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CHAPTER 4. VALUATION PROCESSING USING CUPS

Section 1. SITE APPRAISAL AND MARKET ANALYSIS (SAMA) STAGE

4-1. VALUATION REVIEW OF FORM [HUD-92013](#) APPLICATION AND DATA ENTRY.

The Appraiser assigned to process the multifamily proposal will review the Form [HUD-92013](#) application to be certain all information is complete and accurate for Valuation processing.

- a. The Appraiser will identify the location of the proposal for comparable data selection purposes by entering the applicable expense/income place code area number in Section A, No. 4a. He/She should also enter a land place code area number in Section A, No. 4b. (In most cases, 4a and 4b will be the same number.) See Chapter 7, Paragraph 7-7 of this handbook for a discussion of the PLACE program used to enter and change Place code schedules.
- b. Once the Appraiser has entered the place code numbers on the application, he/she will review the place code schedules to determine the most appropriate market areas for comparable data selection. If the Appraiser determines that the most appropriate areas for data selection are not those indicated as alternates for the subject place code in the schedule, he/she should select three other place code numbers to search for comparable data. Using the above information, the Appraiser will then complete the SEARCH Data Entry worksheet (Appendix 2). A detailed discussion of the SEARCH program is contained in Chapter 6 of this Handbook.
- c. Item A7, Type of Project, and A8, No. of stories, will be reviewed to insure that any proposal four stories or less is not shown as a high-rise or elevator type, although the project may contain elevators. A7 should be shown as a highrise type only when the proposal is five or more stories. If the proposal is four stories or less and contains elevators, the appraiser should indicate this feature under Item No. D37 as Other Equipment.
- d. Item A16, year built, should show a four digit number if the project is existing, e.g. 1973. If the application is for proposed construction, A16 should either be blank or show the projected year built.
- e. The Appraiser will review Section C, Items 27 and 36 to determine if the entries or lack of entries for nonrevenue producing space reflect the market conditions of the locale of the subject proposal.

- (1) If, typically, units are furnished rent free to managers, janitors, maintenance personnel, etc., and the Office processing reflects this condition, appropriate alterations should be made to items 27 and 36. The P2013M Program will accept a maximum of eight unit types for Section C, Item 27. In the event that a proposal is received showing more than eight living unit types, it will be necessary to average the size for unit types of similar bedroom count to the point where the number of unit types has been reduced to no more than eight. The Cost Branch and Architectural Branch (if plans and specifications have been submitted) should be consulted whenever this situation occurs.
  
- (2) If the Appraiser determines that an accurate rent roll can only be arrived at by the application of rentals to living unit types that exceed eight, a manual calculation will have to be made and held in the file for documentation. However, similar unit types will have to be averaged reflecting applicable averaged rents so that living unit types do not exceed eight, and the case can be processed on CUPS. Figure 4-1 is an example of averaging three different types of 2 BR, 1.5B living units:

Unit Averaging

Figure 4-1	20 @ 800 sf = 16000	renting @ \$250/mo. = 5000	
	16 @ 817 sf = 13072	renting @ \$255/mo. = 4080	
	19 @ 839 sf = 15941	renting @ \$270/mo. = 5130	
	_____	Total mo. Rent Roll = 14210	
	55 LU            45013 sq. ft.		
	45013 55 = 818 = Average unit size		
	\$14210 55 = \$258.36 or \$258 = Average rent		

- f. The Appraiser will review C29, No. Parking Spaces, to insure that the number and type of parking spaces are indicated on the application. On multiple building type projects, the number of each type of parking spaces should be entered applicable to each building type. If this information is unknown, show all parking spaces under the first type.
  
