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HUD Cost Review Report for Pre-Application Exhibits**6A.1**

HUD Office Name _____

Pre-Application Submission Date _____

Project Name _____

Project Location (City, State) _____

MAP Lender Name _____

Summary of HUD Cost Review

A. Cost exhibits:

1. Mortgagor's Architect's sketch plans
2. Form HUD-92013 (HUD-92013-NHICF for Section 232 Health Care Facilities)

If incomplete, specify:

B. For Substantial Rehabilitation projects, include the following:

1. Mortgagor's Architect's Basic Work Write-up
2. Mortgagor's summary cost estimate for substantial rehabilitation (based on Basic Work Writeup)

If incomplete, specify:

C. HUD Cost Estimator determination of:

1. Structure type (from sketch plans):
2. Gross floor area (from sketch plans):
3. Estimated Total Structures cost (from cost data):
4. For Substantial Rehabilitation, indicate major trade item groups (if required), and subtotals:
5. Estimated Total Land Improvements cost (from cost data):
6. Estimated General Requirements (from cost data):
7. Estimated fee items (from cost data):
 - a. General Overhead
 - b. Builder's Profit

- c. Architectural Fees
 - d. Bond Premium
 - e. Other Fees
8. Estimated Major Movable Equipment cost (from cost data) for Section 232 Health Care Facilities.

D. Review of mortgagor’s Form HUD-92013:

- 1. Percentage difference between mortgagor’s Total Structures cost (Section G, Line 8) and HUD Cost Estimator’s Total Structures cost:

If unacceptable, document:

- 2. Percentage difference between mortgagor’s Total Land Improvements cost (Section G, Line 3) and HUD Cost Estimator’s Total Land Improvements cost:

If unacceptable, document:

- 3. Percentage difference between mortgagor’s General Requirements and fees (Section G, Lines 10 through 19) and HUD Cost Estimator’s General Requirements and fees:

If unacceptable, document:

- 4. Percentage difference between mortgagor’s Major Movable Equipment costs (Section 232 Facilities - Form HUD-92013-NHICF, Section G, Line 36) and HUD Cost estimator’s Major Movable Equipment cost:

If unacceptable, document:

I have reviewed the subject project and hereby make the following recommendation(s):

Reviewer:

Name of Reviewer _____

Signature and Date of Review _____ Date _____

Concurrence:

Name of Team Leader _____

Signature and Date of Concurrence _____ Date _____

HUD Cost Review of Lender's Cost Analyst's Report for Firm Exhibits – New Construction and Substantial Rehabilitation**6A.2**

HUD Office Name _____

Firm Commitment Submission Date _____

Project Name _____

Project Location (City, State) _____

MAP Lender Name _____

Summary of HUD Cost Review

A. Firm Commitment deliverables (Review for completeness only):

1. Mortgagor's:

- a. Detailed plans and specifications
- b. Detail Work Write-up (For substantial rehabilitation projects)
- c. List of Major and Minor Movable Equipment (for Section 232 Health Care Facilities)

If incomplete, specify:

2. Lender's Cost Analyst's Review Report:

- a. Lender's detailed cost estimate
- b. Comparison of Lender's and general contractor's cost estimates
- c. Prior approval of Identity of Interest subcontracts
- d. Property Insurance schedule
- e. For substantial rehabilitation projects, include the Lender's estimate for Annual Deposit to the Replacement Reserve.
- f. For Section 232 Health Care Facility projects, include Lender's cost estimate for Major and Minor Movable Equipment.

