

APPENDIX C

Tax Credit Pilot Program Wheelbarrow Instructions

The Excel file stands alone as the sole recipient of user input and producer of user reports. The file (also called a workbook) has seven worksheets. The completed report, which will be 27 pages, as described in step 19 below will require the printing of the entire workbook. Printed pages should be assembled according to a sequence of the page numbers in the upper right corner of each page. The worksheets have been laid out and their print areas pre-set to allow a set of standardized reports to be generated automatically. Altering any worksheet layout, cell locations or entries may result in loss of functionality and/or faulty printing. A typical final packet might be 15 pages.

Users should begin their work by assembling the project's financial data and begin their data input beginning with the LAST worksheet, inputting data into the blue background cells. Subsequent data entry should continue with the next to last worksheet and continue in such sequence.

1. Complete the data entries for the **HUD Data Input-Summary Report** worksheet. (This is the longstanding Lender Data entry worksheet with no additional fields to complete, but with the addition of some useful tables and calculations designed to make it easier to complete.)
2. Examine the **Output-HUD Summary Report** worksheet for error messages. This summary report is not protected so it's possible to trace error messages back to the **HUD Data Input-Summary Report** worksheet which is the source of the data for this summary report. Note that entries in bold type are direct reads from the **HUD Data Input-Summary Report** worksheet. Entries not in bold are based on formulas and may refer to cells in the **Output-HUD Summary Report** worksheet.
3. Complete the worksheet labeled **92264-A Data**. The blue background cells are input cells. The green background cells are derived by formula. Adjustments may be needed. This worksheet is also not protected. Note that some entries in this worksheet are currently data fields in the old Wheelbarrow, but we are hoping to phase out those old Wheelbarrow entries so there could be about ten fields which are duplicative. NOTE: Do not complete the entries in Section III. Source of Funds to Meet Cash Requirements (beginning at Row 131) at this time. These sources are populated using entries on the **Comprehensive S&U** worksheet. After such sources are identified from that worksheet's entries, return to the **92264-A Data** worksheet and enter the "funds available" fields beginning in Cell S133.
4. **Comprehensive S&U** overview. The main Sources and Uses data entry and reports worksheet labeled **Comprehensive S&U** is intended to produce a comprehensive view of the project. It collects and presents all Sources and Uses, both mortgageable and non-mortgageable. It collects and presents data determining the availability of Sources and the allocation of such available sources to uses in an abbreviated form. This worksheet does not produce a draw schedule, which can be found in the worksheet labeled **Draw Schedule**.
5. In the **Comprehensive S&U** worksheet, first input dollar figures into the 15 blue background cells from F10-H25, whose amounts should parallel those used in the **92264-A Data** worksheet. Note in this section two cells which not appear in FHA forms or reports: first, in an effort to identify owner's equity in the land or property, we ask for appraised value and subtract debt to be paid, deriving an "*owner's land/property equity value*". Second, we ask for the amount of

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repairs that will be paid from FHA proceeds since this amount is limited under the Pilot to amounts now allowed under the 223(f) program, thus creating an entry called "*Construction repairs costs exceeding FHA adj'd limi*" (see Worksheet Cell C43). If the total repairs exceed the 223(f) limits, this may create a shortfall that must be financed from other sources (see #6 below for further explanation).

6. Move to the Non-mortgageable section in the **Comprehensive S&U** worksheet (beginning at Cell C35). Note that Cells C43-J43 have a green background: This is where the difference between amounts of repairs financed by sources other than FHA proceeds is calculated. The Column H entry for this amount is already fixed as one of eleven standard categories of uses which will be consolidated into a combined mortgageable and non-mortgageable uses statement.
7. Continue entering data into the Non-mortgageable fields section beginning at Cell C44, identifying the cost by name, entering the amount, and then choosing a category for that amount. Up to 30 entries can be made on this section, which is divided into two 15-entry worksheet areas. A running total appears in both areas.
8. When the Non-mortgageable Sources section is completed, a consolidated table is created beginning at Cell C90. These entries are also displayed in the cell area beginning at Cell J6 in a column labeled "Column 3 Non-mortgageable uses (from below)". Column 4, beginning at Cell L10, adds the entries in Columns 1, 2 and 3 to create a consolidated uses table.
9. The next section of entries in the **Comprehensive S&U** worksheet reconciles the cash settlement sheet which is part of the 92264A and captured in the **92264-A Data** worksheet with the uses entries. Beginning with Cell U13, the user is asked to note if the amount of the designated use of funds is part of the **92264-A Data** worksheet cash settlement schedule. The options for each entry are in a pull down menu and include *Yes, No, or Partial*. If *Partial* is chosen the cell to the right turns blue and the user manually inputs the amount of entry to be funded at closing. In past tax credit transactions, for which an applicant's 92264-A displays all non-standard non-mortgageable amounts in a single category and thereby the whole consolidated budget is accounted for in the 92264-A, some applicants have not shown all uses here. We have created a system that accommodates both approaches: We are less concerned about the limited or partial S&U listing here because we do capture it elsewhere.
10. After completing the first seven cells and any partial cost entries, Cells U13 to W19, examine the totals shown in what is marked as Column 7 (Excel Column Y, beginning in Row 20), *Total estimated Development Cost* and *Total Estimated Replacement Cost*, and other figures displayed in Cells Y20 through Y28. These entries should be checked against the figures in the **92264-A Data** worksheet and any adjustments should be made.
11. Next move to Cell AC5 in the **Comprehensive S&U** worksheet, where data for the Tax Credit and other Capital sources is to be input. Complete the Tax Credit equity section in up to 8 payments, noting as shown the amounts of each payment, the amount expected to be used for cash settlement (it may be that all tax credit equity is to be "used" as part of cash settlement if the 92264A shows all of the project's mortgageable and nonmortgageable costs), any developer fee and the conditions that must be met for payment of the installment to be released.

