

2020 MAP GUIDE TRAINING

This document contains written answers to the questions received during HUD's Office of Multifamily Housing webinars for the 2020 MAP Guide. The recorded presentation, slides, and transcripts are available on HUD Exchange (www.hudexchange.info). Go to the Trainings section, Past Trainings subsection to view them. Direct links are provided below:

Webinar 1 ([Link to recorded presentation, slides, and transcript](#))

- Chapters 2 and 15: Lender Requirements
- Chapter 3: Programs
- Chapters 5 & 12: Arch and Construction
- Chapter 6: Energy and Water Conservation

Webinar 2 ([Link to recorded presentation, slides, and transcript](#))

- Chapter 7: Valuation and Market Analysis
- Chapter 8: Mortgage Credit
- Chapter 9: Environmental Review

Webinar 3 ([Link to recorded presentation, slides, and transcript](#))

- Chapter 14: LIHTC
- Chapter 19: Closing Guide
- Chapters 4, 17, & 18: Application Processing, SOA 207 Cooperatives, SOA 223(a)(7)

Additionally, the "Ask a Question" (AAQ) service for the Multifamily Accelerated Processing (MAP) Guide is now available on HUD Exchange. A user account is required:

<https://www.hudexchange.info/program-support/my-question/>

AAQ is the primary means for answering questions about the MAP Guide. **All questions and responses are private**, but questioners are free to share the answers they receive and HUD will monitor AAQ to identify common issues and will address these publicly. AAQ is intended to improve our consistency and performance, and enhance customer service.

AAQ will enhance Multifamily MAP lender's and third parties' customer experience by providing a consolidated point of entry for MAP Guide policy questions. The AAQ transfers your questions to a subject matter expert, and then responses are reviewed by a Multifamily Production manager. Lenders and third-party professionals should now begin using the system.

Please note: there is a distinction between a project-specific underwriting question and MAP Guide policy questions. Customers should continue to direct underwriting questions relating to a specific application to the assigned HUD underwriter. MAP Guide policy questions should reference a specific MAP Guide chapter, section, or subsection, to the extent possible. Replies to questions are sent via email.

Q&A Session for MAP Guide Briefing Webinar Series - Webinar 1

Date: Thursday, January 21, 2021

Q1: For Green MIP 223f and 223a7, if a property earned an accepted green certification within the last 15 years but they can't get ENERGY STAR Certification because the SEP score is below 75, what are the steps to qualifying for the Green MIP?

A1: The owner can re-qualify by obtaining a new green building certification suitable for an existing property as listed at MAP Guide 6.3.2, or alternatively a certification selected per 6.3.3. The requisite renovations or upgrades may be proposed as repairs and alterations consistent with the standard-keeper's requirements which upon completion result in achieving the selected green building certification as described at 6.6.3. The owner can avoid a failing score, and thus this problem, by regularly tracking property performance and taking maintenance and replacement actions including periodic upgrades such that the property earns an ENERGY STAR for Existing Buildings Certification and remains eligible for refinancing with green MIP. But HUD will not issue a Firm Commitment with a green MIP rate on the expectation of future delivery of an ENERGY STAR for Existing Building Certification after completion of repairs and alterations intended to result in an acceptable score. For green MIP, HUD intends to rely on green building certifications that regulate the design and implementation of construction or repairs and alterations.

Q2: Can you please confirm if there is a typo in the new MAP Guide saying affordable properties in an OZ have an application fee of 0.10%, not 1%?

A2: Confirmed. The correct application fee for affordable properties in Opportunity Zones is 0.1% not 1% of the mortgage amount.

Q3: Will condominium structure be permitted for 202s with mixed financing?

A3: Confirmed, HUD will permit a condominium regime with a Section 202 Capital Advance mixed-use financing subject to review and approval of all required maintenance, access and use agreements required to legally permit this structure. Suggest early consultation with field OGC to gain approval of this alternative.

Q4: Does underwriting savings include energy and water? also please confirm that it is owner paid only.

A4: Chapter 6.9 is titled "Underwriting Owner's Utility Cost as Part of Operating Expenses," [emphasis added] and describes utility costs (energy and water, sewer, stormwater, etc.) paid by owners.

Q5: For a property with an existing green MIP loan refinancing as a 223a7, does the property need a certification other than ENERGY STAR?