  - g. The Appraiser will review Item C30, Commercial Area, if applicable. Total commercial area shown in Item 30 should equal the amount shown in Item 35, Net Rentable Commercial Area, unless the Item 30 entry includes residentially related income
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- such as laundry. If the project is a multiple building type, he/she should insure that commercial space is properly distributed to each applicable building type.
- h. The Appraiser will review Section D, Equipment and Services Included In Rent, to insure that the application reflects equipment and services typically acceptable in the subject locality. For multiple building types, he/she should insure that equipment and services are reflected properly on each building type.
  - i. The processing Appraiser will correct any discrepancies or errors on the application face sheet. He/She will forward a copy of the corrected application and the SEARCH program worksheet to the Terminal Operator. Copies of both will also be retained in Valuation's case binder.
  - j. The Terminal Operator will execute the P2013M program according to instructions contained in Handbook 2361.13, Chapter 3, Paragraph 3-15. He/she will enter the Form [HUD-92013](#) data and response with "N" to all cost data selection prompts. Following data entry, the Terminal Operator will execute the SEARCH program according to instructions in Chapter 3, Paragraph 3-38 of Handbook 2361.13.
  - k. The Terminal Operator will return all program printouts to the Valuation Branch.
  - l. If the appraiser determines that is necessary to correct the Form [HUD-92013](#) printout, he/she will indicate the necessary changes in red ink on the printout and return it to the Terminal Operator.
  - m. The Terminal Operator will make any necessary corrections using the C2013M program according to instructions in Handbook 2361.13, Paragraph 3-8, and will retrieve a new printout using the P2013M program. All printouts will be returned to the Valuation Branch.
- 4-2. VALUATION PROCESSING USING SEARCH PRINTOUTS AND P2264M WORKSHEET.
- a. Search Review. The Appraiser assigned to process the multifamily proposal will review the comparable data selected by the SEARCH program. If the Appraiser determines that the data selected by the initial Search is inadequate, he/she may request another program run using the place code override in the segmented option. Detailed instructions for the segmented search are contained in Chapter 8, Paragraph 8-1. If more than one Search is run, the Appraiser will retain only those

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printouts that support and justify processing. If after two Searches, adequate data cannot be retrieved, the appraiser may select his data manually. The Check Programs (CHK184, CHKEXP, and CHKLAN) should be used in determining the adequacy of computer selected data in view of other data that may be available for selection and in the manual selection of data.

- b. Field Trip. A field trip to visit the proposed project site will be made according to processing instructions contained in Handbook 4465.1. The Appraiser may use a copy of the Search printout as a worksheet for recording notes while on the field trip. If the Appraiser collects any additional data while on the field trip, he/she will forward it to the Data Appraiser for entry into the computer data files. If it is necessary that new data be used to substantiate processing conclusions, that data should be entered into the data file immediately so that a new Search can be run.
- c. Processing.
  - (1) Upon returning from the field trip, the Appraiser will process the subject proposal according to instructions contained in Handbook 4465.1.
  - (2) Using the Search printout, field data, and the inspection and appraisal of the subject site, the Appraiser will complete a P2264M Program Worksheet (Appendices 8 and 9) for the following information:
    - (a) Page one, indicating market rentals.
    - (b) Page three, indicating market need, land use intensity rating (LUI), land value, and location acceptability.
    - (c) Page four, indicating Section O remarks and signature only.
  - (3) The processing Appraiser will sign the P2264M Worksheet and submit it to the Chief Appraiser for review. If due to the sponsor submitting sketch drawings for the subject proposal, the Architectural processor completes page one of the Form FHA-2264, it will be forwarded with the P2264M Worksheet to the Deputy Director of the Housing Division for preparation of the SAMA letter and finding conference.

Section 2. CONDITIONAL AND FIRM STAGES

4-3. VALUATION REVIEW OF FORM [HUD-92013](#) APPLICATION AND DATA CHANGES.

The Appraiser will review the application submitted for

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conditional or firm processing with the plans and specifications for the subject proposal to insure that the project is being designed and conceived as envisioned at the SAMA Stage if it was not bypassed. The Appraiser will compare the SAMA Stage Form HUD-9201.3 and the SAMA letter to the Form [HUD-92013](#) received for conditional or firm processing. The Form [HUD-92013](#) will be reviewed in the same manner as described in SAMA review, Paragraph 4-1 of this Handbook to insure that all information is complete and accurate for Valuation processing.

