

U.S. Department of Housing and Urban Development
H O U S I N G

Special Attention of:
No.: 4425.1 REV-2

Transmittal Handbook

CHG-1

Issued: 4/28/98

Secretary's Representatives,
State and Area Coordinators,
Directors, Multifamily Divisions

1. This Transmits revised Pages 2-11 and 2-12 of Handbook 4425.1 REV-2, Basic Underwriting.
2. Summary. Major change consists of a new Paragraph 2-18, Fire Safety Requirements. It concerns the Federal Fire Safety Act of 1992.
3. Filing Instructions:

Remove:

Pages iii and iv of
Handbook 4425.1 REV-2
Dated 1/95

Pages 2-11 and 2-12 of
Handbook 4425.1 REV-2
Dated 1/95

Insert:

Pages iii and iv of
Handbook 4425.1 REV-2
Dated 4/98

Pages 2-11 and 2-12 of
Handbook 4425.1 REV-2
Dated 4/98

Art Agnos
Assistant Secretary for Housing-
Federal Housing Commissioner

H: Distribution: W-3-1

U.S. Department of Housing and Urban Development

H O U S I N G

Special Attention of:
Secretary's Representatives
State and Area Coordinators
Field Office Directors of
Housing Development and
Field Office Directors of
Housing Management
(Category A & B)

Transmittal Handbook No.: 4425.1 REV-2

Issued: January 23, 1995

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1. This Transmits 4425.1 REV-2, Basic Underwriting.
 2. Summary. This Handbook is written for the Director of Multifamily Housing (MHD), and also provides basic instructions to other HUD staff for processing projects

with mortgage insurance from Pre-Application Stage up to the issuance of Firm Commitment.

3. Significant Changes:

This is a complete reissue of the existing Handbooks. All Chapters have been reformatted reflecting the most current processing instructions relating to project mortgage insurance of multifamily housing under Section 207. A Chapter, updating basic processing instructions for Statutory Mortgage Limits, has been added.

4. Filing Instructions:

Remove:

HUD Handbooks:
dated 1/95

4420.1 Preapplication for
Project Mortgage Insurance
dated 1/73

4425.1 REV 1, Application for
Firm Commitment through
Insurance for Firm Commitment
for Project Mortgage Insurance
dated 10/76

4445.1 REV 1, Underwriting
Technical Direction for Project
Mortgage Insurance dated 1/73

Insert:

HUD Handbook 4425.1 REV-2

Assistant Secretary for Housing-
Federal Housing Commissioner

HMIT : Distribution: W-3-1, W-2 (H) (ZAOO) (OGC), W-4 (H) (OGC), R-1, R-2, R-3,
R-3-1 (H) (RC), R-3-2, R-3-3, R-6, R-6-1, R-6-2, R-7, R-7-1,
R-7-2, R-8, R-8-1 HUD-23 (9-81)

Handbook

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U.S. Department of Housing and Urban Development
Washington, D.C. 20410

Directors,

Multifamily

Housing

Technical Direction
for Project Mortgage

Insurance

HMIT: Distribution: W-3-1,W-2(H),W-3(H), (ZAOO),
(OGC),W-4(H),R-1,R-2,R-3,R-3-1(H)(RC),
EQUAL HOUSING R-3-2,R-3-3,R-6,R-6-1,R-6-2,R-7,R-7-1,R-7-2,
OPPORTUNITY R-8,R-8-1.

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FOREWORD

UNDERWRITING TECHNICAL DIRECTION FOR PROJECT
MORTGAGE INSURANCE

This Handbook is written for the Director of Multifamily Housing (MHD), and also provides basic instructions to other HUD staff for processing projects with mortgage insurance from Pre-Application Stage up to the issuance of Firm Commitment.

The MHD in this Handbook is the organization position in each Category A and B Field Office to which the Regulations, 24 CFR Part 200, Subpart D, and current Administrative Notices delegate the responsibility of Chief Underwriter.

The intent is to provide prompt competent reviews and smooth processing by providing a uniform methodology with well-defined responsibilities for principal staff, and by clarifying and emphasizing specific requirements.

References:

- (1) 4370.2 CHG-1 Financial Operations and Accounting
Procedures for HUD Multifamily Housing
Projects
- (2) 4400.2 Delegated Processing
- (3) 4410.1 REV Project Fiscal Procedures
- (4) 4450.1 REV-2 Cost Estimation for Project Mortgage
Insurance
- (5) 4460.1 REV-2 Architectural Analysis and Inspection
for Project Mortgage Insurance,
Section 207
- (6) 4465.1 REV-2 Valuation Analysis Handbook for
Project Mortgage Insurance

- (7) 4470.1 REV-2 Project Mortgage Analysis for Project Mortgage Insurance, Section 207
- (8) Notice 93-93 Multifamily Underwriting Reports and Forms Catalog
- (9) 4560.2 REV Section 221(d) Project Mortgage Insurance
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- (10) 4560.3 Mortgage Insurance for Single Room Occupancy (SRO) Projects, Section 221(d)
- (11) 4565.1 Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects: Section 223(f)
- (12) 4585.1 Supplemental Loans for Project Mortgage Insurance: Section 241
- (13) 4910.1 (MPS) Minimum Property Standards

APPENDICES

1. Annual Mortgage Payment Factors for Market Rate Projects.
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CHAPTER 1. GENERAL

1-1.PURPOSE. To provide the Director of Multifamily Housing (MHD) and other HUD staff basic procedures in processing projects with mortgage insurance from Preapplication stage to the issuance of Firm Commitment. This handbook should be used in conjunction with other handbooks detailing specific instructions for applicable HUD programs.

1-2. OBJECTIVES.

- Identify the primary staff and their responsibilities.
 - Identify the required documents and forms and provide instructions for addressing issues requiring special attention.
- Achieve speedy competent reviews and smooth processing.

1-3. ADMINISTRATIVE OFFICES.

A.Field Offices. Persons interested in HUD programs should contact their nearest local Field Office.

B.HUD Headquarters. Matters within the purview of Headquarters should be addressed to: Director, Office of Insured Multifamily Housing Development, Department of Housing and Urban Development, 451 Seventh Street S.W., Washington, D.C. 20410.

1-4.SELECTION OF HUD PROGRAMS. HUD programs will be more fully explained to sponsors at the preliminary meeting with the HUD Field Office (FO). The Office will provide assistance in selecting the specific program that appears best suited to the project. If the proposal is obviously ineligible for any of HUD's programs, the sponsor will be so advised before any substantial effort is expended. On the other hand, if the proposal appears to meet the objectives of one of our programs, the FO personnel will assist the sponsor in preparing an application for project analysis.