A5: The existing mortgage is green MIP because the property earned a green building certification that HUD accepted when the existing loan was originated. If that certification was earned less than 15 years prior to the current application, then the remaining refinance requirement is two fold: 1) the owner must evidence that it timely demonstrated annual continuing performance since the endorsement of the existing mortgage; and 2) that continuing performance remains and is established with 100% data from all meters on the site. The ENERGY STAR for Existing Buildings Certification conclusively demonstrates that this second requirement has been met. If the certification used to obtain green MIP for the existing mortgage is more than 15 years old, then a new certification must be obtained consistent with Chapter 6.6.3.

Q6: Chapter 6.8 - Please confirm if a project is mixed use with retail and the retail is part of the Loan, does that retail space need to get certified by a green rating system. Retail tenants will be subject to certification requirements as well?

A6: All portions of the collateral offered to secure the insured mortgage must earn a recognized green building certification. If the owner is not able to identify a green building certification suited to his property then the property is not eligible for green MIP.

Q7: For waivers of CNA (5.10.3) - any consideration for projects that were recently completed but may have a CNA eTool dated more than three years old because of long construction periods?

A7: A recently built and not previously insured property proposed for refinancing must have a new CNA in order to confirm that the property was built consistent with HUD standards and in particular consistent with requirements for accessibility for persons with disabilities. There is no assumption and little probability that a newly built, uninsured property would have a CNA. The reference to an existing CNA for a newly built property suggests that the questioner means that the proposed refinancing is of a recently completed property constructed with an insured new construction or substantial rehabilitation loan. In this latter scenario, no new CNA would be expected and Chapter 5.10.3 would not apply inasmuch as it assumes a property completed more than three years prior to application.

Q8: If the land is owned <3 years, and loan is > \$25 million, is there a waiver for land value needed compared to purchase price? Is the \$25 million threshold eliminated?

A8: Language concerning loans of less than \$75 million was deleted from Chapter 3.10 which concerns "large loans" and are defined as loans of \$75 million or more. Accordingly, the reference to loans equaling \$25M or more has been eliminated. The requirement to obtain a waiver to permit the recognition of an increase in value above the property acquisition cost for acquisitions within the past three years has also been eliminated; however, HUD's working assumption is that the acquisition price will likely be indicative of value unless compelling evidence to the contrary is provided.

Q9: Can someone discuss the use of the new MAP Guide for Public Housing RAD conversions with respect to the CNA (i.e. PH Notice 2019-23 references the MAP Guide for CNA requirements)?

A9: The RAD program is in the process of updating the CNA Scope of Work. However, as is the case today, the RAD program will maintain the minimum standard that CNAs submitted for RAD will have to meet MAP Guide requirements. Likely, RAD will include a few other items that are required in the MAP Guide only for green MIP applications, such as the current Energy Audit requirement; but as of today, the RAD CNA Scope of Work requires that the MAP Guide must be followed, and that will be the case moving forward.

Q10: Will the AAQ be posted somewhere for anyone to view after asked and answered.

A10: AAQ messages are private between the submitter and HUD, but these can be forwarded by the recipient and HUD will monitor AAQ for common issues and address these publicly.

Q11: Will the Q&A portal be searchable and will the Q&A's be available for all lenders

A11: AAQ messages are private between the submitter and HUD. However, the inventory of questions and answers is catalogued and available to HUD subject matters experts for use in answering questions. HUD expects to use the inventory of questions and answers to address common concerns.

Q12: Do properties with Green designations have to continue to use energy star or "green" items when they repair/replace items? Specifically, does asset management need to watch for this in R4R withdrawals?

A12: Yes. Capital Needs Assessments prepared for green MIP proposals must specifically identify future replacements in terms of an observable ENERGY STAR or high performance quality rating, e.g. and reimbursement requests for such components should demonstrate that the replacement product meets the ENERGY STAR or high performance rating.

Q13: Green MIP for 241(a)'s - Mr. Wilderman noted the entire premises must be green certified. Does that mean the entire property will attain the green MIP or solely the 241(a) piece?

A13: Only the Section 241(a) Supplemental loan will have the green MIP rate. MIP is a charge for HUD's mortgage insurance. It is a fixed percent of the mortgage balance. The rate or percent is fixed at endorsement and not subject to change. A 241(a) Supplemental Loan is a "second mortgage" subordinate to an existing, insured first mortgage which already has a fixed MIP rate which is not subject to change. The MIP rate for the underlying first mortgage can be changed only by refinancing to a new insured first mortgage.

Q14: Re Chapter 5, has the "Best practices for describing and managing repairs in section 223f write up been incorporated into the new Map Guide?

A14: Yes. Recommended "best practices" for recording CNA data in the CNA e-Tool were incorporated primarily at Chapter 5.1.4 concerning defining construction, at 5.3.3 concerning

repairs and alterations in refinance transactions and at 5.6.2.A.4 concerning refinance transactions with [new](#) Low Income Housing Tax Credits.

