

The following checklist replaces Appendix A to Chapter 13 off HB 4350.1. It provides a narrative description of each item, followed by a space to indicate the acceptability of each item submitted.

PRELIMINARY FULL APPROVAL CHECKLIST

PROJECT NAME:.....

PROJECT NUMBER:.....

PROJECT LOCATION:.....

DATE RECEIVED:.....

DATE OF LAST MANAGEMENT REVIEW:.....

DATE OF LAST PHYSICAL REVIEW:.....

1. TPA APPLICATION consists of a properly executed form HUD-92266. If the package is incomplete, it should be returned without processing (with the application fee retained by HUD) and the purchaser and owner advised of the deficiencies. Note that if a lien is being created, the mortgagee must sign the application. If TPA includes secondary financing, determine that the secondary financing meets program requirements (HB 4350.1, Chap 13, paragraph 15) before forwarding the TPA for legal review. If not, advise owner and stop processing until secondary financing meets program requirements. If acceptable exhibits are not received within 10 business days, the application will be rejected and HUD will retain the fee.

TPA Application (form HUD-92266)

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|--------------------------|------------|-----------|------------|
| a) Filled out completely | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
| b) Signed by purchaser | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
| c) Signed by seller | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
| d) Signed by Mortgagee | <u>Yes</u> | <u>No</u> | <u>N/A</u> |

2. CONSENT BY THE MORTGAGEE is required only where the proposal involves conversion to condominium or cooperative or where a lien against the property is created in connection with the transfer (Secondary Financing only).

Consent by Mortgagee Yes No N/A

3. TPA APPLICATION FEE of \$0.50 per \$1,000 of the original face amount of the mortgage.

- | | | | |
|-------------------|------------|-----------|------------|
| a) Fee submitted | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
| b) Correct amount | <u>Yes</u> | <u>No</u> | <u>N/A</u> |

4. PURCHASER'S LETTER-"Purchaser" is defined to include all individuals purchasing as individuals or as principals in a joint venture, all general partners in a purchasing partnership, or a corporation. The letter must be signed by an authorized principal of the purchasing entity.

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|----|--|------------|-----------|------------|
| e) | all principals as defined
in 2530 instructions, | <u>Yes</u> | <u>No</u> | <u>N/A</u> |
| f) | all consultants and/or
packagers for profit. | <u>Yes</u> | <u>No</u> | <u>N/A</u> |

Note: If this TPA involves the transfer from a non-profit entity to a Limited Dividend/Profit Motivated Entity, See HB 4350.1, Section 4 for additional instructions.

6. PURCHASER'S RESUME is to be submitted where the purchaser has no previous participation with the HUD Field Office where the application for transfer is submitted. The Resume for each principal of the purchaser should be submitted and should be in sufficient detail for HUD to understand the nature of their real estate experience.

Purchaser's resume	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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7. PURCHASER'S PERSONAL FINANCIAL STATEMENTS for the proposed mortgagor entity and principals if the mortgagor entity has not been capitalized using form HUD-92417.

Purchaser's personal financial statements, HUD 92417	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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8. PURCHASER'S CREDIT REPORTS on mortgagor entity and principals, ordered by the mortgagee.

Purchaser's credit report	<u>Yes</u>	<u>No</u>	<u>N/A</u>
a) Ordered by Mortgagee	<u>Yes</u>	<u>No</u>	<u>N/A</u>

9. SOURCES AND USES OF FUNDS - This shows ALL expected sources of funds and ALL expected uses of these funds. A suggested format is in Appendix F OF 4350.1 (Pages 13-73 to 75). The applicant may modify this format to suit the particular transaction, but the modification may not be less detailed or combine items to avoid specificity.

ALL PURCHASERS ARE REQUIRED TO INCLUDE A SOURCES AND APPLICATION OF FUNDS. THERE ARE NO EXCEPTIONS.

Sources and Uses of Funds	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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10. EXECUTED BUT UNRECORDED SALE CONTRACT, OPTION CONTRACT OR LAND CONTRACT - Submit the applicable sale document in its entirety, reciting all consideration moving to the seller.

Executed sale or land contract	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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11. EXECUTED SELLER/PURCHASER AFFIDAVIT - The parties must submit with the sale contract a sworn statement to the effect that the sale contract recites all of the consideration moving to the seller or any person identified therewith.

Executed seller's/purchaser's affidavit	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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12. INTERIM UNAUDITED FINANCIAL STATEMENT (prepared in accordance with HB 4370.2) covering the period from the date of the last audited financial statement to the date of application.

Interim (unaudited) financial statements	<u>Yes</u>	<u>No</u>	<u>N/A</u>
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13. PRO FORMA BALANCE SHEET - Pro forma balance sheet (prepared according to Handbook 4370.2). This Balance Sheet will show how the project accounts are expected to appear the day after the expected date of closing.

Pro forma balance sheet Yes No N/A

14. MORTGAGEE'S STATEMENT OF ESCROW AND RESERVE ACCOUNT - The mortgagee should provide an opinion (certified) as to the adequacy of the present escrow balances (taxes, property insurance) and present monthly deposits to meet the next anticipated tax and insurance bills.