1-5.WAIVERS. Provisions of the law or regulation cannot be waived. Statutory and regulatory provisions are noted by the initials "S" or "R" in the margin.

A.Waivers to a handbook provision may be justified in limited cases. Any handbook waivers granted by the MHD must be fully documented.

B.Headquarters will not entertain any requests for waivers or appeals to FO conclusions, unless the FO with jurisdiction has first acted upon the waiver request or appeal.

CHAPTER 2. PROJECT UNDERWRITING

2-1.GENERAL. Underwriting procedures must be followed to assure the quality of each project with respect to location, design, rentability, and construction.

A.Before issuing a commitment for a project mortgage, the MHD must:

1.Accept/approve the conclusions required by each underwriting discipline.

2.Determine whether the mortgage risk is acceptable and that the project meets the requirements of the appropriate handbook, and regulations.

B.The MHD must keep permanent files of documents and supporting data of all administration processing and underwriting conclusions. Also referred to as FO Docket.

2-2.APPLICATION STAGES. The application and processing may be divided into three stages:

A.Site Appraisal and Market Analysis (SAMA) - new construction projects.

1.Determine market need for the proposed project by type of unit, size, number of rooms, etc.

2.Estimate the obtainable rents and value of the site fully improved; or

B.Feasibility (substantial rehabilitation projects).

1.Do a basic underwriting analysis, except for credit and financial analysis.

2.Establish economic feasibility, including type and extent of required rehabilitation, estimated post-rehabilitation replacement cost, and "As-Is" value of the property, project income, etc. The analysis is generally comprehensive enough to obviate the need for further review before the conditional or firm commitment stages.

(2-2) C. Conditional Commitment.

1. Analyze proposal and its economics including project schematics drawings and outline specifications.

2. Examine credit and financial capacity of principals and general contractor.

Note: The Conditional Commitment stage is proposed for elimination; this change will become effective 30 days after publication of the final rule.

D. Firm Commitment.

1. Review any updated information and final contract documents to confirm whether they agree with findings made in earlier processing stages and meet all requirements for a firm commitment.

2. Firm commitment may be issued to insure construction advances or to insure on completion.

E. Combined Stages. HUD may accept a single combined application and process it directly to firm commitment. If, during processing, HUD finds that the material submitted is insufficient to issue a firm commitment, HUD may issue a SAMA or conditional commitment stating its findings. A mortgagee is not required at the SAMA or Feasibility stage.

Note: A more detailed explanation of all processing stages will be found in Chapter 4 - "Project Processing" of this Handbook.

2-3. CHANGES IN PROPOSALS.

A. Significant Deviation. When a mortgagor's proposal changes at any stage through firm commitment, it must be determined if it is a significant deviation from the original concept. If so, the application should be rejected. HUD can require a new application and fee if the mortgagor wishes to proceed.

B. Change in Sponsorship. If there is a change in sponsorship of the individuals/firms relied on for financial capacity and the remaining principals do not demonstrate the capacity to meet the financial requirements of the project:

(2-3) 1. At any stage through the firm commitment, this is considered a significant deviation from the original

concept and generally cause for rejection of an application.

2.Subsequent to the issuance of the firm commitment, but before initial endorsement occurs, this is considered a significant deviation of the application for which the commitment was issued and may be cause for declaring the firm commitment null and void.

C.Allowable Changes. It is not a significant deviation if the change meets the same program objectives. The items below may be changed by the mortgagor or lender in a counterproposal (see paragraph D) and a new application or fee cannot be required (but changes must be processed to determine feasibility).

1.Rents (unless the change in rent changes the market to be served);

2.Unit number, mix, or size;

3.Number of floors or buildings with the same building type (Part A of Forms HUD-92013 and HUD-92264);

4.Deletion or substitutions of similar buildings in a rehabilitation proposal if necessary for feasibility, and does not alter the basis of the environmental review of the original proposal;

5.Parking requirements;

6.Gross residential or commercial area (it is a significant deviation if rents, unit number or gross project area change as described in paragraph D.5. below);

7.Equipment and services included in rent;

8.Expenses;

9.Taxes;

10.Replacement cost;

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(2-3) 11. Market price of site; and

12.Cash requirements.

D.Rejection. The changes below are generally cause for

rejection of an application.

1.Substantial change in mortgagor (e.g., primary principals);

2.Location;

3.Building type (from low to high-rise or vice versa, from walk-up to town house, etc.);

4.Market to be served;

5.Rents, unit number or gross project area changes great enough to affect market potential, (i.e., 5 percent), and/or require a new market analysis.

6.Change in Section of the Housing Act to an entirely different program.

E.Counterproposal by HUD.

1.HUD may not require substantial changes that deviate from the concept agreed to in a previous processing stage except to insure conformity with that concept.

2.HUD may counter-propose in writing the allowable changes in paragraph C only if required for feasibility. The mortgagor must agree in writing to a counterproposal before proceeding further.

2-4.FEES AND CHARGES. There are maximum fees and charges that can be collected by HUD for processing an application.

- R - A processing fee not to exceed \$3.00 per \$1,000 of the amount of mortgage requested. This fee can be collected in three stages, in two stages, or at one time, for a single combined application.

Note: Processing fees have been proposed to increase to \$5.00 per \$1,000 of the requested mortgage amount, any increase will become effective 30 days after publication of the final rule.

2-5.DIRECTOR OF MULTIFAMILY HOUSING (MHD). The MHD is the person responsible to the FO Manager for multifamily processing. He/she bears responsibility for the expeditious processing of project proposals, for the maintenance of quality processing to evaluate underwriting risks, and for making final underwriting decisions.

2-6.AUTHORITY TO MODIFY CONCLUSIONS. The following authority is

given to the MHD: To modify the conclusions of underwriting processors and recommendations of section chiefs, including, but not limited to the number, size and composition of units, rent estimates, expense estimates, capitalization rates and values, land values, cost estimates, maximum mortgage amounts and cash requirements. Modifications of conclusions under this authority must be justified by factual data and be so documented in the FO and Washington dockets and attached to the applicable processing document.

2-7.DATA DEVELOPMENT AND LIBRARY MAINTENANCE. It is essential that adequate banks of market, cost, valuation and mortgage credit data be available in every FO if projects are to be processed within the assigned target dates. Attention must be given to the continuous updating of data in order to maintain current data banks. This is of the utmost importance and should not be overlooked.