Q15: When did Chapter 2 officially go into effect ?

A15: December 18, 2020.

Q16: 'Ask a Question' tool - will the Q&A's be published? If so, how often will they be published?

A16: AAQ messages are private between the submitter and HUD. But HUD anticipates using the catalogue of questions and answers to address common issues as needed

Q17: Re Chapter 6, if mixed use property with only residential spaces included in the loan, does the commercial space also need to be included in the [green building] certification?

A17: The premises subject to the insured mortgage are the premises which must be green building certified in order for the mortgage to have a green MIP rate.

Q18: Chapter 6- Is there a chronological schedule for checking ongoing Green MIP requirements? If so, who completes the ongoing qualification?

A18: Continuing performance is the requirement that owners with a green MIP rate mortgage annually provide a Statement of Energy Performance (SEP) verified by an Energy Professional as defined at Chapter 6.4.8. The SEP is only available from Portfolio Manager the free benchmarking software operated by EPA. HUD Mortgage Letter 2020-01 describes the exact calendar for providing the annual SEP both initially after achievement of the green building certification as well as in following calendar years. ML 2020-01 also describes where the SEP is to be sent.

Q19: Section A.5.6 - clarification of HUD Review Form was trimmed down - would it assist HUD for lenders to fill out and include this form in our submissions?

A19: Appendix A.5.6 contains to sets of checklist or review forms. The first at A.5.6.1 is for use of HUD staff after a pre-application. The reforms at A.5.6.2 are to be completed by the lender's construction analyst or reviewer and submitted with the application for Firm Commitment.

Q20: RE Appendix A.6, please confirm any BEM software is acceptable for use in modeling building performance. The list of energy modeling software is for consideration but not requiring that they be used.

A20: No, we do not offer a blanket approval to "any BEM software." The selected software must be as generically described at A.6.B, i.e., industry recognized and compliant with either or both ASHRAE 90.1 and RESNET Home Energy Rating System (HERS). These separate industry

standards apply to different building configurations and should only be used for structures that meet the specified configuration.

Q21: RE Chapter 6, does the energy audit have to specify all improvements need for certification? typically improvements are subject to change throughout the green cert process

A21: Yes, the ASHRAE Energy Audit should address all changes or improvements necessary for certification and any and all retrofits or upgrades that will yield a simple payback within 10 or fewer years.

Q22: Can HUD process an a7 that is only showing 33.8% physical occupancy in the most recent rent roll and is still in the original lease up period?

A22: HUD can refinance any existing insured mortgage that is Finally Endorsed. However, lagging occupancy or poor lease-up are underwriting issues and would likely result in HUD's inability to refinance the transaction in accordance with Section 223(a)(7) program requirements.

Q23: Clarification - I missed your comment RE 241(a)'s in Chapter 6- with an existing older asset, when utilizing a 241(a) to build new units that will qualify for green, the older buildings will not. Will the new construction, built via 241a, be permitted to use EE MIP?

A23: The premises subject to the insured mortgage are the premises which must be green building certified in order for the mortgage to have a green MIP rate. Given that most green building certifications do not cover both new construction and existing structures in a single certification, two certifications, preferably from the same standard-keeper may be used in the cases where new construction of some structures is combined with renovation of upgrades of existing structures.

Q24: Are those software packages required or suggested.

A24: Building energy modeling (BEM) software must be as generically described at A.6.B, i.e., industry recognized and compliant with either or both ASHRAE 90.1 or RESNET Home Energy Rating System (HERS). These separate industry standards apply to different building configurations and should only be used for structures that meet the specified configuration. Numerous of these are available at the Department of Energy website noted in A.6.C.

Q25: It appears that 2020 Application Checklist no longer includes the FHA Summary Report (Wheelbarrow) as a required exhibit, except for transactions with new LIHTC. Will this no longer be required moving forward?

A25: The FHA Summary Report (aka Wheelbarrow) is no longer required. A similar but different report (Excel file) named the HUD-92013-C, LIHTC Summary Report, is required for new LIHTC applications. See Chapter 14.7.

Q26: Section 3.10.B.5.iii from the 2016 MAP guide, Borrower experience requirements for loans over \$25mm, was omitted in the 2020 guide - please confirm if this is an intentional removal similar to the 3 year land value recognition rule.

