

## FINANCIAL REQUIREMENTS

OWNER'S VERIFICATION OF DEPOSIT (HUD-92004-F) MUST BE SUBMITTED WITH THE FIRM COMMITMENT PACKAGE.

MINIMUM EQUITY IS 1/2 OF 1 % (.005) OF THE CAPITAL ADVANCE AMOUNT OR \$10,000 WHICHEVER IS THE LESSER.

VOD MUST BE IN THE OWNER'S NAME (i.e. HDFC CO/HDFC INC.) NOT IN THE SPONSOR'S NAME. VOD MUST SHOW NAME AND ADDRESS OF THE BANK WHERE FUNDS ARE BEING HELD. THIS AMOUNT MUST BE IN A SEPARATE ACCOUNT INCLUSIVE OF ANY OTHER MONEY YOU MAY HAVE ON DEPOSIT. VOD MUST BE SIGNED BY A BANK PERSONNEL (ORIGINAL SIGNATURE IS REQUIRED). I WOULD SUGGEST YOUR FUNDS BE DEPOSITED IN AN INTEREST BEARING ACCOUNT SO AS TO ACCUMULATE INTEREST DURING ITS TENURE. HOWEVER IF YOU ARE ASKED TO DEPOSIT YOUR FUNDS WITH HUD YOU WILL HAVE TO DO SO, HOWEVER THERE WILL BE NO EARNED INTEREST ON YOUR DEPOSITED AMOUNT.

YOUR MINIMUM CAPITAL AMOUNT MAY OR MAY NOT BE \$10,000 DEPENDING ON WHETHER THIS IS A GROUP HOME OR HOUSING FOR THE ELDERLY. IT WILL BE IN YOUR BEST INTEREST TO DEPOSIT A GREATER AMOUNT AS THERE IS BOUND TO BE MORE THAN THE MINIMUM CAPITAL REQUIREMENT AMOUNT. (i.e. IF YOUR CAPITAL ADVANCE AMOUNT IS BASED ON A REPLACEMENT COST) THAT AMOUNT WILL BE ROUNDED DOWN TO THE NEAREST HUNDRED DOLLAR. LETS SAY YOUR REPLACEMENT COST IS \$2,500,138, AND YOUR APPROVED GRANT AMOUNT IS \$2,500,100. THIS WILL RESULT IN AN ADDITIONAL \$38.00.

IF ON THE OTHER HAND THIS IS NOT A REPLACEMENT COST GRANT AMOUNT, SAY A REGULATORY GRANT YOU WILL NEED EVEN A GREATER AMOUNT. LET'S SAY YOUR REPLACEMENT COST IS \$2,500,138 AND YOUR GRANT IS \$2,300,000, YOU WILL BE LIMITED TO THE REGULATORY AMOUNT WHICH IS THE LESSER OF THE TWO. YOU WILL NOW NEED \$200,138 PLUS YOUR MINIMUM CAPITAL AMOUNT OF \$10,000, WHICH NOW EQUALS \$210,138. ALSO, IF THERE ARE OFFSITE COSTS OR AMENITIES YOU WILL NEED ADDITIONAL FUNDS TO COVER THESE COSTS AS THEY WILL NOT BE IN THE GRANT. OFFSITE COSTS MAYBE INCLUDED IN THE MORTGAGE

IF THIS IS A REPLACEMENT COST GRANT BUT THE AMENITIES WILL NOT BE INCLUDED. YOUR FIRM COMMITMENT CANNOT BE ISSUED WITH A SHORTFALL, NO MATTER HOW SMALL THE AMOUNT.

THIS IS JUST TO GIVE YOU AN INDICATION AS TO WHAT YOUR TOTAL CASH REQUIREMENT IS LIKELY TO BE WHEN SUBMITTING YOUR VOD. IT IS BETTER TO DEPOSIT A GREATER AMOUNT TO COVER ANY EXCESSIVE COSTS THAT MAY OCCUR.

IF THERE ARE CO-OWNERS YOU CAN USE THEIR FUNDS TO AUGMENT YOUR CASH REQUIREMENT OR REQUIRED AMOUNT. YOUR MINIMUM CASH REQUIREMENT WILL STILL BE 1/2% OF 1 % or \$10,000 WHICH EVER IS THE LESSER. YOUR CO-OWNER'S REQUIREMENT AS TO SUBMISSION OF THEIR VOD IS THE SAME AS THE OWNER.

3.

DO NOT SUBMIT SPONSOR'S FINANCIAL STATEMENT AS EVIDENCE AS TO THEIR FINANCIAL VIABILITY. IF THE SPONSOR IS WILLING TO VOUCH FOR ANY ADDITIONAL ASSETS THAT THE OWNER MAY NEED AND THIS IS JUST THEIR WAY OF SHOWING BUD THAT THEY DO HAVE A SUBSTANTIAL AMOUNT OF FUNDS AND THAT THEY THE SPONSOR ARE WILLING TO GIVE THE OWNER THE ADDITIONAL FUNDS THAT ARE NEEDED THEN THEY CAN SUBMIT SUCH A STATEMENT. IF THIS IS THE CASE THE SPONSOR WILL STILL HAVE TO DEPOSIT THAT AMOUNT IN THE OWNER'S NAME BEFORE THE FIRM CAN BE ISSUED.

GENERAL CONTRACTOR(s)

FINANCIAL STATEMENTS FOR THE PAST THREE YEARS ARE REQUIRED. THE MOST RECENT, IF AUDITED, MUST BE CURRENT WITHIN SIX MONTHS (6 MOS.) OF THE YEAR END DATE. IF YEAR END STATEMENT IS MORE THAN SIX MONTHS OLD AN INTERIM AUDITED STATEMENT IS REQUIRED CURRENT WITHIN THREE MONTHS (3). AN AUDITED BALANCE SHEET WHETHER (6) SIX MONTHS OR (3) THREE MONTHS MUST INCLUDE THE CERTIFICATION, SIGNATURE OF AN OFFICER OF THE COMPANY AND DATED ON EACH PAGE OF THE MOST RECENT STATEMENT.