A.A prerequisite to the effective screening of sponsor proposals at the Initial Interview is the prior accumulation of a reservoir of adequate market data. Data accumulated through market studies and outside contacts with buyers, sellers, real estate brokers, property managers, mortgage lenders and other sources, as well as contractors, builders, suppliers, etc., are vital to the screening process. The data will identify the type of units, rentals, and services and amenities most likely to be readily absorbed in the prospective market.

B.It is imperative that all available data from Asset Management (AM) be available and utilized in screening sponsor proposals. Underwriting staff must actively solicit from AM staff all available information on operating expenses, taxes, occupancy, rent-up times and any other information of relevance in the determination of project feasibility. Such data must play a prominent role in influencing underwriting decisions.

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2-8. UNDERWRITING AND TECHNICAL SPECIALISTS.

A.HUD Staff. Land Planning personnel, environmental specialists and specialized engineers in the FO may be used in the analysis of specific proposals when the need arises as determined by the MHD. Their services are not expected to be needed for all projects or at all stages of any one project. The activities of these specialists are to be concentrated on the training of the underwriting staff.

B.Delegated Processors and Technical Discipline Contractors.

The role and function of delegated processors and technical discipline contractors are discussed in detail in Chapter 4, paragraphs 4-5 and 4-6 of this Handbook.

2-9.UNDERWRITING QUALITY CONTROL. The primary objective of the HUD review is to ensure sound underwriting of the project. FOs are expected to exercise prudent judgment in their analysis and recommendations. The underwriting package should include all documentation relative to each technical discipline, including all data, worksheets and forms used in arriving at their recommendations.

2-10.COMMITMENT TERMS AND EXTENSIONS. All extensions must be requested in writing by the mortgagee and granted in writing by HUD.

A.Conditional Commitment. On a conditional commitment, the initial term cannot exceed 120 days. The MHD must ensure that rents, costs and expenses are current to grant extensions.

B.Firm Commitment to Insure Advances. The initial term cannot exceed 60 days. If necessary the MHD may grant extensions. In all such cases, the basis for the extension must be set forth in the project docket and the MHD must ensure that rents, costs and expenses are current.

1.It is the responsibility of each Office to assure that prolonged extensions or commitments do not affect the soundness of the underwriting decisions upon which the original issuance of a commitment was based. For this reason, any extension beyond the FO discretionary periods set forth above must be accompanied, at a minimum, by the following documentation:

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- (2-10)
- a. the date of the original commitment;
 - b.the current date of expiration of the commitment;
 - c.the extenuating circumstances which justify additional extension of the commitment including a brief description of the permanent financing arrangement;
 - d.an estimate of the time needed to bring the case to a closing; and
 - e.the MHD's statement that the requested delay is not likely to change significantly the

underwriting data on which the commitment was based or to undermine the feasibility of the project due to a change in the market, inflation or other cost-affecting factors.

2.If initial endorsement does not occur within the original term or an approved extension period, the commitment will expire.

- C. Reopening an Expired Commitment. HUD may reopen an expired commitment (or a reject, if the problems causing rejection have been corrected) if the mortgagor submits a new application within 90 days of the expiration with updated exhibits and a fee not to exceed \$0.50 per \$1,000 of the firm commitment mortgage amount.
- R
- 2-11. ENVIRONMENTAL PROCEDURE. HUD is required to undertake an environmental review of each insured mortgage application at the initial stage of processing. Except in the case of "categorically excluded" projects, this will require HUD staff to complete an Environmental Assessment (Form HUD-4128) and either make a Finding of No Significant Impact (FONSI) to be signed by the MHD or prepare an Environmental Impact Statement. If a project is "categorically excluded" from Environmental Assessment under 24 CFR Part 50, HUD staff must complete the Compliance Findings on Form HUD-4128.1 to be signed by the MHD." This must be done prior to the first HUD approval action (SAMA-Feasibility-Reservation, etc.), or commitment.

Regulations are contained in 24 CFR Parts 50 and 51 and operating details and instructions are contained in Handbook 4010.1, 1390.2 and 1390.4.

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2-12.PROCEDURES FOR PREVIOUS PARTICIPATION REVIEW. Principals participating in a planned or existing multifamily project must first disclose all past participation in HUD programs (except home mortgage) and the nature of their proposed interest. (See Handbook 4065.1, "Previous Participation Handbook," Chapter 3, "Eligibility Requirements" and Form HUD-92530 for further details.)

2-13.AFFIRMATIVE FAIR HOUSING MARKETING (AFHM) PLAN. The mortgagor must submit an AFHM Plan to HUD FO with its first application for commitment submission.

-(See Appendix 4 of Handbook 8025.1 REV-1, Implementation of Affirmative Fair Housing Marketing Requirements Handbook,

for AFHM Plan, Form HUD-935.2.)

-The FO will not issue a commitment without approval of the AFHM Plan.

-HUD must advise the mortgagor of its responsibilities under the plan, including reporting requirements. Details of plan implementation are in Handbook 8025.1 REV-1.

2-14. FAIR HOUSING ACT.

A. Background. During the past two decades, Congress has enacted three major laws that have an impact in housing programs and activities which receive financial assistance from HUD. These laws are The Architectural Barriers Act (ABA) of 1968; Section 504 of the Rehabilitation Act of 1973; and Title VIII of the Civil Rights Act of 1968, as amended (commonly known as the Fair Housing Amendments Act of 1988).

B. The Architectural Barriers Act (ABA) of 1968. The ABA, 42 U.S.C. 4151-4157 provides that "certain buildings financed with Federal funds are so designed and constructed as to be accessible to the physically handicapped." The ABA applies to new construction under the low income public housing program and to rehabilitation carried out with the Comprehensive Improvement Assistance Program (CIAP) funds. Housing subject to the ABA must comply with the Uniform Federal Accessibility Standards (UFAS), which is published jointly by four standard setting agencies designated in the Act (the Department of Defense, HUD, the General Services Administration, and the U.S. Postal Service). HUD adopted UFAS at 24 CFR Part 40, effective October 4, 1984.