A26: The requirements concerning loans under \$75 million, the threshold for “large loans” were deleted from the MAP Guide Chapter 3.10 titled Large Loan Risk Mitigation. However, the deletion of language requiring development team experience for loans above \$25M should not be understood as a lessening in HUD’s concern that owners and development teams have experience commensurate with the scale of the assets they propose to acquire or build (which is affirmed in Section 8.3.2 of the MAP guide), nor should there be any conclusion that HUD no longer considers recent acquisitions (within three years) dispositive as to value in most circumstances.

Q&A Session for MAP Guide Briefing Webinar Series - Webinar 2

Date: Tuesday, January 26, 2021

Q27: For filing dates related to the use of the 2016 vs 2020 Guide should we use the date that is in the HUD Queue for received or the actual filing date? Those dates can differ by ~1 week.

A27: The actual filing date when the lender submits the application to HUD.

Q28: Question for Ch. 8 Apdx. NC-SR Pre 5-3 A. Active Partners Performance System (APPS) Submission or Form HUD-2530 is marked as Required, but communication has been the 2530 is not required at Pre-App as the structure is not normally final at this stage.

A28: Section Chapter 10 Section 10.2. We understand that at the time a lender may submit a Pre-Application, the borrower structure may not yet be full formed. It remains an option for Lenders to submit complete previous participation review requests at the pre-application stage or the firm application stage. Recommend making a simple checkmark on the Excel version of the Checklist at Section 5-3, to show which submission will contain the previous participation review requests. We will change "Reserved" to "Optional".

Q29: With the new choice limiting guidelines, does that mean the client cannot begin completion of critical and non-critical repairs prior to issuance of a firm commitment?

A29: Multifamily Housing has updated Section 9.2.1.C.2. Critical – Life Safety repairs should be completed promptly but other repairs that exceed routine maintenance cannot be initiated until after the Environmental Review is complete.

Q30: Could you comment on what is required in HEROS on an A7 application?

A30: All applications for FHA mortgage insurance require an environmental review, including a 223(a)(7). 223(a)(7) projects are Categorically Excluded, Not Subject to the Related Laws and Authorities and therefore the HEROS review is abbreviated. Documents described in Section 9.1.3.C.1. HEROS reviews for 223(a)(7) must be submitted directly in HEROS.

Q31: To follow up on the choice limiting question, if we have application in process not yet submitted to HUD and the client has begun repairs based on the PCNA, how does this impact the application?

A31: Multifamily Housing has updated Section 9.2.1.C.2 of the MAP Guide. If the borrower has begun repairs prior to submission of the application to HUD, the borrower should cease making repairs until an environmental review has been completed.

Q32: Does Section 9.6.2.J mean that an accredited asbestos professional is the one to determine the approach of abatement versus encapsulation? Does this determination need HUD approval?

A32: Section 9.6.2.J requires an accredited asbestos professional recommend the appropriate response action. This recommendation must be in writing. HUD will review the recommendation and may ask for clarification or for additional documentation.

Q33: How is the ESA assessor to determine the roof composition? Is presuming acceptable?

A33: If the ASTM standard allows the survey to presume asbestos (for example in a baseline survey), it is also acceptable under the MAP guide. See 9.6.2.F.2. In order to limit costs associated with an ongoing O+M plan, HUD recommends finding roof labels or receipts for direct documentation. See 9.6.2.F.

Q34: If the Phase I ESA indicates the need for a Phase 2 ESA, does only the Phase 2 need to be within the one-year timeframe stated in Section 9.4.1.A.3, or both the Phase 1 and Phase 2 ESAs?

A34: The one-year timeframe applies to the Phase I ESA report (see 9.4.1.A.3.)

Q35: When will the HEROS in-built decision-making trees will be updated to reflect the 2020 HUD MAP Guideline?

A35: There is no need to update the HEROS decision-making trees. As before, applicants will enter the HUD program (i.e. 221(d)(4), 223(f)) into the initial HEROS screen and then make a preliminary level of review determination on the Level of Review Determination HEROS screen. HUD staff make the final level of review determination. The text on the Level of Review HEROS screen is based on 24 CFR Part 50 and does not change.

Q36: For 221(d)4 sites that had old pre-existing improvements prior to purchase by sponsor are these eligible for the 221(d)4 program now?

A36: If the improvements are structures (vertical construction) then substantial rehabilitation is the option for keeping or reusing those structures. If the improvements are horizontal or site improvements they should be demolished, or their functionality and utility for the optimum site plan must be shown. The optimum site plan is the best use of the site assuming the improvements did not exist. Adopting or adapting a compromised or sub-optimal site plan for the sake of preserving existing site improvements is not acceptable.

Q37: Are UST removals considered a choice limiting action? We were previously told no because it is an already disturbed area, but want to verify nothing has changed.

