



Mortgage Credit Deficiencies

Midwest Lenders Conference
June 17th, 2013

Chicago Multifamily Hub



**CHICAGO MULTIFAMILY HUB PRESENTS
TOP TEN MORTGAGE CREDIT DEFICIENCIES**





9

2

4

8

10

5

1

7

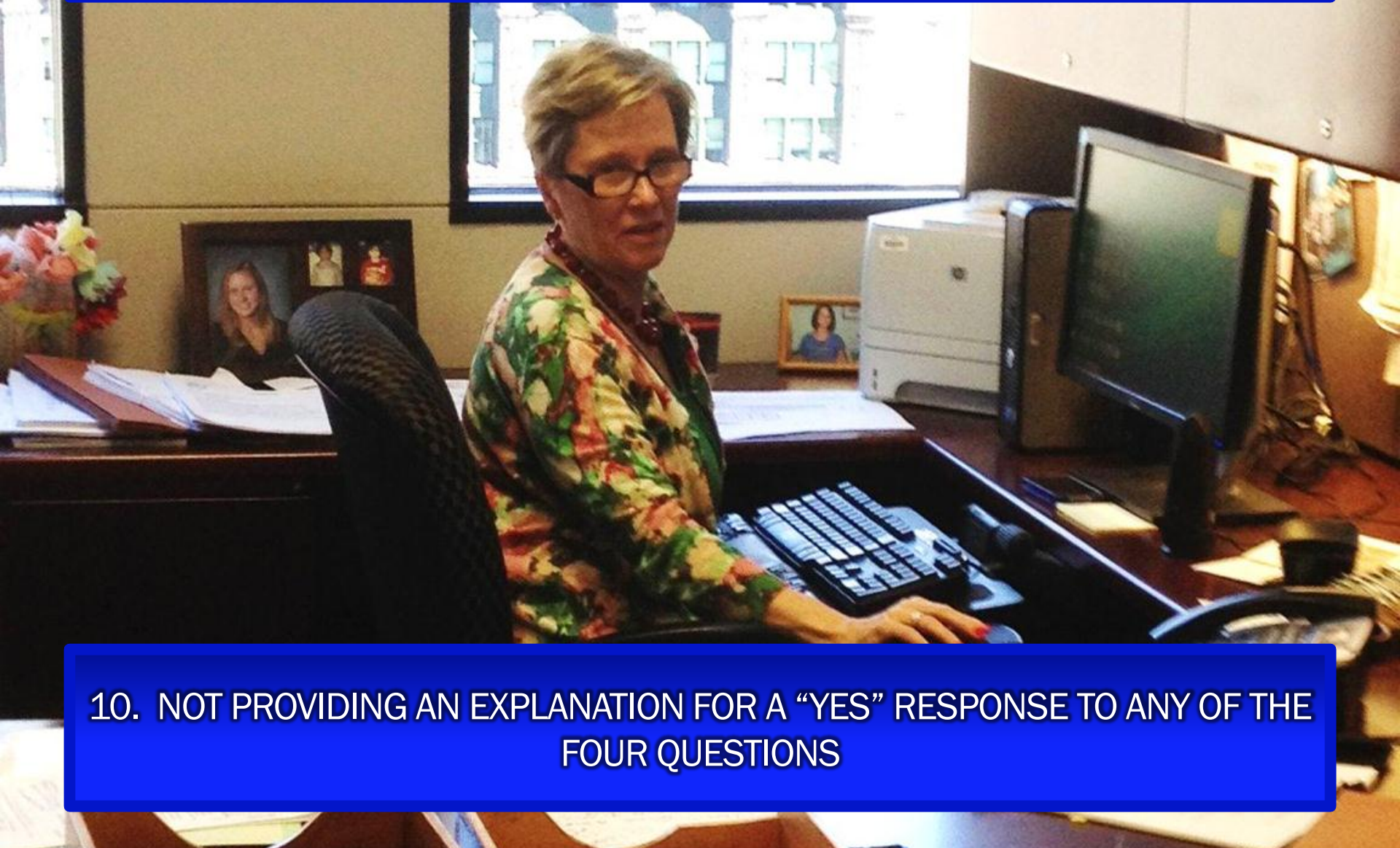
6

3

10

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: 92013-SUPP

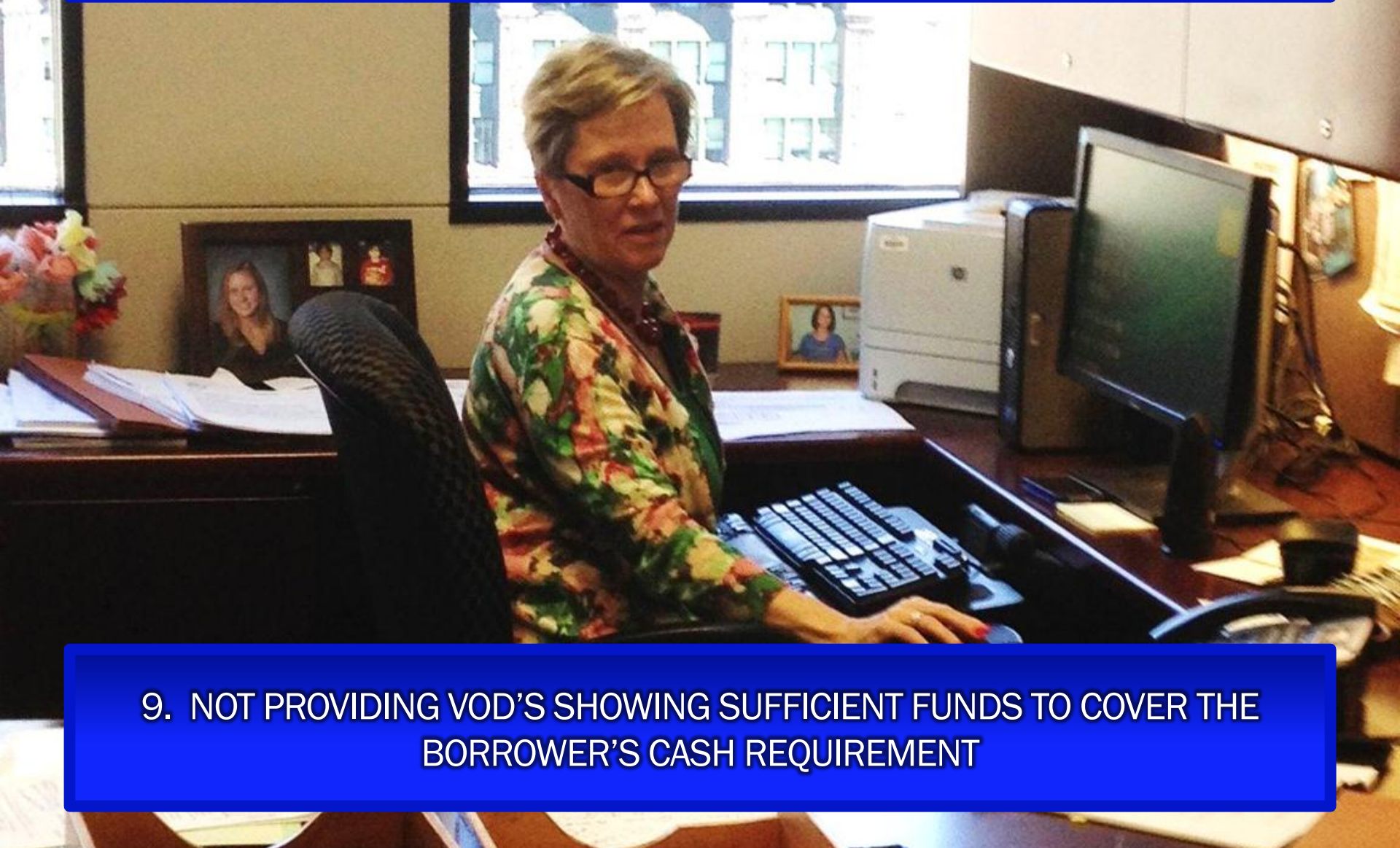


**10. NOT PROVIDING AN EXPLANATION FOR A "YES" RESPONSE TO ANY OF THE
FOUR QUESTIONS**

9

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: VOD