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(2-14) C. Section 504 of the Rehabilitation Act of 1973. Section 504 provides for nondiscrimination on the basis of handicap in any program or activity receiving Federal financial assistance. HUD promulgated regulations implementing Section 504 on June 2, 1988, and they became effective July 11, 1988. Beyond the nondiscriminatory mandate, HUD's Section 504 regulation prescribes certain requirements which must be met under various types of housing programs, such as new construction and existing housing substantial rehabilitation and alterations. For example, Section 8.22 of this regulation sets forth the requirements for new construction of housing facilities. Section 8.22(b) provides: ". . . a minimum of 5 percent of the total dwelling units or at least one unit in a multifamily housing, whichever is greater, shall be made accessible for persons with mobility impairments." A unit that is on an

accessible route and otherwise in compliance with the standards set forth in Section 8.32 is accessible for the purpose of this section. An additional 2 percent of the units (but not less than one unit) in such a project shall be accessible for persons with hearing or vision impairments.

D.The Fair Housing Amendments Act of 1988 (24 CFR 1000.205) extended coverage of Title VIII of the Fair Housing Act of 1968 to prohibit discriminatory housing practices based on handicapped and familial status, as well as authorizing stronger enforcement procedures and more remedies for successful complaints. Section 804(b)(3)(c) provides that covered multifamily dwellings (meaning dwellings in buildings with four or more units served by one or more elevators and ground floor units in other buildings with four or more units) available for first occupancy on or after March 13, 1991, be designed and constructed with certain accessibility requirements. These specific requirements are:

1.Public and common areas should be readily accessible and usable by handicapped persons.

2.All the doors designed to allow passage into and within all premises are sufficiently wide to allow passage by handicapped persons and persons in wheelchairs.

3.All premises within multifamily dwelling units contain the following features of adaptable design:

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(2-14) a. An accessible route into and through the dwelling unit;

b.Light switches, electrical outlets, thermostats, and other environmental controls in accessible locations;

c.Reinforcements in bathroom walls to allow later installation of grab bars around the toilet, tub, shower stall and shower seat where such facilities are provided; and

d.Usable kitchens and bathrooms so that an individual in a wheelchair can maneuver about the space.

E.HUD published on March 6, 1991, the Final Fair Housing Accessibility Guidelines (FHAG) to provide technical guidance on the accessibility requirements of the Fair

Housing Act as described above. The Guidelines are, as their name suggests, only guidelines, not regulations or minimum requirements. The guidelines consist of recommended design specifications for compliance with the specific accessibility requirements of the Fair Housing Act. The final Guidelines provide builders with a safe harbor that illustrates acceptable methods of compliance with the Act. Compliance with the American National Standards for Building and Facilities (ANSI A117.1-186) also will satisfy the access requirements of the Act, as may alternative standards that achieve compliance with the Act's accessibility requirements.

2-15. INTERGOVERNMENTAL REVIEW REQUIREMENT.

A.Applicant Action. Only Applications for insurance of advances on projects for new construction and substantial rehabilitation, involving change in land use, project density or conversion from rental to cooperative or condominium housing require intergovernmental review. Applications are required to request the Intergovernmental Review from the State Single Point of Contact (SPOC) (HUD does not initiate this review). This request should be made prior to the initial submission to HUD and include copies of:

- 1.Completed SF 424;
- 2.Completed page 1 of HUD-92013; and
- 3.Site plan.

(2-15) B. Applicant's Submission. The Applicant must provide to HUD a Certification of the date the intergovernmental review was requested and a copy of the SF 424 sent to the SPOC.

2-16. MARKET ANALYSIS REVIEW.

- A. The Field Office is responsible for making an independent determination of whether there is a market for the units in each proposal. The Economic and Market Analysis Staff (EMAS) conducts this review to determine:
1. If there is sufficient market demand for number of units at the proposed rents, and
 2. That the units will not adversely impact existing housing in the market area.
- B. The review must include a recommendation of approval or disapproval on the basis of market considerations.

Where the recommendation is to disapprove the proposal because of insufficient demand, the market review may include a suggested counterproposal, if one is considered feasible, that modified the number of units, the bedroom size mix, or the rent levels.

The market review may also include an advisory opinion on characteristics of the proposal that will have a significant bearing on its market prospects.

- C. All SAMA commitments and Feasibility letters and commitments must contain a condition specifying that the market analysis will be reviewed annually if the project has not reached initial endorsement. The updated market review may result in reduction of the number of units or termination of the commitment at its expiration date.

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2-17. PROJECT APPROVAL. After determining that a project is acceptable for insurance, the MHD must include a signed statement in the Washington and FO dockets that:

- A. The project meets sound underwriting criteria in all technical disciplines.
- B. The project conforms to all statutory, regulatory and handbook requirements.
- C. Describes the significant factors both positive and negative.
- D. Explains any changes or adjustments to the underwriting recommendations made by the technical divisions and the reasons for them, including any documentation supporting such changes.

2-18. FIRE SAFETY REQUIREMENTS. Section 106 of the Fire Administration Authorization Act of 1992 (Public Law 102-522), commonly referred to as the Federal Fire Safety Act of 1992 (the Act), amended the Fire Prevention and Control Act of 1974. It provides fire protection standards for 3 different categories of Federally-assisted housing. See Paragraph 1-7 of HUD Handbook 4460.1 REV-2 CHG-2.

CHAPTER 3. ELIGIBILITY REQUIREMENTS

3-1. ELIGIBLE MORTGAGEES. To be eligible to apply for and receive commitments for mortgage insurance under any section of the National Housing Act (the Act), a lender must be an approved mortgagee. For detailed mortgagee's requirements and conditions, lender application requirements and filing instructions, see Handbook HUD 4060.1, "Mortgage Approval Handbook."

3-2. ELIGIBLE MORTGAGORS. The mortgagor will vary depending on the Section of the Act that the mortgage insurance application falls under.

3-3. CONTROL OF MORTGAGOR. The Secretary's control over the mortgagor will be exercised by a Regulatory Agreement, Form HUD-92466. This requirement as well as the others set forth in this chapter, will be discussed with sponsors and explained to them fully at the initial interview.

3-4. RESPONSIBILITIES AND OBLIGATIONS OF MORTGAGORS. Financing under the HUD mortgage insurance programs imposes certain responsibilities and obligations on all mortgagors. The basic description and outline material indicated below pertain to all rental housing programs. The most important of these responsibilities and obligations are:

A. Equal Opportunity in Housing. Federal law and HUD regulations require that no person, including a mortgagor or any one acting on a mortgagor's behalf, may discriminate against a person, including denying, withholding or otherwise making unavailable housing, because of race, color, religion, national origin, sex, handicap or familial status.

B. Annual Financial Statements. Mortgagors are required to keep their books and accounts in accordance with Handbook HUD-4371.1, Financial Operations and Accounting Procedures for Insured Multifamily Projects. Mortgagors also are required to provide annual financial reports meeting the requirements set forth.