A37: Projects should not remove USTs until the HEROS review is complete. In some cases, HUD may require that the USTs are removed before issuing a Firm. In these cases, HUD may need to update the HEROS review after the USTs are removed to require additional mitigation (for

example if the removal indicates that the tank has leaked and contaminated the soil. Further guidance on this topic is at 9.4.3.B.7.

Q38: Are all pipelines above and below ground to be assessed following the new pipeline guidelines?

A38: All pressurized pipelines transferring flammable or combustible liquids and gases that exceed 200 psi operating pressure. 9.6.19.B

Q39: Any changes coming to the online HEROS system? If so how long?

A39: There are no changes directly related to the MAP updates coming to HEROS.

Q30: Will the AAQ questions and answers be displayed, or posted some place so all can see the answers?

A40: AAQ messages are private between the submitter and HUD. Questioners will receive an email with the question and the answer which they can share at will. HUD will monitor the Q&A in order to address common issues publicly

Q41: For the new HREC requirements, will we need to do a new Phase II if a site with full regulatory closure to previous residential standards is above current residential standards.

A41: The project will need to be remediated to current residential standards. Whether this will require a new Phase II ESA report will need to be considered case by case at the application level. 9.4.2.G

Q42: What is the best way to get info for planned ASTs?

A42: There are many sources for planned ASTs including local planning departments, fire departments, and State Emergency Response Commissions. The information must be shared under the Emergency Protection Right to Know Act.

Q43: Regarding underground high pressure gas transmission pipelines what are the new clearance parameters. These were previously exempt?

A43: The regulation at 24 CFR Part 51C includes an exemption for pipelines. The MAP guide in 2016 added a risk analysis for pipelines that goes beyond the regulatory requirements. The 2020 updates clarify what is involved in that risk analysis at 9.6.19.B.

Q44: What are the changes to LBP testing from the 2016 guidelines to the new 2020 guidelines?

A44: Section 9.6.1 of the MAP Guide incorporates the January 13, 2017 amendment to the Lead Safe Housing Rule. The updates also clarify that a property found to be free of lead-based paint by a certified lead-based paint inspector or a property where all lead-based paint has been identified, removed and cleared, does not have to conduct additional lead-based paint risk assessments.

Please note that 9.6.1 provides a summary of HUD's Lead requirements and does not impose any additional requirements. For full compliance information, HUD regulations regarding lead-based paint are found at 24 CFR Part 35, copies of which, along with guidance materials, may be downloaded from:

https://www.hud.gov/program_offices/healthy_homes/enforcement/lshr

The helpful Lead Rule Compliance Advisor is available at:

<http://portalapps.hud.gov/CorvidRpt/HUDDLBP/welcome.html>

Q45: What is the preferred timing for Lender consultation with HUD on the Phase II ESA? As a Design Team member we are trying to understand how the outcome of the Phase II ESA might impact the overall project scope, and therefore timing within overall process.

A45: The MAP guide recommends that Lenders consult with HUD when it becomes apparent that a Phase II ESA is required but before preparing the Phase II report in order that HUD is advised as to the scope and extent of the issue(s) that require the Phase II ESA. (See 9.4.2.B).

Q46: Curious if there is clarification added to the 2020 guide on pre-demolition ACM surveys and if those are required at pre-app or can be floated to Firm?

A46: HUD requires all environmental documents at pre-application for projects using the two-step process (See 9.2.3.A.) If there is a valid reason for a delay in a specific environmental document until Firm application, the lender should notify HUD.

Q47: So the lender is required to submit HEROS for 223a7s?

A47: Yes.

Q48: Do partners need to send Env Assessment Factor information requests to local services like schools, public safety, parks, etc.

A48: The MAP guide provides links to additional guidance at 9.6.20.

Q49: Do you have any clarification on the requirement to inspect existing radon mitigation systems? Or is that going to be discussed in the upcoming radon webinar?

A49: This will be discussed at the stand-alone radon webinar.

Q50: Chapter 8.8.8.A says UW recommendation should be within MC submission. Is HUD ok with Lenders creating exhibit 5-0, Lender's Mortgage Credit Narrative?

A50: Chapter 8 Section 8.8.8.A. We want to clarify what are the two Mortgage Credit submission requirements. First, the Mortgage Credit Section in the Underwriter Narrative is completed in full. Second, all required Mortgage Credit processing materials and third-party reports which are exhibits listed in Section 5-0 of the Application Checklists, are separately bound from the entire firm application to safeguard principals' personal identifiable information.

