

## 223f Projects

### Deliverables:

- PCNA (see explanation below)
- Lender's Review of PCNA
- A/E portion of Hud-92264
- Application for Project Mortgage Insurance (Form HUD 92013 prepared by MAP Underwriter)
- Certificate of Occupancy (including a city/county health officer's report, if applicable)
- Municipal Code report
- Fire Marshall's report
- "As-built" survey
- Surveyor's report (Form HUD-92457)
- Title report
- Location map

## 232 Pursuant to Section 223(f)

### Deliverables:

- All deliverables required for 223(f)
- Narrative Program for Section 232 Projects
- List of major and minor movable equipment
- Latest medical/personal care facility agency's report, if applicable

A **Project Capital Needs Assessment (PCNA)** defines what a project's immediate and long term capital needs are and provides a plan for financing the capital needs. It consists of two distinct components:

- The **Physical Inspection Report (PIR)**, which is prepared by a Needs Assessor. The PIR describes the current and future physical needs of the proposed multifamily project. The Needs Assessor is any firm or individuals, qualified by training and experience to evaluate building systems and site conditions and to provide cost estimates.

### Actions:

- Conduct a property and unit inspection
- Determine repairs
- Determine Replacement Reserve
- Issue the Physical Inspection Report

The Physical Inspection Report included the follows:

- Project Description
- Project Inspection Report(s) indicating existing conditions.
- Repair Work Write-Up indicating scope of repairs:

- **“Critical”** (health and safety) repairs to be completed by initial/final endorsement of the mortgage;
- **“Non-critical”** repairs which may be deferred (subject to approval by the Hub or HUD Program Center Office) until after endorsement, but which must be completed within 12 months thereafter.
- Component replacement and major maintenance schedule(s):
  - “Near Term” from the initial/final endorsement through the tenth year of the mortgage.
  - “Long Term” from the eleventh through the twentieth year of the mortgage.
  - “Remainder” from the twenty-first year until about two years beyond the maturity date of the Note and Mortgage.
- Physical Inspection Cost Estimate(s)
- Computation of:
  - The Cost of “Immediate critical [health and safety] and non-critical” items.
  - The Initial Deposit to the Reserve for Replacement Account and the annual deposit to the Reserve for Replacement Account based on the “Near Term” repair, replacement and major maintenance needs of the Project.
  - The cost of “Long Term” repair, replacement and major maintenance needs of the Project.
  - The cost of “Remaining Term” repair, replacement and major maintenance needs of the Project.
- Engineering and Specialty Reports when required
- Estimated Replacement Cost
- Property Insurance Schedule (HUD-92329)
- Standard size color photographs necessary to illustrate the conditions discussed in the report and a narrative describing each photograph.
- The **Statement of Resources and Needs**, prepared by the Mortgagee’s underwriter with input from the Cost Analyst.

The Lender recommends to HUD the appropriate funding structure for Near Term, Long Term, and Remainder items in the Reserve for Replacement, based on the timing of the expected replacements, and/or whether the Mortgagor will receive cash upon closing the Mortgage. If HUD accepts the Lender’s recommendation, the funding schedule (along with the requirement for a re-evaluation every ten years) will be inserted into the Regulatory Agreement by HUD.