C. Identity of Interest. Mortgagors are required to disclose "identities of interest." An identity of interest exists if:

(3-4) 1. The mortgagor (or any general or limited partner, shareholder, director, officer, employee or authorized representative of the mortgagor) has a financial interest in or contractual arrangement with the contractor regarding the project, including site procurement, other than the construction contract or vice versa.

2. Any general or limited partner, shareholder, director, officer, employee or authorized representative of the mortgagor is also a general or limited partner, shareholder, director, officer, employee or authorized representative of the contractor or vice versa.

3. The contractor advances funds for any obligation of the mortgagor, including site procurement, or pays on behalf of the mortgagor (or provides without cost) architectural or engineering services except those required by the construction contract or owner-architect agreement.

4. The mortgagor (or any general or limited partner, shareholder, director, officer, employee or authorized representative of the mortgagor) can directly or through one or more intermediaries control or influence the decisions or policies of the contractor, or the mortgagee, including apparent control or influence over the decisions or policies, or vice versa.

NOTE: "Apparent control or influence" means any relationship that exists between the mortgagor and contractor, or mortgagee (or any general or limited partner, shareholder, director, officer, employee or authorized representative of the mortgagor and contractor, or mortgagee) by blood, adoption, or marriage.

5. The mortgagor and contractor at any time enter into any agreement, contract or undertaking that changes or cancels any obligation of the other party that is required by the documents executed at initial endorsement.

6. The general contractor, subcontractor, material supplier, equipment lessor or manufacturer of industrialized housing supplies and pays, on behalf of the mortgagor, the cost of any

any architectural services or engineering services other than those of a surveyor, general superintendent, or engineer employed by a general contractor in connection with its obligations to perform work under the construction contract.

7.The general contractor, subcontractor, material supplier, equipment lessor or manufacturer of industrialized housing takes stock of any interest in the mortgagor corporation as part of the consideration to be paid.

8.Any relationship (e.g., family) exists which would give the mortgagor or general contractor control or influence over the price of the contract or the price paid to the subcontractor, material supplier or lessor of equipment.

NOTE: All questions on identities of interest or situations not covered above must be submitted in writing to HUD Headquarters, Office of Insured Multifamily Housing Development.

- R D. Working Capital Requirements. The working capital deposit shall be an amount equivalent to not less than 2 percent of the mortgage amount of the commitment.

3-5. ELIGIBLE MORTGAGES.

A.Maximum Interest Rate.

1.The interest rate is negotiated between the mortgagor and the mortgagee.

2.It may be increased or decreased only after reprocessing and issuing an amended commitment.

3.It may not be increased after initial endorsement (insurance of advances) or start of construction (insurance upon completion), except that, where a mortgage increase is requested, processed and approved, a higher (or lower) rate may be applied to the amount of the increase only.

- R B. Requirement for Level Annuity Monthly Payment (LAMP) Plan. The mortgage must be self-amortizing and provide for equal monthly payments of interest and

after project completion) under an amortization plan agreed to by the mortgagor and lender and acceptable to HUD. See Appendices 1 and 2.

R C. Mortgage Covenants. The mortgage will contain covenants which:

1. Prohibit any form of discrimination on the basis of race, sex, religion, color, national origin or familial status in connection with the occupancy of the mortgaged property.

2. Prohibit the use of the mortgaged premises for any purpose other than that for which it is intended at the date the mortgage was executed.

3. Prohibit the creation by the mortgagor of liens against the property superior or inferior to the liens of the mortgage.

4. Bind the mortgagor to keep the property insured by a standard policy or policies against fire and such other hazards as the Director may stipulate.

5. Prohibit transient housing.

R D. Mortgage Insurance Premiums. The annual mortgage insurance premium (MIP) is 0.5 percent per annum during the construction period, and 0.5 percent per annum for subsequent years, of the average outstanding principal balance of the mortgage.

3-6. MARKETABILITY - RESPONSIBILITY OF FIELD OFFICES TO AVOID CONDITIONS OF SURPLUS HOUSING.

A. HUD Obligation and Responsibility. HUD has a threefold obligation and responsibility to maintain a sound mortgage insurance operation. Foreclosures and acquisitions resulting from the overextension of building operations in a soft market are a negation of HUD responsibility:

1. To conserve HUD insurance funds and, indirectly, the funds of the United States Treasury;

2. To protect the equities that mortgagors have built up in their projects;

3. To insure sound mortgages, thereby minimizing the mortgage lender's servicing and default problems.

(3-6) B. HUD Control of Housing Supply. HUD should exercise control of the mortgage insurance program as to discourage housing oversupply. Observation of the housing market and the relationship between the supply and the demand is required of each FO, if far-reaching adverse consequences of oversupply are to be avoided.

C. Surplus Housing. It is the responsibility of the FO Director to employ those measures set out in HUD Handbook 4010.1 "Definitions, Policy Statements and General Rulings" when conditions in any part of his/her jurisdiction indicate a "soft" market or the presence of surplus housing. More importantly, the Director should use every means at his/her disposal to avoid the development of such undesirable conditions in the first place. Prevention of oversupply is better than attempting to control it after it appears.

D. Rental Housing. Consideration should be given to rental housing separate from that given to housing built for sale. It may be that a satisfactory market could exist for rental projects even though an oversupply of houses for sale is impending or exists. Conversely, a satisfactory market of houses for sale may exist even though there may be an oversupply of apartments in rental projects. Consideration also should be given to the possibility that offerings for sale in some cases may be so attractive as to pull tenants out of rental projects to a substantial degree.

3-7. PROPERTY AND DEVELOPMENT REQUIREMENTS.

S A. Project Size. Projects must consist of five or more dwelling units, which may be detached, semi-detached, row houses or multifamily structures.

B. Project Site. The project must be on one site. However, the site may consist of two or more noncontiguous parcels of land when HUD finds that the parcels:

1. Physically comprise a readily marketable real estate entity; and

2. Are within an area limited enough to allow convenient and efficient management.

(3-7) C. Real Estate Requirements. Projects must be on real estate held or to be held:

1. In fee simple; or

2.Under a renewable lease for not less than 99 years;

3.Under a lease having a period of not less than 10 years to run beyond the maturity date of the mortgage (This rule applies only to mortgages insured under Sections 220 and 234(d), which incorporate Section 201 of the NHA, and Section 221 of the NHA); or

4.Under lease executed by a government agency, or other lessor approved by HUD, for up to the maximum term the agency or lessor may enter into, but not less than 50 years from the date the mortgage is executed. (This rule applies to mortgages insured under Sections 207, 213, 231 and 232).