Q51: What documentation is HUD looking for to determine whether a pipeline presents a hazard for new construction where the pipeline is within the radius established by the appendix

A51: If any of the buildings, ancillary facilities or structures, common areas, parking areas or like related property improvements or features are located within the Baseline Pipeline Impact Radius, the Lender must obtain an engineering report to assess the Thermal Radiation and Blast Overpressure hazard to the HUD insured property or occupants, and determine any mitigation measures as required. (9.6.19.B.3.a.)

Q52: Will lenders be able to enter the information in HEROS on an A7? Or will a vender have to do that?

A52: Lenders have read-only access to HEROS, so a vendor will need to enter the environmental review into HEROS.

Q53: Can you discuss the qualifications required for the engineering report needed to assess the thermal radiation and blast overpressure hazard?

A53: The reports need to be completed by registered professional engineers.

Q54: If you determine that we can presume roofing as asbestos, will we need to do asbestos O&M plans for the presumed material regardless of age?

A54: Yes. Presumed or confirmed ACE require a remediation plan that is an appropriate mix of abatement and an O+M plan as per 9.6.2.K

Q55: Are the states where HUD had to submit the Section 106 (Oklahoma, Indiana, etc.) been made aware that there is a delegation memo?

A55: Yes, both while HUD developed the delegation memo and then again ahead of the March 18th 2021 effective date.

Q56: Going back to choice limiting actions and critical and non-critical repairs, does the lender need to document the repairs in their application if the repairs are completed prior to application submission?

A56: Assuming this is a refinance of an existing property, the Capital Needs Assessment should document the Critical and Non-Critical repairs and alterations as this is the method for establishing the costs of such repairs as mortgageable costs. Critical-Life Safety repairs should be completed promptly. All other repairs that exceed Routine Maintenance may not proceed until completion of the environmental review.

Q57: Regarding pipelines - due to terrorism concerns, gas providers tend to not provide information on pipeline pressure - any suggestions or recommendations on how to attain that information?

A57: HUD is working on guidance for projects that have difficulty accessing this documentation. In the meantime, projects can request assistance from Nelson Rivera at Nelson.A.Rivera@hud.gov.

Q58: Is flood insurance required for new A7s if the buildings are outside of 100-year floodplain but incidental improvements are within 100-year?

A58: This must be considered on a case-by-case basis at the application level.

Q59: How would the new pipeline analysis be completed when the most important information is the diameter and operating pressure, both of which are highly sensitive and regularly not provided?

A59: See #57 above

Q60: Is marketing the main concern on noise with existing 223(f) projects or would noise need to be mitigated?

A60: For 223(f) and other refinance or rehabilitation projects at the CEST level of review, HUD will encourage appropriate noise attenuation measures for inclusion in the project (9.6.8.F.) Much more detail related to this question found here: <https://www.hudexchange.info/trainings/courses/24-cfr-51b-noise-abatement-for-multifamily-and-residential-care-fha-programs-webinar/>

Q61: How is environmental review completion evidenced? In a 223f is it really necessary to wait until commitment to complete critical repairs, which can often take more than the two months from commitment to closing to complete.?

A61: The Capital Needs Assessment should document the Critical and Non-Critical repairs and alterations as this is the method for establishing the costs of such repairs as mortgageable

costs. Critical-Life Safety repairs should be completed promptly. All other repairs that exceed Routine Maintenance may not proceed until completion of the environmental review.

Q62: Can you discuss changes to endangered species requirements?

A62: The endangered species requirements are unchanged. The 2020 MAP updates provide additional information and clarification, including noting that some projects may have to consult with both US Fish and Wildlife Service and National Marine Fisheries Service; that the lack of critical habitat is not an indicator of the presence or lack of presence of a listed species; and that the services may have a regional letter, memorandum or other document that applies to FHA applications. The 2020 updates also clarify that Lenders and third-party consultants can request species lists, prepare Biological Assessments for HUD's review, and provide the information needed for consultation, but HUD must initiate formal and informal consultation with the Services. See 9.6.14.

Q63: With 100% Radon testing on 223(f)s, do you have guidance if tenants won't allow access during COVID?

A63: This will be discussed at the stand-alone radon webinar.

Q64: The 221(d)(4) Pre-app checklist has APPS/2530 as a required exhibit. However, we have been told by HQ this is optional. Is HUD going to change exhibit 5-5A to optional?

A64: Chapter 10 Section 10.2. We understand that at Pre-Application, the borrower structure may not yet be full formed. It remains an option for Lenders to submit complete previous participation review requests at the pre-application stage or the firm application stage. Recommend making a simple checkmark on the Excel version of the Checklist at Section 5-3, to show which submission the previous participation review requests will be in. We will change "Reserved" to "Optional".

