

Real Estate Financing Checklist

Forms provided by the Office of the State Treasurer

www.tre.wa.gov

The forms (A & B) that begin the process are available on our website:

- A. Notice of intent (NOI) and real estate worksheet** – Notifies the Office of the State Treasurer (OST) of the anticipated project, dollar amounts, dates and contact person(s) for the upcoming financing. *It does not obligate you to use the LOCAL Program.*
- B. Credit form** – Information to judge the agency’s legal ability to incur the debt (assessment of debt capacity) and its ability to repay the debt (assessment of debt affordability).

Funds Available	Project Type	NOI & Credit Approval Cut-Off	All Documents In Cut-Off	First Payment (Interest Only)
Late March	Real Estate	December 1	January 4	December 1, year of issue
Mid/Late August	Real Estate	May 1	June 1	December 1, year of issue

After your credit review, OST will email the following forms (C through M, except J) to you. They must be completed and the signed originals sent to OST by the cut-off date for the relevant COP financing issue as shown above. In addition, the documents listed in item J must also be received by OST by the All-Documents-In cut-off date. OST will also arrange a scoping call with your team and the OST financing team, including bond counsel and financial advisor, to learn about your project and to review the IRS and financing lease requirements.

- C. Form of reimbursement resolution:** Optional – required if agency is planning to seek reimbursement of early expenditures through the LOCAL Program. Only payments to vendors made less than 61 days prior to the date of the reimbursement resolution can be reimbursed from the financing proceeds.
- D. Authorizing resolution** or, *for cities*, **authorizing ordinance** – Authorizes the financing of the property through the LOCAL program and designates the number of individuals required to execute the financing with the Office of the State Treasurer.
- E. Certificate of authorizing resolution or ordinance** – to certify a true copy of a resolution.
- F. Certificate designating authorized agency representatives** – Designates the agency representative(s) authorized to execute the financing and states the number of representatives whose signatures are required by your local agency.
- G. Evidence of incumbency** – Certificate from the county auditor or ESD identifying the governing body with names and terms of office.
- H. Opinion of local agency counsel (real property)** – Template to be completed by your agency’s attorney providing legal opinion on behalf of the local agency verifying its authority to enter into the contract. *It is not the intent of this requirement to solicit a local counsel opinion on the financing documents.*
- I. Escrow Letter** – Local agency legal counsel requests Office of the State Treasurer to hold opinion of local agency counsel letter in escrow until the dated date of the financing issue.
- J. Provide copies** of the following items:
 - Evidence of property insurance (fire insurance in amount of financing or guarantee replacement and proof of \$1 million in liability)
 - Current title insurance policy
 - Construction contract, if construction project; if a refinancing, the current loan contract; for acquisitions, a copy of the purchase and sale agreement.

After receiving all the above documents, OST will provide the following documents. They must be signed and the originals returned to OST before the financing date.

- K. Local agency financing lease -- real property** – Establishes the contractual obligations of the local agency in the transaction and confirms the intent of the agency to acquire/construct/refinance the real estate project through lease purchase agreements and remit lease payments to the Office of the State Treasurer.
- L. Site Lease** – Provides the collateral for the financing lease.

(Continued on next page)

Real Estate Financing Checklist

Forms provided by the Office of the State Treasurer

www.tre.wa.gov

- M. Tax certificate** –Information about compliance with IRS regulations to ensure the tax-exempt status of the COP issue. By signing the tax certificate, the agency acknowledges it has read, understands and will comply with the IRS regulations.

The following form is required for the release of the financing proceeds. Often, especially with equipment financing, proceeds are immediately released as reimbursements to agencies, however, in many real estate financings, the project will not be completed when financing proceeds are first available. In these cases, OST deposits the proceeds in the Local Government Investment Pool (LGIP) until the local government has received and paid for the goods or services and seeks reimbursement. The reimbursement request(s) can be submitted at the convenience of the local government. An option to release funds as payment directly to vendor(s) is also available.

It is imperative, however, that all proceeds be spent according to IRS spenddown rules. To ensure compliance, pooled COP financing issues require that proceeds be spent according to this schedule: 15% must be spent in first 6 months; 60% by 12 months; and 100% by 18 months. If spenddown rules are not met on your financing agreement and arbitrage calculations or payments to the IRS are required, your agency will be responsible for the costs.

- N. Request for release of proceeds** – Confirms directions for disbursement of funds. If reimbursement, proof of payment is required. (Form is available on OST website.)

After the COP financing issue closes, OST will send a copy of the debt service schedule for your financing agreement. Payments are due each June 1 and December 1 with the first payment (interest only) due on December 1st of the year of issuance. On or about mid-May and mid-November U.S. Bank will post on its Washington State Fiscal Agent website a statement for the debt service amount due on the first of the following month. The site:

<https://usbtrustgateway.usbank.com/portal/login.do>. The form to request a password is also available there. If you provide an email address, U.S. Bank will notify you when each statement is posted. Please contact Carolyn Morrison at carolyn.morrison@usbank.com or 206-344-4678 if you have questions about the website or access to it. If your agency is not a self-treasurer, payment is made through your county treasurer.

The IRS also limits private use of facilities and equipment financed with tax-exempt proceeds. If a non-profit organization, a private business or an agency of the federal government will be paying for the use of any portion of your project, it is important that you discuss this with OST staff. Some management contracts may also result in private use under the IRS rules. You must monitor the use of your project until the financing is paid off.

OST will send you a copy of the financing transcript once it is available.

LOCAL Program Contacts: Wendy Kancianich, 360-902-9022, wendy.kancianich@tre.wa.gov
Michael Bennion, 360-902-9024, michael.bennion@tre.wa.gov
Shelly Sweeney, 360-902-9005, shelly.sweeney@tre.wa.gov