
- b. _____
- c. _____
- d. _____
- e. _____
- f. _____
- g. _____
- h. _____
- i. _____
- j. _____

Page(s) of plan that reference policy goals that include affordable multifamily housing: _____

9. Provide narrative on how the project supports at least one of the goals of the revitalization plan:

The undersigned certifies to Kentucky Housing Corporation that the statements contained in this certification are true and correct.

Applicant Signature: _____ Print Name: _____ Date: _____

GUIDEFORM NOTICE
Disclosure to Seller with Voluntary, Arm's Length Purchase Offer

(Grantee or Agency Letterhead)

(Date)

Dear _____:

This is to inform you that _____ (Agency/Person) would like to purchase the property located at _____ (Street Address or Other Property Identification), if a satisfactory agreement can be reached. We are prepared to pay \$_____ for clear title to the property under the conditions described in the attached proposed contract of sale.

However, because Federal funds may be used in the purchase or development of this property, we are required to disclose to you the following information:

1. The sale is voluntary. If you do not wish to sell, the (Agency/Person) will not acquire your property. The (Agency/Person) does not have the power to acquire your property by condemnation (i.e., eminent domain) [will not use the power of eminent domain to acquire the property].
2. We estimate the fair market value of the property to be \$_____.

Since the purchase would be voluntary, arm's length transaction, you would not be eligible for relocation payments or other relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), or any other law or regulation. Also, as indicated in the contract of sale, this offer is made on the condition that no new tenant will be permitted to occupy the property before the sale is completed.

Again, please understand that if you do not wish to sell your property, we will take no further action to acquire it. If you are willing to sell the property under the conditions described in the attached contract of sale, please sign the contract and return it to us.

If you have any questions about this matter, please contact _____.
His/Her telephone number is _____.

Sincerely,

(Name/Title)

Enclosure

GUIDEFORM GENERAL INFORMATION NOTICE –
Residential Tenant That Will Not Be Displaced

(Grantee or Agency Letterhead)

(Date)

Dear _____:

On __ (date) __, __ (property owner) __ submitted an application to the (Grantee) __ for financial assistance to rehabilitate the building which you occupy at ____ (address) ____.

This notice is to inform you that, if the assistance is provided and the building is rehabilitated, you will not be displaced. Therefore, we urge you not to move anywhere at this time. (If you do elect to move for reasons of your choice, you will not be provided relocation assistance.)

If the application is approved and Federal assistance is provided for the rehabilitation, you will be able to lease and occupy your present apartment (or another suitable, decent, safe and sanitary apartment in the same building) upon completion of the rehabilitation. Of course, you must comply with standard lease terms and conditions.

After the rehabilitation, your initial rent, including the estimated average monthly utility costs, will not exceed the greater of (a) your current rent/average utility costs, or (b) 30 percent of your average monthly gross household income. If you must move temporarily so that the rehabilitation can be completed, suitable housing will be made available to you for the temporary period, and you will be reimbursed for all reasonable extra expenses, including all moving costs and any increase in housing costs.

Again, we urge you not to move. If the project is approved, you can be sure that we will make every effort to accommodate your needs. Because Federal assistance would be involved, you would be protected by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

This letter is important and should be retained. You will be contacted soon. In the meantime, if you have any questions about our plans, please contact _____ (name) _____, _____ (title) _____, at _____ (phone) _____ (address).

Sincerely,

(name and title) _____

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3d of Handbook.)
2. This is a guideform. It should be revised to reflect the circumstances.

GUIDEFORM GENERAL INFORMATION NOTICE
Residential Tenant To Be Displaced

(Grantee or Agency Letterhead)

(Date)

Dear _____:

_____ is interested in acquiring the property you occupy at _____ (address) _____ for the _____ (project) _____. This notice is to inform you of your rights under Federal law. If _____ acquires the property and you are displaced for the project, you will be eligible for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended. However, do not move now. This is not a notice to vacate the premises. You should continue to pay your monthly rent to your landlord because a failure to pay rent and meet your other obligations as a tenant may be cause for eviction and loss of relocation assistance. You are urged not to move or sign any agreement to purchase or lease a new unit before receiving formal notice of your eligibility for relocation assistance. If you move or are evicted before receiving such notice, you may not receive any assistance. Please contact us before you make any moving plans.

If _____ acquires the property and you are eligible for relocation assistance, you will be given advisory services, including referrals to replacement housing, and at least 90 days advance written notice of the date you will be required to move. You would also receive a payment for moving expenses and may be eligible for financial assistance to help you rent or buy a replacement house. This assistance is more fully explained in the enclosed brochure, "Relocation Assistance to Tenants Displaced from Their Homes."

If for any reason any other persons move into this unit with you after this notice, your assistance may be reduced. If you have any questions, please contact _____ (name) _____, _____ (title) _____, at _____ (phone) _____, _____ (address) _____.

Again, this is not a notice to vacate and does not establish eligibility for relocation payments or other relocation assistance. If _____ decides not to purchase the property, you will be notified in writing.

