



Targeted Affordable Housing Bond Credit Enhancement Mortgage and Tax-Exempt Loan Conversion Underwriting Checklist

Exhibit 1: Underwriting Checklists (02/28/20) Section 1.33

Applies to the conversion of TAH Bond Credit Enhancement Mortgages and TELs originated under a Forward Commitment for the purpose of:

- New construction, or
- Substantial rehabilitation

Please see Chapter 55 of the Guide for a full description of each item listed.

Underwriting Documents

- Mortgage transaction narrative analysis
- Credit exception requests, if any
- Legal exception requests, if any
- Borrower and Borrower Principal Certificate – Form 1115, or statement of no material change, if there have been no material changes since the origination of the Mortgage
- Financial statements of Borrower and Required Borrower Principals – certified, or statement of no material change, if there have been no changes since the origination of the Mortgage
- Certified Organizational Charts for Borrower, guarantor (not in Borrower's organizational structure), Master Tenant, or Operator along with Certification – Organizational Chart, Form 1114
- Real Estate Schedule – Form 1116, or Borrower Certification of No Change – Form 1147, if there have been no changes since the origination of the Mortgage
- Credit reports dated within 60 days of conversion
- Seller's pro forma property financial statements, updated
- Rent roll – certified, dated within 45 days of conversion
- Current property financial statements – certified, for the three-month period prior to the conversion
- Blanket Certification for property financial statements and rent rolls
- Wood-damaging insect inspection report or a certification from the Property's current pest control provider, when required ¹
- Commercial lease documentation, if applicable
- Property inspection documentation



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- Certificate of Good Standing from the construction lender

¹ See Section 8.2(e) for instances when wood-damaging insect documentation is required

- Ground lease documentation, if applicable
- Regulatory agreements and amendments, executed, if not delivered previously
- For a LIHTC Property utilizing the Income Averaging Set-Aside, LIHTC Compliance/Monitoring documentation
- As-built survey, if applicable
- Title commitment
- Evidence of Tax Abatement, if applicable
- Low-Income Housing Credit Allocation and Certification – IRS Form 8609
- Appraisal, updated, if additional proceeds are requested at Conversion
- For Properties with problematic materials, equipment and systems (i.e. aluminum wiring, galvanized steel, polybutylene piping, etc¹):
 - Certification from the appraiser that the problematic materials, equipment and systems were considered in the valuation of the Property (can be documented in the Appraisal)
 - Evidence that there is no exclusion in the hazard insurance policy for damage caused by the problematic materials, equipment or systems (can be documented on the ACORD, certificate of insurance or other equivalent documentation)
- Real estate tax bill, if the Borrower is acquiring the Property
- Evidence of Insurance -- Form 1133, Seller/Service Certification of Insurance Coverage, and other insurance documentation
- Management plan or management agreement, updated, or statement of no material change, if there have been no material changes since the origination of the Mortgage
- EPA Energy Star Score, when required for Green Rebate
- Green Building Certificate, if applicable
- Environmental report
- A certified cost accounting of total project cost, including hard and soft cost



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- Moisture Management Plan, or statement of no material change, if there have been no material changes since the origination of the Mortgage
 - Low-Income Housing Credit Agencies Report of Noncompliance or Building Disposition – IRS Form 8823, if applicable
 - Seller certification and disclosure of any HUD 2530 issues relating to the Borrower Principal and Property Manager, if applicable
 - Seismic risk documentation, if required by Chapter 64
- 1 See Section 62.5(c) for additional information about problematic materials, equipment and systems
- Borrower final total project cost certification
 - Summary of interest rate hedge terms, if variable interest rate Mortgage
 - 501(c)(3) Due Diligence Checklist, if the bonds or the TEL is issued under Section 501(c)(3) of the IRC
 - Additional documentation, as required by Freddie Mac

Construction Completion Documents

- Post-construction analysis report, as described in Section 63.5

If not attached to the post-construction analysis report, as required by Section 63.5(a), the following documents must be included in the Conversion Underwriting Package:

- Architect's certificate of substantial completion
- Final punch list from the architect of record
- Final payment certification
- Final lien waiver from the general contractor
- Release of payment and performance bonds
- Release of bonds required by any governmental authority
- Final certificate(s) of occupancy
- Reserve analysis, if not completed previously or if revisions to the previously completed analysis are recommended



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- A summary of all change orders and an analysis of all material changes
- A summary analysis, prepared by the Seller's Chief Architect/Engineer, indicating that the finished project has been completed, lien-free and in accordance with all applicable requirements, substantially in accordance with the plans and specifications reviewed at the issuance of the Forward Commitment