**9. NOT PROVIDING VOD'S SHOWING SUFFICIENT FUNDS TO COVER THE
BORROWER'S CASH REQUIREMENT**

8

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: EXPERIENCE

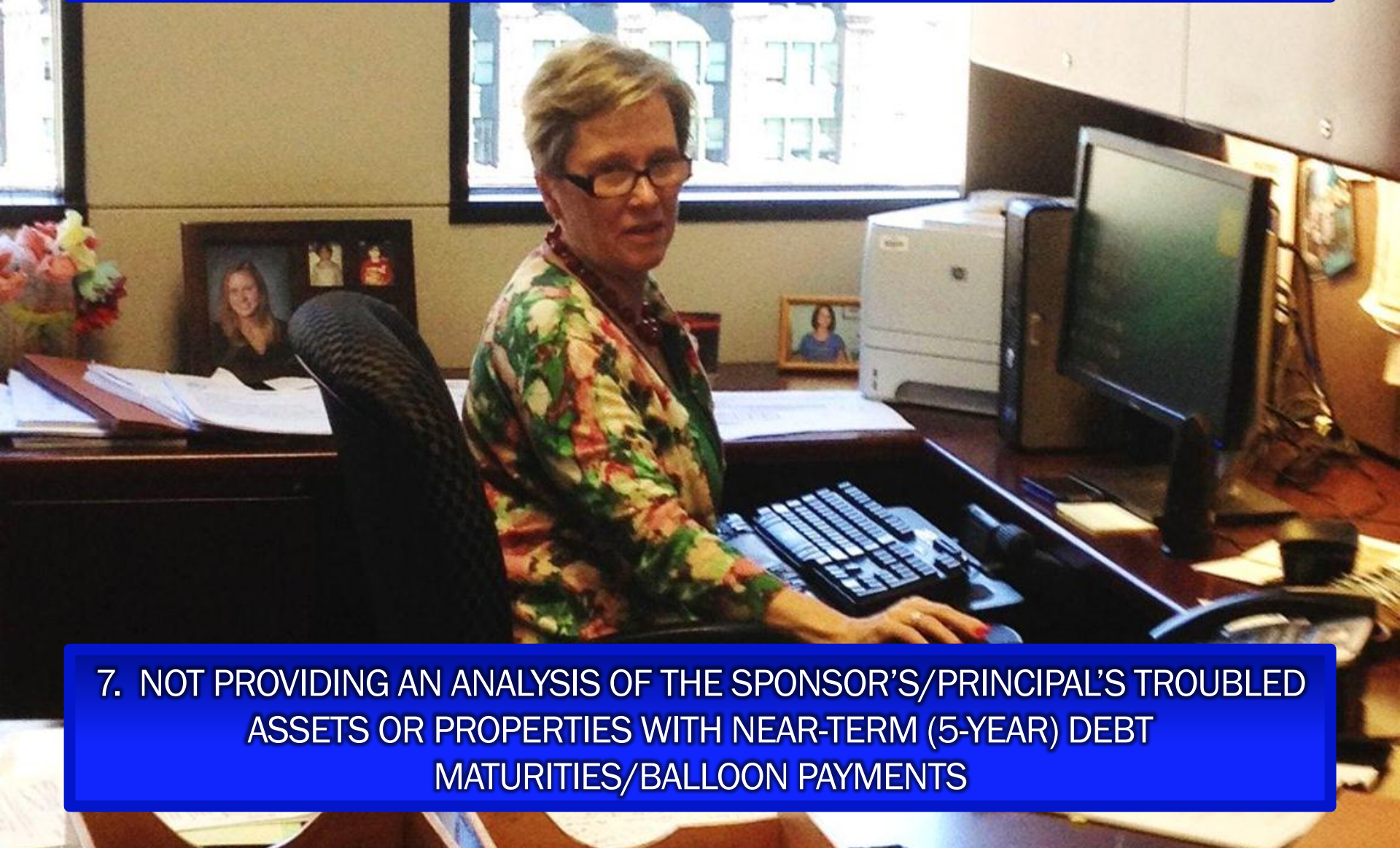


**8. SUBMITTING AN APPLICATION IN WHICH THE SPONSOR/PRINCIPALS,
GENERAL CONTRACTOR, OR MANAGEMENT AGENT DOES NOT POSSESS
ACCEPTABLE INDUSTRY AND/OR HUD EXPERIENCE**

7

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: REO/DEBT SCHEDULES



7. NOT PROVIDING AN ANALYSIS OF THE SPONSOR'S/PRINCIPAL'S TROUBLED ASSETS OR PROPERTIES WITH NEAR-TERM (5-YEAR) DEBT MATURITIES/BALLOON PAYMENTS

6

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: PASSIVE INVESTORS



6. PROVIDING NO MORTGAGE CREDIT REVIEW FOR PASSIVE INVESTORS

5

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: FINANCIAL STATEMENTS



5. NOT PROVIDING A CPA-REVIEWED PROPERTY FINANCIAL STATEMENT FOR THE MOST RECENT FULL YEAR OF OPERATIONS

4

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: AGGRESSIVE UNDERWRITING...