D.Liens.

R 1. The property must be free and clear of all liens other than the insured mortgage, except as noted in paragraph 2, below.

2.FO may permit an inferior lien made or held by a Federal, State or local government agency or instrumentality, consistent with the applicable HUD regulations and instructions found in Reference (7) of the foreword.

E.Property Standards.

1.New construction projects must comply with accepted local building codes and HUD Minimum Property Standards (MPS).

2.Rehabilitation projects must comply with local requirements if they are comparable to one of the three nationally recognized model codes.

F.Zoning. Projects, including improvements, must comply with all applicable zoning or deed restrictions.

(3-7) G. Commercial Areas. Projects must be designed primarily for residential use but may include commercial and community facilities to serve the occupants. In general, the aggregate commercial floor area may not exceed 10 percent of the gross floor area (20 percent for Section 220) of the project nor may commercial income exceed 15 percent of the estimated total gross income of the project (30 percent for Section 220).

H.Displacement. HUD's policy is to minimize displacement of tenants in its programs. Therefore, if substantial rehabilitation will cause involuntary displacement of tenants, HUD must:

1.Require the mortgagor to provide, with its application, a plan to minimize the effects of displacement.

2.The MHD will determine if the plan conforms to the Department's relocation requirements and that the mortgagor can carry out the relocation plan financially and physically.

3-8. AREA ELIGIBILITY.

A.General. HUD must consider all aspects of general livability and rentability during analysis of the location (e.g., freedom from adverse environmental conditions, accessibility to community facilities). The project location must:

1.Be acceptable for the type of housing proposed and the market to be served.

2.Meet the requirements of 24 CFR Part 50, Protection and Enhancement of Environmental Quality and Part 51, HUD Environmental Criteria and Standards.

R B. Flood Hazard Areas. HUD cannot insure in areas identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless:

1.The community in which the project is located is participating in the National Flood Insurance Program and its regulations (see 44 CFR Parts 59-79); or

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(3-8) 2. It has been less than a year since FEMA's designation, and flood insurance on the structure can be obtained in compliance with Section 102(a) of the Flood Disaster Protection Act of 1973 (Public Law 93-234, 42 U.S.C. 4001 et seq.);

3.Flood Insurance is obtained as a condition of approval of the application; and

4.HUD has complied with Executive Order 11988, Floodplain Management, and, (where applicable) Executive Order 11990, Wetlands Protection.

- R C. Coastal Barriers. HUD cannot insure any project in the "Coastal Barriers Resources System" established by the Coastal Barriers Resources Act (16 U.S.C. 3501).
- R D. Military Impact Areas. HUD is prohibited from providing mortgage insurance under Title II in military-impact areas unless demand from nonmilitary households is sufficient to sustain occupancy in the insured projects and the market as a whole. Section 238(c) of the National Housing Act authorizes exceptions to the restriction when certain conditions are met.

1. Section 238(c) was implemented by a Memorandum of Understanding between HUD and the Department of Defense. Mortgages insured pursuant to Section 238(c) are obligations of the Special Risk Insurance Fund.

2. Mortgage insurance may be provided only if HUD finds that (a) the benefits to be derived from providing the insurance outweigh the risk and probable cost to the Government and (b) the Secretary of Defense certifies that there are no current plans to close the installation, or substantially reduce the personnel assigned to it.

3. The FO can process mortgage insurance applications to Military Impact Areas pursuant to Section 238(c) only upon specific approval of the Assistant Secretary of Housing after the following steps have been taken:

a. The MHD will forward the FO's recommendation and accompanying documentation from the Assistant Secretary for Housing to the attention of the Deputy Assistant Secretary for Multifamily Housing.

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(3-8) b. Projects in military impact areas. A project located in a military impact area, as determined by HUD. A military impact area is generally a small or medium size metropolitan housing market area or a remote or isolated nonmetropolitan area where:

(1) Military-connected households comprise 25 percent or more of the total households in the market area. Military-connected households include active duty military personnel, civilian employees of the military service (Department of Defense) or other

Federal agency at or in support of the installation, and employees of contractors and sub-contractors directly associated with the military installation, and their dependents. Unaccompanied active duty military personnel housed in military-controlled group quarters housing (barracks, BOQ's) are excluded; and

(2) There is concern about the continued stability of the current level of military strength and mission at the installation based on public announcements from the Department of Defense or the military service of impending changes; and

(3) The complete reduction of military-connected households living in nonmilitary rental housing over a 5 year period, at an annual average decline of 20 percent, would, taking into account growth in the civilian economy and normal changes in the housing inventory, cause an adverse impact on the private rental market resulting in an increase in the rental vacancy rate in the housing market of 10 percent at the end of that period.

4. The Office of Housing, with consultation from the Office of Policy Development and Research, will review the request and recommend to the Assistant Secretary for Housing whether to designate the area as a Military Impact Area.

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(3-8) 5. The Office of Housing will notify the FO of the decision and whether it can proceed to offer mortgage insurance in the area under Section 238(c).

3-9. REQUIREMENTS OF GENERAL CONTRACTORS.

A. Prevailing Wages. The National Housing Act requires:

- S
1. Payment of no less than the wages prevailing in the locality as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. Section 276a-276a-5), to all laborers and mechanics employed in the construction (including rehabilitation) of any project, and

2. Compliance with all other related rules and regulations

under Davis-Bacon (See paragraphs 5-10, 11-2, and 13-6 and Handbook 1344.1, Federal Labor Standards Compliance in Housing and Community Development Programs) and the Copeland Act (40 U.S.C. Section 276c).

R B. Equal Employment Opportunity. HUD must comply with Executive Order 11246 and 41 CFR Part 60 regarding equal employment on Federally-assisted construction contract. They:

 1. Prohibit discrimination because of race, color, religion, sex or national origin.

 2. Require affirmative action to ensure fair treatment on: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training and apprenticeship.

CHAPTER 4. PROJECT PROCESSING

4-1. FILING AN APPLICATION.

A.Preapplication Conference. The MHD is the point of contact with the sponsor, and will schedule project processing in one, two, or three stages. At the initial interview, the sponsor should be prepared to discuss in general terms the demand for type of development proposed, the extent of competition with other projects, the vacancy rates in similar developments within the same market area, and his/her plans for developing a management plan. This conference is mandatory.

