



U.S. Department of Housing and Urban Development

Minneapolis Field Office
920 Second Avenue South Suite 1300
Minneapolis, Minnesota 55402-4012
<http://www.hud.gov/local/min/minhome.html>

**MEMORANDUM FOR: Minnesota MF Hub Lenders, General
Contractors & HUD Inspection Staff**

SUBJECT: Early Start Requirements- Circular 03-04

Date: April 7, 2003

This circular is intended to clarify our Early Start (ES) requirements (applicable rules when construction commences prior to initial endorsement). ES conditions are included in MAP Guide, Sections 3.4, B.; 13.1, A. and B. We require that all requests for ES be in accordance with FHA Form 2415, which sets forth 12 terms and conditions to be met by applicant(s), including et al, that the requested work be clearly described and delineated.

We are aware of cases where construction work commenced prior to issuance of ES approval, or there was no request for ES approval. Furthermore, in some cases, work progressed beyond what is typically permitted to the point where footings and foundation walls were constructed.

Approved ES establishes certain work requirements (i.e., earthwork, compaction, etc.) and the Davis Bacon Wage decision that must be current for the date the construction commences, especially when construction start is pre-initial endorsement. There are potentially serious programmatic consequences when FHA requirements are not observed, and HUD is under no obligation to make the potential mortgagor, their contractor, or their lender whole for losses associated with unauthorized improvements (whether these meet construction standards, or not).

Therefore, effective immediately, all applicants who intend to commence construction prior to initial endorsement, are required to submit FHA Form 2415 and meet criteria included in this form. Failure to do so may result in delay or indefinite postponement of initial endorsement until this office has had the opportunity to verify that all FHA requirements are met and that FHA's security is not jeopardized. Additionally, MAP lenders who become aware of unauthorized ES's, but fail to inform us promptly, will receive a "minor offense" Warning Letter (see MAP Guide, section 15.3). These requirements also apply to TAP projects (see Handbook 4430.01 REV-1, section 1-8)

Please submit all requests for permission to commence construction prior to initial endorsement to Said Motamed, Construction Coordinator, at 612-370-3051, ext. 2266.