- a. The processing Appraiser will correct any deficiencies or errors on the application printout in redink. A copy will also be retained in the Valuation's case binder. In addition to the application review, the Appraiser will complete a SEARCH Data Entry request worksheet.
  - b. The Appraiser will forward the P2013M printout along with the SEARCH data entry worksheet to the terminal operator.
  - c. The terminal operator will execute the C2013M program according to instructions contained in Handbook 2361.13, Chapter 3, Paragraph 3-8, and make the necessary changes that are noted on the printout. The terminal operator will then execute the P2013M program to retrieve the changed printout. Instructions for this program are contained in Chapter 3, Paragraph 3-15 of Handbook 2361.13. Upon completion of the P2013M program, the operator will then execute the SEARCH program using the SEARCH data entry worksheet and instructions in Chapter 3, Paragraph 3-38 of Handbook 2361.13.
  - d. The terminal operator will return the P2013M and SEARCH program printouts to the Appraiser who will review them for accuracy.
- 4-4. VALUATION PROCESSING USING SEARCH PRINTOUTS AND P2264M PROGRAM. The processing Appraiser will analyze the Section C, Income portion of the Form [HUD-92013](#) to resolve discrepancies between decisions reached in the SAMA stage and changes on the conditional application. He/she will compare Section C of the application to the Section C of the P2264M program worksheet completed at SAMA stage. If the conditional or firm SEARCH printout indicates a change in gross income at the conditional stage, that printout with appropriate adjustments will be retained as documentation for substantiating rentals. The Appraiser will complete the P2264M worksheet for conditional or firm processing

as follows:

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- a. Heading. If the subject proposal is a Section 223(f) case, enter the appropriate suffix type. Indicate that this is conditional stage of processing, and indicate the project number. In those offices having multifamily processing responsibility in more than one insuring jurisdiction, the applicable jurisdiction must be indicated to the CUPS terminal operator by either showing the office ID number or the insuring office name.
- b. Sections A and B. The Appraiser will not make any entries for these sections on the worksheet. If the appraiser determines that it is necessary to make corrections for these sections, he/she will complete a P2013M worksheet (Appendix 1) indicating the necessary corrections.
- c. Section C.
  - (1) The Appraiser will enter the composition of the unit types for Item 27 in the same order as shown on the application printout.
  - (2) Following composition, the adjusted monthly rental estimate will be entered which reflects all adjustments and applicable trending. The Appraiser should insure that rental estimates are entered for all unit types.
  - (3) The income portion of the SEARCH program printout will be used in lieu of Form HUD-92273 as documentation to substantiate rental estimates used in processing the subject proposal. Enter a plus or minus adjustment by those items of the comparable requiring adjustment to reach comparability with the subject proposal. (See reference "a" on Figure 4-2 for an illustrated example). Elements of comparability that are not shown on the printout that require adjustment are interlined between the descriptive items of the subject proposal on the left side of the SEARCH printout. (See reference "b" of Figure 4-2). After all adjustments are made, the Appraiser will arrive at an adjusted rental for each comparable. (See reference "c" of Figure 4-2). Rental amount after appropriate adjustments reflecting differences between comparable and subject are shown and a rental amount applicable to the subject before trending and Special Section 8 adjustments, if applicable is arrived at through the process of correlation (see reference "d"



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- (4) Enter the per square foot rent per month for Item 29, open parking spaces or covered parking spaces.
  - (5) Item 29, Laundry/Other Income. If there is laundry income or other residentially related income considered, enter the unit of measurement (square feet or living units) and the monthly rent per unit of measurement in each appropriate box.
  - d. Section D. The Appraiser will not make any entries for this section on the worksheet. If the Appraiser determines that it is necessary to make corrections to this section, he/she will complete a P2013M worksheet (Appendix 1) indicating the necessary corrections.
  - e. Section E. The tax estimate may be calculated either on a per unit basis by comparison (Option A) or by applying a tax rate to an assessed valuation (Option B). Check either A or B on the top of page 2 of the worksheet. If real estate taxes, Item E23, are calculated using a rate and an assessed valuation, the estimate for any personal property tax, Item E24, must also be calculated using a rate and an assessed valuation. Employee payroll tax, Item E25, and other taxes, Items E26 and E27, must be entered on a per unit basis under either Option A or B. If Option A is selected, a zero should be entered on the worksheet for Items E23 and E24, where the tax rate and assessed valuation is normally shown. The Appraiser will make all component expense entries as an annual per unit dollar amount in each appropriate boxed area. Annual totals will not be shown on the worksheet.
  - (1) Items 1 through 19. The component expense estimates

will represent estimates as of the date of the appraisal. Enter estimates adjusted for time to the date of appraisal. Do not enter trended estimates since time and trending will be handled under Items 28 and 29. Make no entries for Items 4 and 13 totals.

- (2) If the management expense (Line e.2) is calculated as a percentage of effective gross income, that amount must be detrended before entry onto the worksheet.
- (3) Items 20 through 23. Make no entries for these items since they represent totals and replacement reserve, which will be calculated by the program. Item E21, replacement reserve, is calculated using .006 as the factor for all Sections of the Act.