IF THE STATEMENT IS NOT AUDITED, THEN AN INTERIM BALANCE SHEET IS REQUIRED CURRENT WITHIN THREE MONTHS (3 MOS.) THIS STATEMENT MUST INCLUDE THE CERTIFICATION, WARNING, SIGNATURE OF AN OFFICER OF THE COMPANY AND DATED.

FINANCIALS MUST CONSIST OF A BALANCE SHEET, PROFIT AND LOSS STATEMENT OR BALANCE SHEET AND CASH FLOW STATEMENT OR BALANCE SHEET WHICH INCLUDES AN INCOME AND EXPENSE STATEMENT. FINANCIALS SHOULD SHOW NOTES TO YOUR FINANCIAL STATEMENT IF IT APPEARS ON YOUR BALANCE SHEET.

THE BALANCE SHEET MUST SHOW THE CURRENT ASSETS, LONG TERM ASSETS AND ETC.; CURRENT LIABILITIES, LONG TERM LIABILITIES AND ETC. YOUR CURRENT ASSETS LESS YOUR CURRENT LIABILITIES WILL DETERMINE YOUR AVAILABILITY OF FUNDS. CURRENT ASSETS/CURRENT LIABILITIES MEANS ANYTHING THAT WILL BE RECEIVED/PAID WITHIN A 12 MONTH PERIOD. YOUR AVAILABILITY OF WORKING CAPITAL MUST EQUAL 5% OF THE CONTRACTUAL AMOUNT TO BE CONSIDERED VIABLE FOR THE JOB.

IF YOU FEEL YOUR WORKING CAPITAL IS INSUFFICIENT TO COVER YOUR CONTRACTUAL AMOUNT, YOU MAY WANT TO JOINT VENTURE WITH A FINANCIALLY STRONGER GENERAL CONTRACTOR. THE REQUIREMENT AS TO HIS/HER VIABILITY AND REQUIREMENT FOR THE SUBMISSION OF THEIR FINANCIAL STATEMENT IS THE SAME.

LETTERS OF CREDIT AND LETTERS OF INTENT CANNOT BE USED TO ESTABLISH FINANCIAL CAP ABILITY.

IF THERE ARE OTHER PROJECTS UNDER CONSTRUCTION OR NOT YET UNDER CONSTRUCTION BUT ARE IN HOUSE THESE WILL BE TAKEN INTO CONSIDERATION. THERE WILL BE A REQUIREMENT FOR EACH JOB THAT YOU ARE SERVING ON. IF YOU HAVE OTHER PROJECTS UNDER CONSTRUCTION, DEPENDING UPON THE PERCENTAGE OF COMPLETION, ADDITIONAL CONSIDERATION WILL BE GIVEN AS TO WHETHER THERE IS ANY RETENTION BEING HELD, AND AT WHAT STAGE OF CONSTRUCTION THE JOB IS AT SO AS TO ALLOW/DISALLOW YOU ADDITIONAL CONSIDERATION AS FAR AS YOUR FINANCIAL VIABILITY IS CONCERNED..

A RESUME' IS REQUIRED FOR THE GENERAL CONTRACTOR(s), CONTAINING CONSTRUCTION PREVIOUSLY COMPLETED, THOSE UNDER CONSTRUCTION, TYPE OF JOB, (i.e., HOUSING FOR THE ELDERLY, RENTAL HOUSING, HOSPITALS, NURSING HOMES, RESIDENTIAL, COMMERCIAL, ETC.) THE CONTRACTUAL AMOUNT OF EACH JOB, LOCATION, SIZE, NAME AND TELEPHONE NUMBER OF A CONTACT PERSON WHO HAS KNOWLEDGE OF YOUR ABILITY ON THESE JOBS.

YOU MUST BE ABLE TO OBTAIN A SURETY'S COMPANY APPROVAL TO GRANT YOU BONDING PRIVILEGE **IF** SELECTED. A 100% PERFORMANCE BOND AND A 100% PAYMENT BOND IS REQUIRED.

ALTHOUGH YOU HAVE BEEN SELECTED/CHOSEN BY THE OWNER CORP., YOUR ACCEPTANCE TO SERVE AS GENERAL CONTRATOR WILL BE DETERMINED BY HUD's ARCHITECTURAL AND ENGINEERING SECTION AND MORTGAGE CREDIT AS FAR AS YOUR CONSTRUCTION EXPERIENCE AND FINANCIAL CAPABILITY ARE CONCERNED.

The Certification and Warning etc as it should appear is on page 7 of the Mortgage Credit  
handout.

Mortgage Credit

7 CERTIFICATION:

I HEREBY CERTIFY that the foregoing figures and the statements herein submitted by me to obtain (Section 202 of the National Housing Act of 1959, as amended,) or substitute (Section 811 Capital Advance under Section 811 of the National Affordable Housing Act of 1990, as amended,) are true and give a correct showing of my financial condition as of this date.

(Signature or authorized agent with name printed or typed under signature)

Date

Warning -- HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729,3802)

NOTE: AN AUDITED STATEMENT IS ONE WHERE THE CPA HAS EXPRESSLY GIVEN AN OPINION TO BE ACCEPTED AS SUCH BY HUD (if it says "we do not express an opinion, or is less in scope") THEN IT IS NOT AN ACCEPTABLE AUDITED FINANCIAL STATEMENT TO HUD.