

Ten Common Errors and Omissions by Client's Check These First

P&E = both paper and APPS submissions

1. Boxes 1 -6 and the first box, unnumbered upper left hand corner (P): These are ministerial in nature, meaning FO's may complete and initial changes in these areas. However, when blank, you leave other reviewers in the dark, guessing. The upper left hand corner block provides the reason for the submission; having that information is usually very helpful. This is the only part of the form that field personnel may alter. All other areas directly impact the certifications made by the participants. Change them and void the certification
2. Schedule A, columns 2 – 5 (P&E, mostly P): The instructions for each column are clear and not hard to follow, but this part more often than not is incomplete. Read the heading and make sure the data is complete.
3. Schedule A, column 6 (P&E): Often deficient. Instructions say provide last inspection and/or management review results. Translated by HUD to mean if you have both provide both, or if you only have one, provide the one. Blanks can occur and should always be explained. We sample large Schedule A's you should too. Exception for Passive investors; they are allowed to have holes in their column 6 data as long as they select the passive investor role.
4. Name, Address of participants (P&E): All companies and principals and key principals must be listed- Use an Org chart to ferret out the missing persons
5. Roles in the transaction (P&E): There are certain assumptions to make when reviewing this area. See chart of typical roles in your handout. This is the role in the entity/company under review.
6. Percentage ownership in the project (P): The paper form asks for interest in owner/mortgagor. This was adjusted in APPS to ask for interest in the applicant entity and interest in the owner/mortgagor. On paper a 0% interest from a consultant's principal, for example, is correct for the owner/mortgagor but sheds little light on the interest in the consultant organization. Having the latter percentage allows for judgments on whether all principals have been listed. We decided this is not a fatal flaw for HQ review but will list it when there are significant errors and omissions.

7. NO TIN/SSN (P): Still find blanks but diminished significantly in last 12 months. Caution on TIN's and SSN's, no two entities or persons may have the same TIN. This is a key factor, along with address and name in assuring principals and companies that allow us to accurately identify each principal.
8. Modifications or Explanations regarding certifications (P&E): Often the data is absent on why the certification was altered (paper versions) or the information is not clear (P&E). This slows down the process
9. Signatures (P&E): The lack of live signatures or all signatures means a fail. The paper signatures are kept as part of the admin record and are important if there is follow up or other action required. Every entity and person has a signature line and each line must be signed. Sometimes this means one person (with authorization) signs many times for different parties and entities.
10. Contact Person (P): without the contact person we waste time tracking down person to get answers. Sounds simple, but have you asked a principal in the investor entity a questions about their