If incomplete, specify:

3. Completed Forms with signatures:

- a. HUD-92264 (HUD-92264-HCF for Section 232 Health Care Facility projects)
- b. HUD-92326
- c. HUD-92331-B
- d. HUD-92329
- e. HUD-2328

If incomplete, specify:

4. Subcontracts for Identity of Interest subcontractors

If incomplete, specify:

B. HUD Cost Review:

1. Comparison of Lender's cost estimate and contractor's HUD-2328 with HUD cost data:
 - a. Total Structures
 - b. Total Land Improvements
 - c. General Requirements
 - d. Fee items
 - e. Cost Not Attributable items

If unacceptable, document:

2. Evidence of front end loading

If unacceptable, document:

3. Examination of Lender-contractor variance report (Form HUD-2331-B)

If unacceptable, document:

4. Examination of:

- a. Identity of Interest relationships
 - b. Applications for prior approval of Identity of Interest subcontractor overhead and profit
- If unacceptable, document:

5. Examination of Property Insurance Schedule

If unacceptable, document:

6. Examination of Major and Minor Movable Equipment (For Section 232 Health Care Facility projects)

If unacceptable, document:

I have reviewed the subject project and hereby make the following recommendation(s):

Reviewer:

Name of Reviewer _____

Signature and Date of Review _____ Date _____

Concurrence:

Name of Team Leader _____

Signature and Date of Concurrence _____ Date _____

HUD Cost Review of Lender's Report for Firm Exhibits - Section 223(f)

6A.3

HUD Office Name _____

Firm Commitment Submission Date _____

Project Name _____

Project Location (City, State) _____

MAP Lender Name _____

Summary of HUD Cost Review

A. Firm Commitment deliverables:

1. Lender's Project Capital Needs Assessment and Replacement Reserve Escrow (PCNA) Report
2. Completed Form HUD-92264 with signatures (Form HUD-92264-HCF for Section 232 Health Care Facilities projects)
3. Completed Form HUD-92329
4. Mortgagor's cost estimate of Major and Minor Movable Equipment (for Section 232 Health Care Facilities projects)

If incomplete, specify:

B. HUD Cost Review:

1. Examination of Lender's PCNA Report:
 - a. Critical repairs to be completed before endorsement
 - b. Non-critical repairs to be completed after endorsement and estimated repair costs
 - c. Expected repair replacement and major maintenance items over a specified period of time
 - d. Initial Deposit to Replacement Reserve, if any
 - e. Monthly Deposit to Replacement Reserve

If unacceptable, document:

2. Lender's Property Insurance Schedule

If unacceptable, document:

- 3. Lender's cost estimate of Major and Minor Movable Equipment (for Section 232 Health Care Facilities)

If unacceptable, document:

I have reviewed the subject project and hereby make the following recommendation(s):

HUD Office Name _____

Pre-Application Submission Date _____

Project Name _____

Project Location (City, State) _____

MAP Lender Name _____

Amendment to the Construction Contract to Identify Identities of Interest Between Owner/Contractor/Subcontractors/Architect

6B

Project Name _____

Project Number _____

1. Definition of terms used in this Amendment.
 - a. Architect. Architect administering the Construction Contract.
 - b. HUD. The U.S. Department of Housing and Urban Development.
 - c. Owner. The Mortgagor/Owner.
 - d. Subcontractor. Any Project subcontractor, materials supplier, equipment lessor, or industrialized housing manufacturer/supplier.
2. The undersigned hereby certify that all identities of interest known to exist between the Owner and the Contractor, and/or between the Owner and/or the Contractor and the Architect and/or any Project subcontractor are listed herein. The Owner and the Contractor shall each inform HUD in writing within 5 working days of its knowledge of any identity of interest that develops after execution of this Contract.

List all Identities of Interest:

3. An Identity of Interest is construed to exist where:
 - a. The Contractor, Architect and/or any subcontractor take any financial interest in the Project and/or Owner as part of the consideration to be paid.
 - b. The Contractor advances any funds to the Owner or Architect; or the Architect advances any funds to the Owner, contractor and/or any subcontractor; or any subcontractor advances any funds to the Owner, Contractor and/or Architect.
 - c. The Owner has any financial interest in the Contractor, Architect and/or any subcontractor; or the contractor has any financial interest in the Owner, Architect and/or any subcontractor; or the Architect has any financial interest in the Owner, Contractor and/or any subcontractor; or any subcontractor has any financial interest in the Owner, Contractor and/or Architect.
 - d. Any officer, director, stockholder or partner of the Owner has any financial interest in the Contractor, Architect and/or any subcontractor; or any officer, director, stockholder or partner of the Contractor, has any financial interest in the Owner, Architect and/or any subcontractor; or any officer, director, stockholder or partner of the Architect has any

financial interest in the Owner, Contractor and/or any subcontractor; or any officer, director, stockholder or partner of any subcontractor has any financial interest in the Owner, Contractor and/or Architect.