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- (4) Items 23 and 24. When processing under Option A, enter the untrended tax estimates on a per unit basis in the appropriate boxed areas. Enter zero in the boxes for assessed value and tax rate per \$1,000. When processing under Option B, enter the assessed valuation and applicable tax rate per \$1,000 in the appropriate boxed areas. Do not enter a per unit estimate of tax expense in the large boxed areas for Items E23 and E24. Under Option B, the program will calculate the tax expense based on the tax rate assessed valuation with the result being untrended. Trending, if applicable, will be accomplished by entries for Items E28 and E29.
  - (5) Items 25 through 27. Enter the untrended tax estimates on a per unit basis in the appropriate boxed areas.
  - (6) Items 28 and 29. The Appraiser will indicate the estimate as to what extent expenses will increase or decrease by the time the project has experienced one year of operating experience by making two trending entries in N.NN format for Items E28 and E29. The trending entry for Items 1 through 19 represents a percentage to be applied to each component expense item not including taxes. The trending entry for Items 23 through 27 represents a percentage to be applied to each tax estimate. The trending entries will be shown on the worksheet as decimal factors; e.g., a 7 percent increase would be shown as 1.07 and a 7 percent decrease would be



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- f. Section F. Enter Item 31, Occupancy Percentage in NN format. All other items in Section F will be calculated by the P2264M program.
  - g. Section G. All dollar entries in Section G will represent total project amounts relating to other construction period plus two months.
    - (1) Items 36 through 52. These items are completed by the cost analyst; the Form FHA-2264 will be updated by the cost processing programs.
    - (2) Item 53. Enter the applicable interest rate for the construction loan. The P2264M program will automatically add two months to the construction time shown in Item G52 for calculating interest during construction and the Mortgage Insurance Premium (MIP). If the time used in calculating carrying charges is to be charged to a time other than construction time plus two months, enter in red ink for Item G53 the number of months that carrying charges and financing time should exceed construction time, Item G52. Option 2 of the P2264M program will permit this override of the additional two months, if necessary. For example, if carrying charge time and construction time are equal, enter a zero for Item G53. This entry will override the two months that the program would normally add to construction time in Item G52.

- (3) Items 54 and 55. Enter appropriate dollar amounts in the boxed areas for taxes and insurance.
- (4) Item 56. The FHA Mortgage Insurance Premium will be calculated by the program. However, if the subject proposal is being processed with insurance upon completion, cross out .5% and enter a zero in red ink.
- (5) Items 57 through 61. Make no entries for these items unless it is necessary to change the fee percentages as shown on the Worksheet. If so, cross out the incorrect fee percentage, and enter the correct percentage in red ink.
- (6) Items 62 through 70. Do not make any entries for items 63, 67 and 68, since they will be calculated by the program. Enter appropriate total dollar amounts for items 62, 64, 65, 66, 69 and 70 in the boxed areas.

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- (7) Item 71. If the case is a Section 223(f) project, and an Engineering Survey was made, enter the dollar amount for the Engineering Survey in the boxed area for Item G71. Item G71 will printout on the Form FHA-2264 as Engineering Survey for Section 223(f) cases only.
  - (8) Items 72 through 74. Make no entries for these items, since they will be calculated by the program.
- h. Section H. Make no entries in Section H. The program will calculate the rent formula reflecting any laundry/other and parking income using entries made on page one of the 2264 worksheet.
- i. Section I. Make entries only in the boxed areas for the first and second periods of anticipated deficit. If no deficit is anticipated for the first and second periods, the entry of proper percentage will result in a zero deficit.
- (1) Occupancy %. Enter the occupancy percentage anticipated for each period of deficit. If sustaining occupancy is to be reached prior to the end of the first period, enter a zero.
  - (2) Expense %. Enter the percentage of Total Operating Expense including taxes that best represents the total operating expenses applicable to the period of deficit. For example, if it is anticipated that 60% occupancy

will be reached at the end of the first period, the appraiser may estimate that expenses for that period would be an amount equal to 85% of the total expenses. 85 would be entered for expense percentage.

