**Construction Starts Prior to Initial Closing Instructions**

1. **Definitions:**
   1. Early Commencement: Start of construction prior to issuance of a firm commitment. This is applicable to Section 241(a) projects only.
   2. Early Start:Start of construction after issuance of a firm commitment, but prior to initial closing.
2. **In all Early Commencements and Early Starts, the construction is at the full risk of the borrower.**
3. **Preliminary Notification of Early Commencement/Early Start:**

In an effort to facilitate participation in the required HUD Pre-Construction Conference, as well as HUD inspections, the Lender must provide the below information for the proposed project via email to [Rick.W.Price@hud.gov](mailto:Rick.W.Price@hud.gov) no later than 45 days prior to the submission of the Early Commencement/Early Start application.  The Lender’s email must also include the name and contact information of their proposed Pre-Construction Conference Coordinator.

Early Commencement/Early Start Data Sheet (Sample)

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| --- | --- |
| *PROJECT DESCRIPTION* | |
| PROJECT NAME: | FHA Project No.: |
| ADDRESS: | Type of Facility (High-rise, Walkup, Row, etc.): |
| Number of Dwelling Units/Bedrooms/Beds: | Number of Buildings: |
| Section of the Act: | Number and Type of Accessory Buildings: |
| Type of Project (New Const., SubRehab., or 241a): | Foundation System (Slab on Grade, Crawl Space, Basement, etc): |
| Structural System (Wood Frame, Steel, Concrete, etc.): | Offsite Work (explain): |
|  | |
| **Proposed Initial Closing Date:**  **Proposed Start of Construction Date:** | **Scheduled Construction Period (months):**  **\_\_ months** |
|  | |
| PROJECT OWNER | DESIGN ARCHITECT: |
| CONTACT PERSON & TELEPHONE NO. | CONTACT PERSON & TELEPHONE NO. |
| SUPERVISORY ARCHITECT: | BUILDER: |
| CONTACT PERSON & TELEPHONE NO. | CONTACT PERSON & TELEPHONE NO |

1. **Requesting an FHA Number:**

If the project does not already have an FHA number associated with the new construction loan, please request an FHA number through the portal. Once an FHA number has been assigned, the lender may submit the Early Commencement/Early Start application.

1. **Electronic Submission of the Early Commencement or Early Start Request:**

The lender must submit the following documentation to Mike Luke at U.S. Dept. of HUD, Office of Healthcare Programs, 212 3rd Avenue South, Suite 1250, Minneapolis, MN 55401

1. Early Start Application Checklist
2. Inspection Fee
3. Electronic Copy (CD or thumb drive) of the Early Start/Early Commencement Application.
4. **Electronic Naming Conventions:**

Lenders are to follow the below instructions when saving documents on a disc, thumb drive etc. when submitting applications for processing.

1. Use no more than 40 characters when naming files
2. Please use only letters, numbers and underscores when naming files. Avoid using special characters   \ / : \* ? " < > | # { } % ~ &  as part of the file name (the software used by ORCF will not accept special characters)
3. Due to server limitations, please ensure that all electronic documents are less than 50 megabytes in size. Please separate extremely large documents into smaller sections of 50 MB or less.
4. Avoid adding the assigned FHA number in the file name, it only adds characters.
5. Avoid using spaces. Each space or blank space incorporated in a document name is translated into 3 characters when using SharePoint software. Using either an underline \_ or dash – is counted as one character and is an acceptable alternative.

1. **Building Permits:**

The checklist requires building permits to be submitted with the Early Commencement/Early Start Application. If there are practical reasons why the building permit is unable to be submitted at the same time as the Early Commencement/Early Start Application, please discuss this with the OHP underwriter, once assigned. **ORCF will not issue an Early Start or Early Commencement Approval Letter without the Building Permits.**

1. **Assignment to an OHP Underwriter:**

Early Commencement projects: Once the Electronic Submission of the Early Commencement Request is received, the project will be placed in the “Other Queue” until an OHP underwriter is assigned to review the submission and coordinate the review process.

Early Start projects: Once the Electronic Submission of the Early Start Request is received, the previously assigned OHP underwriter will review the submission and coordinate the review process.