4. UNDERWRITTEN OCCUPANCY AND NET OPERATING INCOME THAT IS SIGNIFICANTLY HIGHER THAN THE PROPERTY'S HISTORICAL OPERATIONS

3

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: ...WITH EQUITY TAKE-OUT



3. REQUESTING AN EQUITY TAKE-OUT USING AN AGGRESSIVE CAP RATE AND VALUATION, OR WHILE NOT COMPLETING ALL NECESSARY REPAIRS OR ADEQUATELY-FUNDING THE REPLACEMENT RESERVE

2

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: SECTION 50

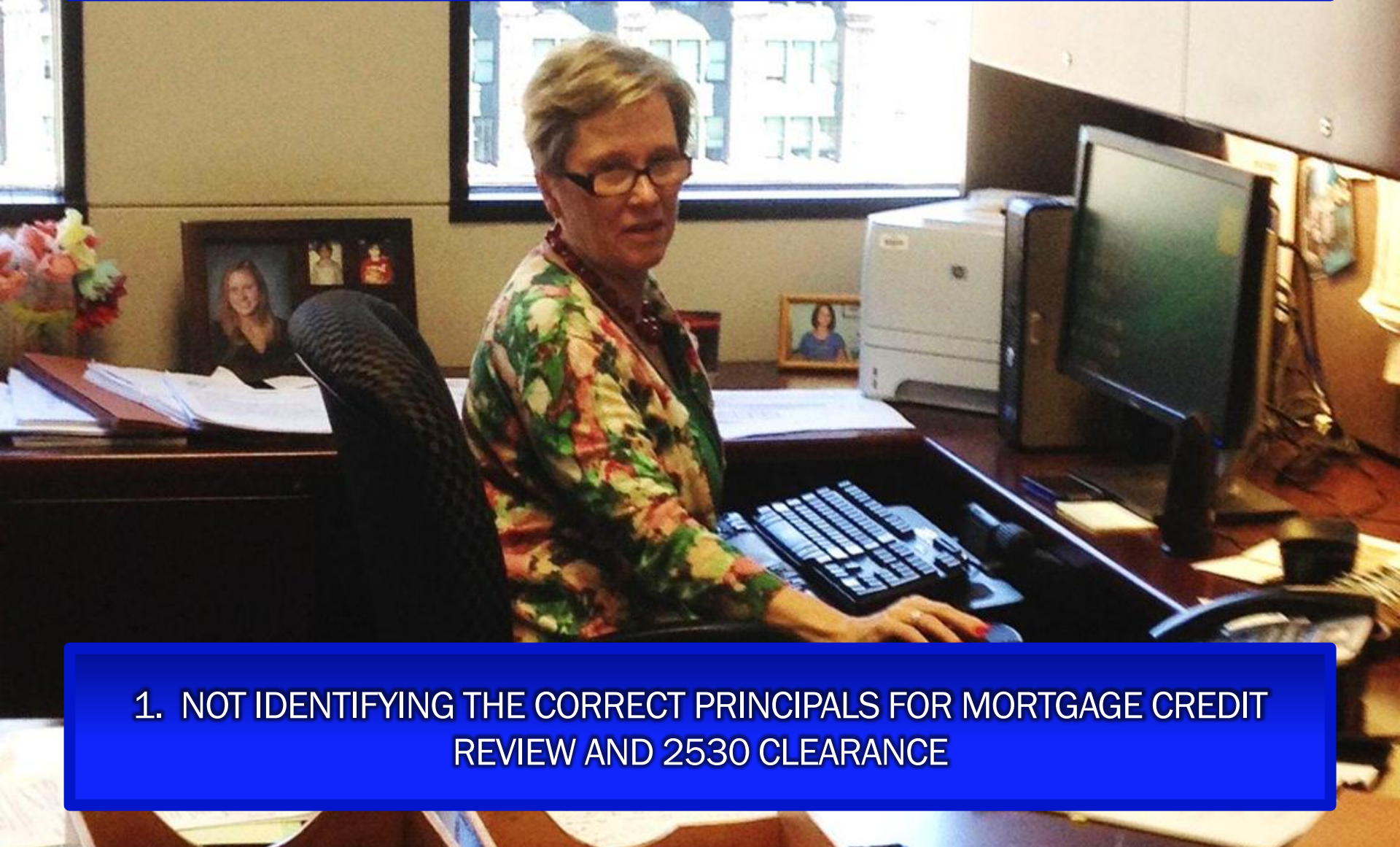


2. NOT IDENTIFYING THE APPROPRIATE SIGNATORIES FOR SECTION 50

1

**TOP
10**

MORTGAGE CREDIT DEFICIENCIES: IDENTIFYING THE PRINCIPALS



- 1. NOT IDENTIFYING THE CORRECT PRINCIPALS FOR MORTGAGE CREDIT REVIEW AND 2530 CLEARANCE**



EXTRA TIPS

Concept Meeting

Good Narrative

Risks & Mitigants

MAP Guide Ch. 8



Thanks!