- (3) Debt Service Rate. Enter a percentage for the applicable debt service rate. If two rates, one before the start of amortization and one after the start of amortization, are applicable to a one year operating deficit period, it is necessary to prorate each rate for the portion of the year covered by each rate, and enter a composite rate for the one year period. This is accomplished by dividing each rate by 12 months and then multiplying each result by the number of months applicable to each rate. Enter the total of these two prorations as the composite rate on the worksheet. For example, assume a project loan has a start of amortization that will commence eight months following completion of project construction with a permanent loan interest rate for 40 years at 8-1/2%. Enter on the

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worksheet the composite rate of 9.09904, which is calculated as follows.

- (a) The rate before amortization is 8-1/2% interest rate plus .5 MIP which equals 9.0. Nine divided by 12 months equals .75. .75 x 8 months to start of amortization = 6.0.
- (b) Rate after start of amortization is 8-1/2% interest plus .5 MIP plus .297129 initial curtail which equals 9.297129. 9.29729 divided by 12 months equals .77476. .77476 times 4 months following the start of amortization equals 3.09904.
- (c) The composite rate of 9.09904 is the total of 6.0 (Step a) and 3.09904 (Step b). If a composite rate is entered in Section I of the worksheet, the following remark should be included in Section O: "First/Second period of the Operating Deficit shows a debt service requirement indicating commencement of amortization is in effect for the last \_\_\_ months of the deficit period."
- j. Section J. Complete Section J of the worksheet as follows:
- (1) Heading. Indicate the unit of measurement to be used to arrive at the Land Value. Enter a check in Box 1

if the "square foot" method is used. If the "per living unit" approach is used, check the box following number 2.

- (2) Items 1 through 6. Check Yes or No as applicable to the subject project.
- (3) Item 7. This item, "Is the subject property located in an older declining neighborhood?", relates to Section 223(f) processing only. If the response is Yes, the P2264M program will automatically deduct the .5 override from the rent formula rate calculation. For all other cases other than those processed under Section 223(f), check No.
- (4) Date of Inspection. Enter the date of project site inspection in MM/DD/YY format in the designated area.
- (5) Land Use Intensity (L.U.I.) Number. Enter the L.U.I. number in the designated area.
- (6) Items 8 and 10. Enter the sequence numbers of the land

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sales used as comparables for the subject as shown on the land portion of the SEARCH printout. Complete the entire grid for these items and enter a Value of Site Fully approved and a Value of Site "As Is" by comparison, if applicable, in the designated areas. Show percentage adjustments on the worksheet as factors in N.NN format. For example, if the location adjustment is a plus 10 percent, enter 1.10 on the worksheet. If the location adjustment is a minus 10 percent, enter .90 on the worksheet. Enter 1.00 if no adjustment is to be made. Sales price as printed out by the program for Item J8 will include any amounts for assessments, off-site costs, demolition, and excess on-site costs that were entered for the land sale by use of the LAND program. (See Chapter 7, Paragraph 7-1 of this Handbook for a detailed description of the LAND program).

- (7) Items 12 and 13. Complete all information for J12, Acquisition Costs. Enter Other Costs for J13, except for lines 5 and 6 which will be calculated by the program.
- (8) Item 14. Make no entries under this item, since all values will be calculated by the program.

- (9) Remarks. Enter any remarks pertinent to the project site analysis or appraisal. Use this area to explain adjustments to land comparables that are not self-explanatory. Also, explain in the Remarks any significant differences between the acquisition price of the site and the "As Is" value.
- (10) Site Purchased From a Public Body. When a site has been purchased from a public body, the following procedure will be followed to insure that the proper land value is used for completing Section G.
- (a) Complete the land appraisal grid and arrive at indicated values by comparison. Arrive at a value of Site Fully Approved and enter that value in the box for Item J9.
- (b) Using the first retrieval of the Form FHA-2264 printout, calculate the total of line 6, "As Is" based on acquisition Cost to Sponsor; line 3(a), amount shown for required off-sites to be paid by mortgagor; and line 2, amount shown for unusual site correction costs. If the total of these three lines is

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less than the Value of Site Fully Approved shown in Item J9, enter in red ink for Item J9 on the worksheet the lesser amount indicated by acquisition cost. Then enter in Remarks the Value of Site Fully Approved by Comparison. Option 2 of the P2264M program will be used to enter the acquisition cost in Item J9. If acquisition cost is greater than the Value of site Fully Approved in Item J9, no modification to the Form FHA-2264 is necessary, since Value of Site Fully Approved will be the controlling criterion.

k. Section K.