Q65: Going back to choice limiting on critical and non-critical repairs, does the lender need to document the repairs in their application if the repairs are completed prior to application submission?

A65: The Capital Needs Assessment should document the Critical and Non-Critical repairs and alterations as this is the method for establishing the costs of such repairs as mortgageable costs. Critical-Life Safety repairs should be completed promptly, and may be completed prior to environmental review. All other repairs that exceed Routine Maintenance may not proceed until completion of the environmental review. Repairs addressed in the CNA completed prior to submission to HUD should be documented but not included as mortgageable costs.

Q&A Session for MAP Guide Briefing Webinar Series - Webinar 3

Date: Tuesday, February 2, 2021

Q66: If a pre-application was approved under the 2016 Guide, is the Firm Submission also 2016 regardless of when it is submitted or does a submission after March 18th change that to the 2020 guide

A66: Use of the 2020 MAP Guide is mandatory for all applications filed on or after 3-18-21 provided however, that Firm Commitments pursuant to a Pre-application which pre-application was filed before March 18, 2021 consistent with the 2016 MAP Guide may be filed per the 2016 MAP Guide before May 18, 2021. So an Application for Firm pursuant to a pre-app filed under the 2016 MAP Guide may remain under the 2016 MAP if filed before May 18, 2021, but on or after May 18, 2021 must conform to the 2020 MAP Guide.

Q67: Chapter 14.7.A.2.a mentions the 92013-C. 1) The link does not work, 2) Should this be the LIHTC Wheelbarrow instead of the 92013-C?

A67: 1. The link has been corrected. 2. The LIHTC Wheelbarrow is now titled "form HUD-92013-C".

Q68: Did HUD intend to require that draft closing packages be provided 30 "business days" prior to the target closing date? Time periods longer than 10 business days are usually expressed in calendar days.

A68: Yes, the use of "business days" is intentional.

Q69: Chapter 14.10.E says the WC waiver is not allowed for projects with >90% LIHTC only, but the slide presented seemed to say >90% LIHTC only was okay to get a waiver. Did I misread/mishear the slide?

A69: A project with 90% or more LIHTC and no Section 8 PBRA is not sufficient.

HUD eliminated the requirement of a Working Capital Escrow for Substantial Rehab projects with 90% or more Section 8 AND 90% or more LIHTC when the Lender can demonstrate there will be sufficient income generated by the property during the rehab period to cover items typically funded by the Working Capital Escrow AND when Interim Income is not being used as a source of financing.

This new language will permit this exclusion without formally requesting a waiver.

Q70: For any HUD forms that have been altered, e.g., words crossed out by the clients, is a rider / supremacy clause still required?

A70: Any changes to a HUD form document must comply with the requirements of MAP Guide 19.4.1. Modifications called for in the form, as published, are permitted under 19.4.1.2 (i.e.,

selection of alternative provisions, filling in blanks and signature pages). Substantive changes, as defined in 19.4.1.6, must be requested in advance and approved by HUD. Alterations to HUD forms that do not comply with Section 19.4.1 are strictly prohibited.

Q71: Will the HUD AR get copied in on the "Hello" communication so they are aware the property is going to closing?

A71: Yes, and it will be added to the template.

Q72: Can a draft closing package be submitted prior to rate lock? If not, can a draft closing package continue to be submitted prior to issuance of the rate lock amendment?

A72: Yes, a draft package may be submitted prior to rate lock. However, the package will not be deemed Substantially Complete (see Section 19.1.2.4.J) until the rate-lock amendment is processed, and revised documents (except for near closing documents as reflected on the applicable Closing Checklist) are approved by HUD.

Q73: In Appendix 12, A.12.1.3, H.2 - Org Fees allowed to be disbursed at initial endorsement have been reduced at Initial endorsement to 65% from 75% in the current MAP Guide. Was this a mistake? Should it have remained at 75%?

A73: No. The language has been clarified to correctly limit the disbursement of organizational expenses to 65% at initial endorsement, consistent with current practice.

Q74: Will pre-review of legal issues still be allowed prior to Firm Commitment issuance and if so to whom should the request be made.

A74: Yes, at Housing's discretion. Requests for early review of legal issues should be initiated through the assigned underwriter in the Regional Center or Satellite Office.

Q75: Please clarify what you mean that you need a reason to submit under the 2016 MAP Guide until March 17th? Would HUD reject an application they feel doesn't have a strong enough reason? Would the fact that reports were engaged under the 2016 guide count?