- e. Any officer, director, stockholder or partner of the Owner is also an officer, director, stockholder or partner of the Contractor, Architect and/or any subcontractor; or any officer, director, stockholder or partner of the Contractor is also an officer, director, stockholder or partner of the Owner, Architect and/or any subcontractor; or any officer, director stockholder or partner of the Architect is also an officer, director, stockholder or partner of the Owner, Contractor, and/or any subcontractor; or any officer, director, stockholder or partner of any subcontractor is also an officer, director, stockholder or partner of the Owner, Contractor and/or Architect.
- f. The Owner, Contractor and/or any subcontractor, or any officer, director, stockholder or partner of such Owner, Contractor and/or subcontractor provides any of the required architectural services; or where the Owner, Contractor and/or any subcontractor, or any officer, director, stockholder or partner of such Owner, Contractor and/or subcontractor, while not directly providing an architectural service, acts as a consultant to the Architect.
- g. Any family relationships between the officers, directors, stockholders or partners of the Owner and officers, directors, stockholders or partners of the Contractor, Architect and/or any subcontractor; or between the officers, directors, stockholders or partners of the Contractor and officers, directors, stockholders or partners of the Owner, Architect and/or any subcontractor; or between any officers, directors, stockholders, or partners of the Architect and officers, directors, stockholders or partners of the Owner, Contractor and/or any subcontractor; or between any officers, directors, stockholders or partners of any subcontractor and the officers, directors, stockholders or partners of the Owner, Contractor and/or Architect which could cause or results in control or influence over prices paid and/or work accepted.
- h. Any side deal, agreement, contract or undertaking, thereby altering, amending, or canceling any of the required closing documents, except as approved by HUD.

OWNER

CONTRACTOR

DATE _____

DATE _____

WARNING: Title 18 U.S.C. 1001, provides in part that whoever knowingly and willfully makes or uses a document containing any false, fictitious, or fraudulent statement or entry, in any matter in the jurisdiction of any department or agency of the United States, shall be fined not more than \$10,000 or imprisoned for not more than five years or both.

Rehabilitation Cost Not Attributable to Residential Use**6C****1. Total Rehab Cost**

(Without fees - Lines G 36c + G41)

\$ _____

2. Rehab Cost Not Attributable

(Dollar amounts without fees)

\$ _____

3. Ratio of Not Attributable

Project Not Attributable Square Feet _____ sq. ft.

Divided by Total Project Gross Square Feet _____ sq. ft.** = _____ %

4. "As-Is" Not Attributable

Total "As-Is" (Land + Structures) \$ _____ X Ratio from #3 _____ % = \$ _____

5. Total Cost Not Attributable

"As-Is" Not Attributable (#4) \$ _____

plus Rehab Cost Not Attributable (#2) \$ _____ = \$ _____

6. Cost Without Fees

Total Rehab Cost Without Fees \$ _____ (From #1) +

Total "As-Is" Value \$ _____ (From Line 73b of Form HUD-92264) Total = \$ _____

7. The Percentage Not Attributable

Divide Total Rehab Cost Not Attributable

(#5) \$ _____ by Total Cost Without Fees (#6) = _____ %

8. Line G 74

Total Estimated Replacement Cost of Project

\$ _____ X Percentage Not Attributable (#7) _____ % \$ _____

* From Cost Analyst

Example of Calculating Cost Not Attributable

6D

EXAMPLE OF CALCULATING COST NOT ATTRIBUTABLE

A 50-unit apartment building has a gross floor area of 30,000 sq.ft., a Total Structures cost of \$1,665,000, and a Total Land Improvements cost of \$250,000. It has a community room on the ground floor, a parking lot, an exterior patio with benches, tables, and ornamental shrubs, and a playground with swings and slides. Using the architectural drawings, determine the area of the community room, parking lot, patio, and playground, and the number of benches, tables, ornamental shrubs, swings and slides. Calculate the cost of each item.