- (1) Item 1. Enter the estimated remaining economic life in years.
- (2) Items 2 and 3. If the case is being processed under Section 207 or 223 (f), indicate the approach used to arrive at the overall capitalization rate. Enter the rate on Line K3. If a finding of value by the income approach is not applicable to the

case, enter a zero for Item K3. Retain all documentation used to arrive at a capitalization rate in the Valuation case binder.

- (3) Items 4 and 5. Make no entries for these items since they will be calculated by the program.
  - (4) Item 6. Enter the Ground Rent and the Capitalization Rate, if applicable to the case.
1. Section L. If a finding of value is required (Section 207 and 223(f) cases), complete the grid analysis to arrive at a value by market comparison. Retain all backup documentation used to arrive at the value by market comparison in the Valuation case binder.
- (1) Item 8. Enter the value of the project by market comparison.
  - (2) Appraisal Summary. On proposals other than Sections 207 and 223(f) projects, the program will complete the Appraisal Summary by printing an amount for Summation and then carrying over that amount as the Fair Market Value (or replacement cost) of the property. For cases processed under Sections 207 and 223(f), the program will complete the

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Appraisal Summary by printing values for capitalization, summation and comparison, then selecting the lesser of the three values. For Sections 207 and 223(f) cases, the appraiser may correlate the three values and arrive at a Fair Market Value. If this value is different from the existing value printed on the Form FHA-2264, enter it in red ink on the worksheet. Option 2 of the P2264M program will be used to enter the new Fair Market Value on the Form FHA-2264, and the final printout will reflect the change.

- m. Section M. Section M is completed by the Cost Analyst; the Form FHA-2264 will be updated by the cost processing programs.
- n. Section N. For cases other than Section 223(f) cases, Section N will be completed by the program. For Section 223(f) cases, Section N on the Form FHA-2264 will remain blank and unused.
- o. Section O. Enter in Section O any remarks and/or conclusions

applicable to the project. For Section 223(f) cases, complete the following items on the worksheet.

- (1) Item 1. Enter the project age to the nearest whole year. For example, enter 1 if the project is 1 year old and enter 3 if the project is 2 years and 9 months old. Do not enter the year that the project was built.
- (2) Item 2. Enter the required amount of initial deposit into replacement reserve, if calculated by a manual physical take-off. Enter a zero if the deposit to replacement reserve is to be calculated by applying the factor .004 to Total Structures (Line G 41) and multiplying the result by the age of the project, not to exceed 15 years.
- (3) Item 3. Enter the estimated dollar amount for repairs.
- (4) Item 4. Enter the date of the Owner's rent rolls in MM/DD/YY format.
- (5) Item 5. Enter the date of HUD inspection in MM/DD/YY format.
- (6) Item 6. Enter the occupancy percentage as of HUD inspection date
- (7) Item 7. Enter the number of months for the project to reach sustaining occupancy.
- (8) Item 8. Enter the dollar amounts, based on minimum

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insurable mortgage, for legal, organization, and title and recording.

- p. Trial Supplement to Project Analysis, Form FHA-2264-A. The P2264M program will reflect the prevailing maximum permissible FHA interest rate and the appropriate initial curtail rate under Level Annual Monthly Payments (LAMP) in calculating debt service requirement on the Trial and Final Form FHA-2264-A. The debt service percentage limitation of 90% for Sections 207 and 221(d)(4) and 85% for 223(f), and the .5% mortgage insurance premium are also reflected in the P2264M program. In those cases where mortgage amount is limited by criterion 4 of the Form FHA-2264-A, it is necessary to calculate the value of the portion of the site allocated to facilities not attributable to dwelling use, and enter the value under the Trial 2264-A portion of the program.

- (1) Item 1. Enter the dollar amount for the value of land

not attributable to residential use, if applicable to the case.