B.Sponsorship. The financial capability, reputation, experience and ability of the sponsor will be analyzed to ascertain whether he/she has the cash necessary to complete it. HUD will not proceed with a project which is obviously risky because of the sponsor's lack of experience, ability, or required financial resources.

C.Market and Marketability. The sponsor must be prepared to discuss the need for the project in the specific area as it relates to proposed rentals, composition, unit sizes, and to overall current and anticipated supply/demand conditions in the market area. The FO should provide the sponsor with any readily available data and information on market conditions.

D.Building and Site Plan Suitability. The general design concept will be discussed, including the number and placement of buildings on the site and composition of units, as well as the location and extent of parking and recreational facilities. A registered design professional is required on all elevator projects and other projects with 16 or more units. To perform the design services on complete projects successfully, the architect will be expected to consult with the engineers and planners of his/her choice.

4-2. STAGES OF PROJECT PROCESSING.

A.Single-Stage Processing. The sponsor provides at the first submission all necessary exhibits conforming to HUD requirements.

(4-2) B. Multiple-Stage Processing. The sponsor may be unable to satisfy all of HUD's requirements in the first submission. In this instance, the sponsor will go through two or three stages - the first leading to a feasibility or SAMA letter, the second leading to a conditional commitment, and the third to a firm commitment.

C. Application Acceptance Meeting. The purpose of this meeting is to ensure that the application received is complete and acceptable for processing. Only projects with complete applications should be accepted. Projects with incomplete or poorly prepared applications should be returned.

4-3. APPLICATION EXHIBITS - NEW CONSTRUCTION.

A. Site Appraisal and Market Analysis (SAMA).

1. Form HUD-92013 completed as follows:

a. Page 1 in its entirety

b. Page 2, Section G, Item 46, Land (Estimated Market Price of Site)

c. Page 3, Sections K, L and M.

2. Sketch plan of the site showing the development of the site including: location of proposed buildings, streets, parking areas and drives, and service and recreation areas.

3. Evidence of permissive zoning or evidence that rezoning is likely before submission of a firm commitment application.

4. Location map.

5. Legal description of the property.

6. Documentary evidence of title to the site or a copy of the site option agreement, contract of sale or other legal commitment for the site.

7. Form HUD-92010 Equal Employment Opportunity Certification.

8. Evidence of last arm's length sale and price.

elderly and handicapped projects only.

10. Form HUD-93433 - Request for Determination of Eligibility of Nonprofit Sponsor and/or mortgagor, if applicable - including financial statements.

11. Form HUD-92530 - Previous Participation Certificate, for all principals.

12. Certification of Compliance with EO 12372 and copy of SF 424.

13. Any environmental data, reports, etc., pertaining to the site and this proposal.

B. Conditional Commitment. (See note in paragraph 2-2C.)

1. Form HUD-92013 completed in its entirety.

2. Architectural exhibits - schematics. See Handbook HUD 4460.1 REV-1.

3. Items 3, 4, 5, 6, 7, 8, 9 (if applicable), and 11 in paragraph 4-3. A, above.

4. Form HUD-92013 Supplemental-Application - Project Mortgage Insurance (Supplement to Form HUD-92013 - For each principal and general contractor, if known).

5. Financial statements for each principal and general contractor, if known.

a. Individuals must submit Form HUD-92417, Personal Financial and Credit Statement or equivalent.

b. Partnerships and corporations must submit the following separate statements and supporting documents for the last 3 years or the length of existence, if less than 3 years, signed by an officer of the organization.

(1) Balance sheet

(2) Income and expense statement

(3) Statement of changes in equity

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(4) Supporting schedules (such as aging of receivables)

(5) Combined or consolidated statement(s)

(6) Other financial data to determine the financial responsibility and capacity of the sponsorship and/or general contractor

(7) The following certification: "I hereby certify that the foregoing figures and the statements contained here, submitted to obtain mortgage insurance under the National Housing Act, are true and give a correct showing of my financial condition as of this date."

6. Personal and commercial credit report current within 30 days of the application date, on the following:

a. The mortgagor entity, if formed.

b. All general partners, limited partners with a 25 percent or more interest, stockholders with a 10 percent or more interest and officers of the corporation.

c. Business concerns in which a sponsor, principal of the mortgagor entity, or general contractor serves as a general partner, limited partner with a 25 percent or more interest, stockholder with 10 percent or more interest or an officer of a corporation.

7. Affirmative Fair Housing Marketing Plan (Form HUD-935.2. See Appendix 4 of Handbook 8025.1 REV-1, Implementation of Affirmative Fair Housing Marketing Requirements Handbook).

8. Owner/architect agreement (Use AIA Document B181).

9. Grant and/or loan commitment letter (if applicable).

10. Revised exhibits for any item submitted in previous stages of processing if changes warrant a revision.

(4-3) 11. Response to all environmental conditions contained in SAMA letter.

C. Firm Commitment.

1. Form HUD-92013 completed in its entirety.
2. Evidence of permissive zoning.
3. Final architectural exhibits - final. See HUD Handbook 4460.1 REV-2.
4. Form FHA-2328 - Contractor's and/or Mortgagor's Cost Breakdown.
5. Form FHA-2457 - Final surveyor's Report and land survey.
6. Management exhibits.
7. Items 4, 5, 6, 7, 8 and 9 (if applicable) in paragraph 4-3.A above.
8. Items 4, 5, 6, 7, 8, and 9 (if applicable) in paragraph 4-3.B above.
9. Revised exhibits for any item submitted in previous stages of processing if changes or updating is warranted.

4-4. APPLICATION EXHIBITS - REHABILITATION PROJECTS. Applications proposing substantial rehabilitation may also be divided into as many as three stages, although processing can be limited to a single stage with all required firm commitment exhibits.

A. Feasibility Stage. In addition to the items required in paragraphs 4-3.A, 3, 4, 5, 6, 7, 8, 10, 11, and 9 (if applicable) above, submit the following:

1. Form HUD-92013 completed in its entirety.
2. Survey or site plan.
3. Drawings or sketches of existing project layout (floor plans and unit layouts in enough detail for review).

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(4-4) 4. Description of proposed rehabilitation (work write-up), showing the nature of the improvements for each basic element of the project (e.g., roof, exterior walls, porches and steps, interior walls, ceilings and floors, kitchen and bathroom facilities, mechanical equipment, landscaping, etc.).

Identifications of any potential or known environmental

hazards such as asbestos, transformers (PCB's), lead-based paint (LBP), above/ underground storage tanks, etc.