Mortgagee statement of escrow and reserve accounts Yes No N/A

15. PHYSICAL INSPECTION REPORT must be submitted by the purchaser for all applications for TPAs. The inspection report must be prepared by a professional, licensed multifamily inspector and must address the cost of any required repairs and an analysis of the Replacement Reserve needs.

Physical Inspection submitted by Owner? Yes No N/A
Is Physical Inspection acceptable? Yes No N/A

16. MANAGEMENT IMPROVEMENT AND OPERATING (MIO) PLAN - Where the project will have physical, management, or financial needs or changes at the time of the transfer, a MIO plan or another plan acceptable to HUD must be submitted. Use forms HUD 9835, 9835A and 9835B or develop forms which fully describe the timing and extent of planned repairs and financial contribution and the timing for all management or procedural changes.

MIO Plan, as appropriate Yes No N/A

17. PROPOSED MANAGEMENT CERTIFICATION AND FORM HUD-2530 - Where a change of management is contemplated by the transfer, a copy of the proposed new management certification must be included. This certification must be completed in conformity with HUD Handbook 4381.5. REV-1. If not already on file with the Field Office, a Management Agent Profile must also be submitted. If the proposed agent has not previously managed properties in the jurisdiction where the project is located, a brief summary or resume of the agency and its principals should be included. Also, the new management company must receive previous participation clearance by filing Form HUD-2530 (item 5 above).

Management certification and profile Yes No N/A

18. AN EXECUTED BUT UNRECORDED RELEASE, ASSUMPTION, AND/OR MODIFICATION AGREEMENT is required if the purchasing entity assumes the existing note and mortgage (see Appendix C to 4350.1, page 13-60).

Proposed Release and Assumption Agreement is acceptable Yes No N/A

19. A DRAFT OF THE NEW PROPOSED REGULATORY AGREEMENT must be executed by the purchasing entity.

Draft of proposed Regulatory Agreement acceptable, executed by purchaser Yes No N/A

20. UNEXECUTED SECONDARY FINANCING DOCUMENTS which comply with all the HUD requirements of HB 4350.1, Chapter 13, Appendix G must be submitted. If the proposed secondary financing involved creates a lien against the project or personality thereof, a consent statement from the holder of the first mortgage must be submitted (item 2 above).

Does proposed secondary financing create a lien against the property? Yes No N/A

Are all unexecuted secondary financing documents submitted?
(notes, deeds of trust, mortgages) Yes No N/A

21. PROPOSED BUT UNRECORDED DEED Yes No N/A

22. PROPOSED BILL OF SALE AND ASSIGNMENT - see Form HUD-92228,
Model Form - Bill of Sale and Assignment

Proposed bill of sale and assignment Yes No N/A

23. TITLE REPORT which follows FHA Form 2226 or equivalent at preliminary and at final submission or if submitting a new title policy, it must meet all FHA requirements and insure the Department and the Lender. Contact the HUD Office of General Counsel for specific requirements for Title Reports and see HB 4350.1, Pg. 13-40 and Pg. 13-62.

Title Report Yes No N/A

24. MORTGAGOR'S OATH - see FHA Form 2478 or equivalent.

Mortgagor's Oath Yes No N/A

25. PROPOSED RENTAL SCHEDULE (Form HUD-92458) - Applicable if rents have not been deregulated -NOTE: The approval of this rental schedule in conjunction with a TPA is not an approval to raise the rents at the project. All proposed rent increases must be processed separately under existing procedures.

New rental schedule (form HUD-92458) Yes No N/A

26. EXECUTED ORGANIZATIONAL DOCUMENTS OF PURCHASER - Unless the purchaser is an individual, full details as to the entity acquiring the project shall be provided. If the purchaser is a corporation, trust, or partnership, two certified copies of the charter, trust, or partnership agreement should be furnished. In any such case the charter or agreement shall show that the corporation, partnership, or trust is authorized to operate the project and to execute and be bound by the Regulatory Agreement. The charter, agreement, or other proper document or minutes of meetings should establish clearly the authority of the persons executing the Regulatory Agreement. If the purchaser is a Limited Liability Corporation/Partnership, comply with Notice H 95-66.

Organizational documents of the purchaser Yes No N/A

27. ATTORNEY'S CERTIFICATION - The Purchaser's attorney must certify that, following HUD's preliminary approval, all documents requiring execution and/or recordation will be executed and, as required, recorded in the form reviewed and approved by HUD. The attorney must use the form entitled Attorney's Certification, (Appendix A-11), and all documents must meet the requirements of Appendix G of HB 4350.1.

Attorney's certification of execution and recording Yes No N/A

28. BYRD AMENDMENT CERTIFICATION required regarding disclosure to report lobbying.

Byrd Amendment certification

Yes No N/A

29. EXECUTED BUT UNRECORDED ALLONGE (where applicable)

Yes No N/A

THE ABOVE DOCUMENTS MUST BE COMPLETE AND ACCURATE. The documents must be submitted directly to the appropriate Field Office. Upon receipt of this initial package, the Field Office immediately provides the applicant with a letter acknowledging receipt of the application (See Handbook 4350.1, Chapter 13). This acknowledgment does not indicate acceptance of the application as to form or content.