Unit quantities:

- Community room - 650 sq.ft.
- Asphalt parking lot for 50 cars - 15,000 sq.ft.
- Concrete Patio - 400 sq.ft.
- Playground - 900 sq.ft.
- 6 ft concrete patio benches - 6
- 3 ft x 3 ft concrete patio tables - 6
- Ornamental shrubs - 12
- Playground swing sets - 2
- Playground slides - 2

Unit costs:

- A. The community room is part of the structure, while the rest of the non-attributable features are exterior. The unit cost for the community room will be the Total Structures cost per gross square foot of building area. In Form HUD -92264, divide \$1,665,000 (Line 41 of Section G) by 30,000 sq.ft.(Line 33 of Section C), giving a cost per gross square foot of \$55.50.
- B. Determine unit costs for exterior features from the Office benchmark data bank or a published data source. The exterior unit costs used in this example are typical.

Parking lot:

- Asphaltic concrete parking lot paving - \$1.25 per sq.ft.
- Concrete perimeter curbing (500 lin ft) - \$10.50 per lin. ft.
- Concrete parking bumpers - \$30 ea.
- Stormwater catch basins (4) - \$1500 ea.
- Storm drain line (350 lin ft) - \$27 per lin. ft.
- Parking lot striping - \$4 per car

Patio:

- Concrete patio paving - \$4 per sq.ft.
- Concrete patio benches - \$500 ea.
- Concrete patio tables - \$1000 ea.
- Ornamental shrubs - \$100 ea.

Playground:

Asphalt paving - \$2 per sq.ft.

Rubber safety surface - \$3 per sq.ft.

Swing sets - \$500 ea.

Slides - \$1000 ea.

C. Cost Calculations:

1. "B" Costs:

These are summarized according to category in Section M of Form HUD-92264.

M.10 - Parking

Parking lot paving - 15,000 sq.ft. x 1.25	=	18,750
Parking lot curbing - 500 lin.ft. x 10.50	=	5,250
Parking bumpers - 50 x 30.00	=	1,500
Catch basins - 4 x 1500.00	=	6,000
Storm drain - 350 lin.ft. x 27.00	=	9,450
Striping - 50 x 4.00	=	200
Summary cost	=	41,150

M.13 - Special Exterior Land Improvements

Patio paving - 400 sq.ft. x 4.00	=	1,600
Patio benches - 6 x 500.00	=	3,000
Patio tables - 6 x 1000.00	=	6,000
Ornamental shrubs - 12 x 100.00	=	1,200
Playground paving - 900 sq.ft. x 2.00	=	1,800
Safety surface - 900 sq.ft. x 3.00	=	2,700
Swing sets - 2 x 500.00	=	1,000
Slides - 2 x 1000.00	=	2,000
Summary cost	=	19,300

M.14 - Other

Community room - 650 sq.ft. x \$55.50	=	\$36,075
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Total Summary Costs = M.10 + M.13 + M.14 = **TOTAL "B" COSTS = \$96,525**

Enter summary costs and breakdown in Section M.

2. "A" Costs

Total Structures (HUD-92264, line G.41)	=	\$1,665,000
Total Land Improvements (line G.36c)	=	250,000

TOTAL "A" COSTS = \$1,915,000

3. Cost Not Attributable (B over A):

"B" costs @ \$96,525 divided by "A" costs @ \$1,915,000 = 0.0504 = 5.04 per cent
Enter the percentage in Section M of Form HUD-92264.