- (2) Item 2. Enter the interest rate at which the permanent loan is to be insured, if it is different from the prevailing FHA interest rate.
  - (3) Item 3. Enter the applicable initial curtail rate, if it is different from the rate that would be applicable to the prevailing FHA interest rate under LAMP.
  - (4) Item 4. Enter the correct debt service percentage limitation, if it is different than 90% for Section 207 and 221(d)(4) cases or 58% for Section 223(f) cases.
- q. The Appraiser will forward the P2264M worksheet to the terminal operator.
- r. If it is necessary to make corrections to the application, the terminal operator will execute the C2013M program according to instructions contained in Handbook 2361.13, Chapter 3, Paragraph 3-8. He/she will then execute the P2264M program, Option 1, according to instructions contained in Chapter 3, Paragraph 3-16 of Handbook 2361.13. If necessary, Option 2 of the P2264M program may be used to make any corrections following the entry of the data under Option 1. When the data have been completely entered and any necessary corrections have been made, the terminal operator will retrieve a printout for all sections of the Form FHA-2264 and the Trial Form FHA-2264-A using Option 3 of the P2264 program.

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- s. Upon completion of the P2264M processing, the terminal operator will return all worksheets and printouts to the Valuation Branch.
- t. The processing Appraiser will review the printouts, and if necessary indicate any changes in red ink on the P2264M worksheet.
- u. The Appraiser will forward the corrected P2264M program worksheet to the terminal operator, who will use Option 2 of the P2264M program to make the necessary corrections. The final printouts will be returned to the Valuation Branch.
- 4-5. VALUATION REPROCESSING USING C2264M AND P2264M PROGRAMS. The Appraiser will review the new Form [HUD-92013](#) printout with the Conditional printout of Form FHA-2264 and not any differences resulting from the new application. Previous estimates and

conclusions should be reviewed in light of any new data contained in the firm SEARCH program printouts. Firm processing will be accomplished by using option 2, Reprocessing, of the P2264M program. The P2264M worksheet will be completed as follows.

- a. Heading. Enter the project number. Indicate the insuring jurisdiction if the processing office has more than one multifamily processing responsibility.
- b. Sections A and B. The Appraiser will not make any entries for these sections on the worksheet. If the Appraiser determines that it is necessary to make further corrections for these sections, he/she will indicate the necessary corrections in red ink on the P2264M worksheet.
- c. Section C. Check for any variation in the number of each family type unit, and review income estimates in view of additional data that may be available from the firm SEARCH printout. Enter any new income estimates in the appropriate boxed areas.
- d. Section D. The Appraiser will not make any entries for this section on the worksheet. If the Appraiser determines that it is necessary to make corrections for these sections, he/she will indicate necessary changes in red ink on the worksheet.
- e. Section E. Review all expense estimates in view of additional data that may be available from the firm SEARCH printout; enter any new expense estimates in the appropriate boxed areas.
- f. Section F. Indicate the new occupancy percentage, if it has

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11/80

4-20

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4050.3

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changed since conditional processing.

- g. Sections G, H, I, K, and L. Make new entries for any items in these sections that have changed since conditional processing.
- h. Section J. Make no changes to this section. If off-sites and unusual costs have changed since conditional, the changes will be reflected on the Form FHA-2264 printout after Cost has completed firm processing.
- i. Section O. If additional remarks are to be entered at firm stage, refer to the conditional Form FHA-2264 printout and indicate the line number that would follow the existing remarks. For example, if four lines are shown on the printout and

additional remarks are to be made, enter the number five followed by the additional remarks. If the old remarks are no longer applicable, begin with line number two followed by the new remarks. If the old remarks are no longer applicable, and no new remarks are to be entered, indicate the line numbers for the terminal operator to blank out. A maximum of 120 characters for line numbers two through eleven may be entered on the worksheet. Line number one and twelve of Remarks are reserved for the calculated dollar amounts for tentative maximum mortgage amount and the value of site not attributable to dwelling use.

- j. The Appraiser will forward the P2264M worksheet to the terminal operator.
- k. If it is necessary to make corrections to the face sheet of the application, the terminal operator will execute the C2264M according to instructions contained in Handbook 2361.13, Chapter 3, Paragraph 3-9. He/she will then execute the P2264M program, Option 2, according to instructions contained in Chapter 3, Paragraph 3-16 of Handbook 2361.13, and make the necessary changes noted on the P2264M Worksheet.
- l. Upon completion of the P2264M processing, the terminal operator will return all worksheets and Form FHA-2264 printouts to the Valuation Branch.
- m. The processing Appraiser will review the printouts, and if necessary, indicate any changes in red ink on the firm P2264M Worksheet.
- n. The Appraiser will forward the corrected worksheet to the terminal operator, who will use Option 2 of the P2264M program to make the necessary corrections. The final printouts will be returned to the Valuation Branch.