Sincerely,

(name and title)

Enclosure

NOTES.

1. The case file must indicate the manner in which this notice was delivered (e.g., personally served or certified mail, return receipt requested) and the date of delivery. (See Paragraph 2-3d of Handbook.)
2. This is a guideform. It should be revised to reflect the circumstances.

MANAGEMENT AGENT CERTIFICATION FORM

The undersigned represents and warrants to KHC that:

1. They will fulfill all the representations and commitments made in the application and attributes pledged, including those regarding income targeting, any other special targeting, any activities and/or amenities committed in the application or other matter related to scoring.
2. The developer/applicant/owner has provided a copy of the application and the management agent/company is aware of all items pledged in the application.
3. They agree that KHC reserves the right to share, at its discretion, all project-related information, including the application, attachments, technical submission documents and other pertinent materials with other funders participating in the project throughout the life of the project. KHC will not share personal information such as financial statements, tax returns, credit reports and other credit review documents unless specifically authorized by the applicant/owner.

The undersigned assures and agrees that neither applicant/developer/owner nor anyone authorized to act on their behalf will decline to rent or otherwise make available any of the property or housing in the project to a prospective tenant because of age, race, color, religion, gender, sexual orientation, disability, familial status or national origin. The entities identified below will comply with federal, state and local laws and ordinances; and failure or refusal to comply with the requirements of either shall constitute sufficient basis for KHC to reject requests for future business with the identified entity or to take other action as appropriate.

Project Name: _____

Management Agency Signature: _____

By: _____

Title: _____

Date: _____

Applicant Signature: _____

By: _____

Title: _____

Date: _____

LEAD-BASED PAINT DETERMINATION FORM

Rehabilitation Projects built prior to January 1978.

Projects receiving HUD funds, including HOME, project based rental assistance, and the Risk Sharing Program, will be subject to the new lead-based paint regulations of 24 CFR 35. Questions about lead-based paint regulations should be directed to John Cora at (502) 564-7630, extension 399.

1. Will the project receive HUD funding?

Yes _____ No _____

If “No,” you do not have to complete the remainder of this form, submit only this sheet with the application.

2. Several exemptions exist which may apply to rental funding. These exemptions are:

- Structures that were built on or after January 1, 1978.
- Facilities that are designated exclusively for the elderly or persons with disabilities, unless a child under the age of six is expected to reside there.
- Zero bedroom dwellings, including efficiency apartments, single-room occupancy housing, dormitories, or military barracks.
- Property that has been found to be free of lead-based paint by a certified inspector.
- Property where all lead-based paint has been removed and clearance has been achieved.
- Unoccupied housing that will remain vacant until it is demolished.
- Non-residential property such as business or industrial property (common areas and exterior surfaces shared by residential and non-residential uses are considered residential).
- Rehabilitation projects that do not disturb a painted surface. (The new regulations still apply if the project involves project-based rental assistance or risk sharing. Also, the new regulations apply if the project uses HOME and involves acquisition or operations).
- Projects involving an application for multifamily mortgage insurance in connection with a refinancing transaction where an appraisal is not required under the applicable procedures established by HUD are exempted from the Multifamily Mortgage Insurance requirements of 24 CFR 35 Subpart G. If the project involves any other HUD funds, you are not exempt. You are still subject to the requirements of the other programs.

Is the project exempt under one of the above? Yes No

If “Yes,” indicate which exemption(s) and provide an explanation and any appropriate supporting documentation. You do not have to complete the remainder of this form.

3. Does the project involve rehabilitation? Yes No

If “No,” skip to question 4.

- 3a. Does the project request assistance under the Risk Sharing Program? Yes No

If "No," skip to question 3c.

- 3b. Does the project involve nonresidential property that is to be converted to residential use, or residential property that is to undergo rehabilitation that is estimated to cost more than 50 percent of the estimated replacement cost after rehabilitation? Yes No

If "Yes," the project will require paint inspection and abatement. Skip to question 4.

- 3c. Please complete attachment 1

4. Attachment 2, 3, and 4 are overviews of the lead-based paint requirements for project-based rental assistance, rehabilitation, acquisition leasing and support services (ALSSO), and multifamily mortgage insurance. If your project is subject to the requirements of more than one program, you must comply with the most stringent. Please explain the steps you have taken to understand the requirements pertaining to your project and further explain how you intend to comply with these regulations. Be sure to include a discussion on the certification/training requirements.

5. Please explain how lead-based paint-related costs were estimated. Be sure to include discussions on hard costs and soft costs such as risk assessments and clearance reports, if applicable.