A75: The referenced wording was misconstrued. The intent was to communicate our observation that generally lenders would prefer to use the 2020 MAP Guide because of the numerous changes favorable to the industry, and would "need" a specific reason to select the 2016 MAP Guide. There was no intent to suggest a requirement for such a need.

For the record here are the transition rules:

- 1. All Firm Commitment applications filed on or before 12-18-20 must process per the 2016 MAP Guide. HUD will not permit any exceptions or waivers to use portions of the 2020 MAP Guide.*
- 2. All applications filed after 12-18-20 but before March 18, 2021 have the option to use either the 2016 or 2020 Guide but not both.*

3. *Pre-Applications and Firm Applications already filed per the 2016 MAP Guide may be withdrawn and resubmitted per the 2020 MAP Guide but will go to the end of the current queue.*
 4. *Use of the 2020 MAP Guide is mandatory for all applications filed on or after 3-18-21 provided however, that Firm Commitments pursuant to a Pre-application which pre-application was filed before March 18, 2021 consistent with the 2016 MAP Guide may be filed per the 2016 MAP Guide before May 18, 2021.*
 5. *Chapter 2 and 15 (lender performance) and all processing efficiencies are mandatory immediately (i.e., 12-18-20).*
 6. *Chapter 19 is effective for all firm commitments issued on or after March 18, 2021.*
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Q76: Where do we sign up or find the Save the Dates for the future training.

A76: HUD Exchange, <https://www.hudexchange.info/>

Q77: Are concept meetings required for 223f (3 year waiver transactions) with Cash out?

A77: No, although if underwriting issues exist regarding lease-up, valuation or a request to waive the required CPA reviewed financial statements, a concept meeting (or a brief discussion with the field office having jurisdiction) is encouraged.

Q78: Will HUD allow us to request a closing date earlier than the 30 business days if everyone feels that timeline can be met? For example, on a 223(a)(7) with no new survey.

A78: HUD's expectation is that the deadlines in Section 19.1.2 and 19.1.3 are achievable. To maintain a Tentative Closing Date, regardless of loan type, the Lender's draft closing package must be submitted to HUD at least 30 business days prior to the TCD. HUD may approve a Lender's request to move up a closing date when HUD staff (Housing and OGC) agree that the change is feasible and reasonable.

Q79: I believe that I understood that closing documents need to be submitted in final form 2 days prior to closing, however, will HUD allow the lender to submit a revised closing statement if we have received a last minute invoice/fee that needs to be added?

A79: HUD will make reasonable efforts to review and approve last minute changes, however a Confirmed Closing Date is subject to change if HUD is not able to review and approve a subsequent revision after the 2 business day deadline for near-closing documents.

Q80: Is there a redline comparison of the 2016 and 2020 MAP Guide available?

A80: No, such a document is not available due to complete reformatting and reorganization (the entire document would show as redlined, hiding actual changes). The industry webinars are the main source of change identification.

Q81: Are closing indexes being updated as well? If so, is there a timeline on publication?

A81: Yes, HUD is revising the Closing Checklists, and updated versions will be posted to the Checklist webpage: https://www.hud.gov/OGC_Multifamily_Closing_Documents_Checklist

Q82: Are there any stages in the processing and/or closing where an e-signature is acceptable to HUD?

A82: On May 26, 2020, HUD published Notice H 20-4 covering e-signature use for certain documents in assisted housing transactions. HUD is researching the feasibility of using e-signatures for other documents in HUD's closing process. HUD will promptly notify program participants of any new published guidance as it is issued.

Q83: Will there be a webinar on changes related to Cost Not Attributable calculation for Criterion 4?

A83: We are currently considering possible changes to Cost Not Attributable instructions for Section 223(f) and when this is resolved we will determine whether a webinar or other communication is most appropriate.

Q84: What does PRA stand for? This is from Chapter 19.

A84: Paperwork Reduction Act

Q85: Will all questions and answers be available for viewing in the Ask A Question (AAQ)?

A85: AAQ messages are private between the submitter and HUD. But HUD will use the catalogue of questions and answers to form responses to common questions.

Q86: Does HUD anticipate publishing guidance on use of the 2021 ALTA Survey requirements which are going into effect later this month?

A86: Multifamily Production is working on renewed Paperwork Reduction Act (PRA) package including a further revision of Form 91073M to accommodate the most recent (February 2021) ALTA updated standard. Interim industry guidance is anticipated as soon as this revision is completed. After PRA approval is in place and the final form is available the ALTA Standard revisions will be incorporated in the approved form with the appropriate permanent instructions.