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12. Next, move to Cell AC19, the beginning of the “Permanent Sources of Capital Other than Tax Credits” section. Note that the first entry (Cell AC18) is the FHA mortgage. The current spreadsheet allows only 4 sources other than the FHA mortgage. We may expand this, but for reasons described below at step 13, DO NOT ALTER the layout of this section!
13. **Very important:** note that certain cell entries in the Permanent Sources of Capital Other than Tax Credits section are hard coded and should not be altered. These represent standard, if not always present, sources that we prefer to see labeled even if the amounts are \$0. Do not alter these entries. The integrity of the workbook reports depends upon their presence in this listing, and their cell locations.
14. Begin inputting the source of other capital in Cell AC19 and complete all appropriate blue cells for the sources in the project; the dollar amounts for principal, amount available for cash settlement and the other entries, whether the debt is hard or soft, the coupon, term, amortization and whether interest accrues. Input the amount from each source in this section which will all be assumed available later at cash settlement. Fill in the entries as appropriate including the amounts from the lender’s Cash Settlement schedule that is reproduced in the **92264-A Data** worksheet. (Once the “Permanent Sources of Capital Other than Tax Credits” have been filled in, return to the **92264-A Data** worksheet and input the amounts next to the now-populated sources entries.)
15. Next move to the section called “Allocation of Financing Source” to be used in the Consolidation of Sources (starting at Cell AB35). This section merely aggregates some sources to allow an abbreviated presentation of Sources. All entries except for the four User-allowed sources are already allocated. For the four not allocated, use the drop down menu to choose an appropriate category. Usually entries fall into Non-FHA debt or Grant categories.
16. Move to Cell AC61, a section labeled “Consolidated and Condensed Sources and Uses.” This section requires no user input unless some of the pre-set calculations produce erroneous results. The preset formulas, which can be viewed since the worksheet is not protected, use the allocation of uses determined in Sections A, B, and C. It is assumed that only the FHA mortgage and Owner Cash finance the mortgageable amounts. This is often not consistent with convention, but convention, in light of the 92264-A, often mixes mortgageable and non-mortgageable amounts and in this report we focus on Replacement Cost amounts and exclude those cash and LOC items such as reserves or escrows that are not hard or soft property cost items. The cash amount in Cell AG81 is simply the difference between the Total Mortgageable Sources and the FHA mortgage amount. The amounts in the Non-mortgageable sources column are the result of subtracting the Total Uses amounts in Column AE from those amounts in column AG allocated to Mortgageable amounts.
17. Next, move to the **Draw Schedule** worksheet. This worksheet is designed to provide a fairly broad view of the sequence of draws for the completion and final balance sheet of the project. It shows draws in six-month intervals and displays 16 uses categories. We have found a wide variation in draw schedules including detailed monthly figures that include scores of categories of expenses. We want to avoid such detail and the challenges of interpreting variations and reading numbers so tiny as to be indecipherable, so we settled on this format. This form can be

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filled out by expanding the worksheet to display columns that contain percentages to be applied to the expenses categories in each six-month period. This will result in total period dollar uses that should be matched (or exceeded cumulatively) by an assortment of sources. The sources fields are open to be filled in by the user. For the user’s convenience running totals and gaps between sources and uses are displayed. We will pay close attention to this schedule that must provide proof (backed by data and documented as to equity pay-in schedules and sources availability) that the project’s needs will be met completely on a timely basis. When we review construction draws per our guidelines we will refer to this schedule: Though we understand that some changes are inevitable, we would expect such changes to be documented as they occur with updates to the lender and FHA staff.

18. The **Tax Credit Report** worksheet provides a broad overview of the Sources and Uses and the projected operations of the project, and the market value of the property and the results of various 92264-A mortgage sizing calculations. It also includes details about the project. There are 28 cells that the user must fill in. Note especially the *“Rents as a % of Market Rent”* cell.
19. Use the command sequence: Print and then check the box under Print What? to print the *“Entire Workbook.”* Click Print Preview and see if the previewed print package includes 27 pages. If 27 pages will be printed, click *“Print”* and then assemble the printed sheets into a packet. The Index comes first. In the upper right and lower left corners of each printed sheet are numbers that indicate in what sequence the final report should be assembled. Follow this sequence to assemble the package.

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