



**MEMORANDUM FOR: Minnesota MF Hub Lenders**

**SUBJECT: Various Issues Relating to Underwriting/Construction Servicing of FHA Insured Loans- Circular 05-01**

**Date: October 28, 2005**

This circular is a reminder of various issues relating to underwriting and construction servicing of FHA Insured loans.

- Retainage on both MAP and TAP projects: Requests for reduction of retainage must follow Section 13.15 D. 4. of the MAP Guide. Each lender request must address the three items listed under Section 13.15 D. 4. a. Furthermore, a request that is prior to the contract being 90% completed will need to be accompanied by a justification (reason(s) why we should grant a waiver to the MAP Guide).
- Forms and documents on MAP projects: Please ensure that all HUD Form 92273's and 92274's are signed and dated by the appraiser. Moreover, please ensure that all MAP project submittals include all of the required MAP certifications (Architectural and Cost, Valuation and Underwriter). Furthermore, all MAP projects must include a trial HUD Form 92264a - signed by the appraiser.
- Notes payable on financial statements/cost certifications: If financial statements (done in connection with cost certification) show notes payable that have not been approved by the HUD office, they must be addressed. The proper procedure is to require that they be paid off or converted to surplus cash notes (with the permission of HUD) not later than Final Endorsement. See Chapter 12 of the MAP Guide for additional information on this topic.

If you have any questions regarding this notice, please contact Tim Gruenes, Supervisory Project Manager, at 612-370-3000 (Ext. 2252).