Lead-Based Paint - Attachment 1

ATTACHMENT 1	
Determination of Lead Treatment Category for Rental Rehabilitation Projects Subject to the New Lead-Based Paint Regulations	
<u>Name and Location of Project/Unit</u>	
IF ALL UNITS ARE FEDERALLY ASSISTED	
1. Total Construction Hard Cost	
2. Construction Hard Costs to Reduce Lead-Based Paint Hazards (attach additional sheet listing each construction item separately)	
3. Line #1 minus line #2	
4. Total Number of Units	
5. Line #3 divided by Line #4	
6. Total Amount of Federal Funds in Project (all funds, not just construction related)	
7. Line #6 divided by Line #4	
8. Enter the lesser of the two numbers found in lines #5 and #7	
<i>Line #8 determines the category of lead reduction necessary.</i>	
<i>Please note that if #8 is equal to or below \$5,000 Subpart K of 24 CFR 35 must be followed.</i>	
IF SOME UNITS IN THE PROJECT ARE NOT FEDERALLY ASSISTED	
1. Total Construction Hard Cost for Assisted units only (not including ext. & com. areas)	
2. Construction Hard Costs to Reduce Lead-Based Paint Hazards in assisted units only (attach additional sheet, list each construction item separately)	
3. Total Construction Hard Cost for common areas and exterior surfaces	
4. Construction Hard Costs to Reduce Lead-Based Paint Hazards in common Areas and exterior surfaces (attach additional sheet, list each construction Item separately).	
5. Line #1 minus Line #2	
6. Line #3 minus Line # 4	
7. Number of Federally assisted units in the project.	
8. Total number of dwelling units in the project.	
9. Line #5 divided by line #7	
10. Line #6 divided by Line #8.	
11. Line #9 plus line #10 (this is the average hard cost after deductions)	
12. Total federal assistance (all federal assistance, not just hard costs)	
13. Line #12 divided by line #7 (this is the average federal assistance)	
14. Enter the lesser of the two numbers found in lines #11 and #13	
<i>Line #14 determines the category of lead reduction necessary.</i>	
<i>Please note that if #14 is equal to or below \$5,000 and the project involved acquisition, Subpart K of 24 CFR 35 must be followed.</i>	

Lead-Based Paint – Attachment 2

ATTACHMENT 2 PROJECT-BASED RENTAL ASSISTANCE		
	Multifamily >\$5,000/unit	Multifamily <\$5,000/unit And Single-Family Units
Notification	All 4 Types	All 4 Types
Lead Hazard Evaluation	Risk Assessment	
	Built Prior to 1960	Built 1960- 1977
	By 9/17/2001	By 9/15/2003
Lead Hazard Reduction	Interim Controls	Paint Stabilization
Safe Work Practices	Yes	Yes
Clearance	Yes	Yes
Ongoing Maintenance	Yes	Yes
EIBLL	Yes	Yes
Category Notes	Owner must perform ongoing lead-based paint maintenance until the risk assessment is complete.	
Most activities on this chart require specialized training and/or certification.		

SUMMARY OF LEAD-BASED PAINT REQUIREMENTS

	Rehabilitation (Subpart J)			TBRA (Subpart M)	A,L,SS,O (Subpart K)
	≤\$5,000	\$5,000-\$25,000	>\$25,000		Homebuyer
Approach to Lead Hazard Evaluation and Reduction	1. Do no harm	3. Identify and control lead hazards	4. Identify and abate lead hazards	2. Identify and stabilize deteriorated paint	2. Identify and stabilize deteriorated paint
Notification	All 4 types	All 4 types	All 4 types	All 4 types	All 4 types
Lead Hazard Evaluation	Paint Testing	Paint Testing and Risk Assessment	Paint Testing and Risk Assessment	Visual Assessment	Visual Assessment
Lead Hazard Reduction	Repair surfaces disturbed during rehabilitation	Interim Controls	Abatement (Interim controls on exterior surfaces not disturbed by rehabilitation)	Paint Stabilization	Paint Stabilization
	Safe work practices	Safe work practices	Safe work practices	Safe work practices	Safe work practices
Clearance	Clearance of work site	Clearance of unit	Clearance of unit	Clearance of unit	Clearance of unit
Ongoing Maintenance	If HOME Rental	If HOME Rental	If HOME Rental	Yes	Yes (if ongoing relationship)
EIBLL Requirements	No	No	No	Yes	No
Options	Presume lead-based paint, requires use of safe work practices on all surfaces	Presume lead-based paint and/or hazards, requires use of standard treatments	Presume lead-based paint and/or hazards, requires abatement of all applicable surfaces	Test deteriorated paint	Test deteriorated paint
A,L,SS,O - Stands for Acquisition, Leasing, Support Services and Operations Most activities on this chart require specialized training and/or certification.					

Lead-Based Paint – Attachment 4

MULTIFAMILY MORTGAGE INSURANCE (v. 9/20/00)

	Constructed Before 1960	Constructed after 1959 and before 1978	Conversions and Major Rehabilitations
Notification	All 4 Types	All 4 Types	All 4 Types
Lead Hazard Evaluation	Risk Assessment	Ongoing Maintenance	Paint Inspection
Lead Hazard Reduction	Interim Controls	Ongoing Maintenance	Abatement
Safe Work Practices	Yes	Yes	Yes
Clearance	Yes	Yes	Yes
Ongoing Maintenance	Yes	Yes	Yes, if encapsulation or enclosure is used. Also if the historic properties clause is used (see note).

Most activities on this chart require specialized training and/or certification.