If alteration of existing building elevations, floor plans or unit layouts is proposed, provide sketches showing the post-rehabilitation changes.

5. Brief description of proposed post-rehabilitation management policies and procedures.

6. Information concerning planned displacement or relocation of project occupants.

B. Conditional Commitment Stage. (See Note in paragraph 2-2C.) Submit the following items in addition to a Form HUD-92013 completed in its entirety and those listed in paragraphs 4-3.A, 4, 5, 6, 7, 8, 9, and 10 (if applicable) and paragraphs 4-3.B, 4, 5, 6, 7, 8, 9 (if applicable), and 10:

1. Detailed work write-up showing the specific nature and extent of the improvements for each basic element of the project, e.g., roof, exterior walls, porches and steps, interior walls, ceilings and floors, kitchen and bathroom facilities, mechanical equipment, landscaping, etc.

If alteration of existing building elevations, floor plans or unit layouts is proposed, preliminary drawings and specifications reflecting the post-rehabilitation changes must be provided.

2. Cost breakdown showing the estimated cost of each of the improvements described in the work write-up.

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(4-4) C. Firm Commitment Stage. Same as requirements of paragraph 4-3.C except that the architectural exhibits must include the final work write-up, and drawings and specifications, if required.

4-5. DELEGATED PROCESSING. The Delegated Processing (DP) Program complements the Department's full insurance processing mechanism by augmenting FO staff capacity to help prevent and eliminate processing backlogs and bottlenecks. It will enhance the Department's ability to provide timely, high quality application processing and to maintain a steady supply of multifamily rental housing while expanding affordable housing opportunities.

4-6. TECHNICAL DISCIPLINES CONTRACTS. The Technical Disciplines

Contracts (TDC) Program complements the Department's architectural, engineering, cost and valuation review processes by augmenting FO staff capacity to help prevent and eliminate review delays, backlogs and bottlenecks.

CHAPTER 5. STATUTORY MORTGAGE LIMITS - HIGH COST AREA

5-1. BASIC STATUTORY LIMITS. Title 24 CFR Part 200 lists the
S statutory limits by section of the Act for each insured
R multifamily program. Maximum mortgage limits established
for a Field Office must not be less, or 110 percent higher
than the Basic Statutory Limits.

5-2. Mortgage Limit Exceptions - Sections 810 and 220(h), Solar
R Energy Systems and High Cost Increases under Sections 207,
213, 220, 221(d)(3), 221(d)(4), 231 and 234.

A.Section 810. The Secretary is authorized to increase Basic
Statutory Mortgage Limits not to exceed 45 percent.

B.Section 220(h). Reference 10 of the foreword tells how to
establish mortgage limits for this program.

C.Solar Energy Systems. The sections listed above authorize
the Secretary to recognize added cost for qualifying systems
and increase Maximum Statutory Limits not to exceed an
additional 20 percent.

D.High Cost Area Increases. The sections listed above
authorize the Secretary to increase Basic Statutory Limits,
when necessary, to recognize higher than typical costs, for
an individual project, not to exceed 140 percent.

5-3.DELEGATED AUTHORITY. The Secretary's authority to increase Basic
Statutory Mortgage Limits is delegated through the Assistant
Secretary for Housing-Federal Housing Commissioner to each MHD,
subject to these instructions.

5-4. TERMINOLOGY.

A.Locality. A designated geographical area that generally
includes several counties or parishes sharing similar
construction costs.

1.Base Locality. The area with the most construction
activity and generally the location of the Field
Office.

with the most construction activity.

B.High Cost Area. A Base or Key Locality where multifamily housing replacement cost exceeds Basic Statutory Mortgage Limits.

C.High Cost Percentage (HCP). Reflects relationship between the level of multifamily housing replacement cost and the Basic Statutory Mortgage Limits.

5-5.APPLICABILITY. The authorized HCP applies to elevator and nonelevator structures.

5-6.BASE LOCALITY HCP REVISION. Headquarters will review annually and modify as necessary. Each Field Office will be notified of changes to its HCP.

5-7.KEY LOCALITY HCP REVISION. When the FO receives the Base Locality HCP authorization, the HCP for each Key Locality must be revised. This makes up for construction cost differences among localities.

Steps:

-Select the local multipliers for the Base and Key Localities from commercial indices.

-Divide the local multiplier for each Key Locality by the local multiplier for the Base Locality; the result in the cost differential ratio between the two areas.

-Multiply the Base Locality HCP by the Key Locality ratio; the result rounded down is the HCP for the Key Locality.

-The following example uses local multipliers found in the Marshall Swift Valuation Service to show how to develop the HCP for a Key Locality.

Base Locality HCP	Local Multipliers
168 percent (Base City)	Base Locality = 1.09
	Key Locality = 1.03

Factor Key Locality = 1.03
 _____ = .94 cost differential ratio
 Factor Base Locality = 1.09

Base Locality HCP - 1.68 x .94 = 1.5792 rounded down = 1.57 or 157 percent = HCP for Key Locality.

A.Procedures: Field Office prepares the package described below and submits it for Headquarters' approval. Address it to the Director, Office of Insured Multifamily Housing Development.

B.Policy: The revised HCP will pertain only to the project for which it is requested; and increases will be considered only on a project-by-project basis.

Increases are subject to the limitations detailed in paragraph 5-2 of this book.

C.Requirements for Approval.

1.The package submitted to Headquarters must prove that:

- The housing is necessary.

-There is clear justification for the excessive cost. (For example - confined inner-city sites, remote location, scattered sites, or historic preservation are some conditions that make costs higher than for similar construction in the area.)

-Technical processing of the proposal was acceptable. (No increase will be granted without all the exhibits that are required below.)

2.The HCP requested must reflect, to the decimal (two places are sufficient - e.g., 178.52), the exact percentage needed to calculate a maximum mortgage supporting the underwriting conclusions.

D.Required Contents of Packages for Headquarters.

1.Exhibits. (Send copies of the HUD/FHA forms or counterpart automated printouts and supplemental estimate worksheets).

- a. 92013 - Application for Multifamily Housing Project.
- b. 92328 - Contractor's and/or Mortgagor's Cost Breakdown (firm stage only).
- c. 92325 - Report of Cost Processing.
- d. 92326A - Project Cost Estimate Worksheet.

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- e. 92326 - Project Cost Estimate (Selected Comparable).
- f. 92326 - Project Cost Estimate (Commissioner's

- estimate).
- g. 92264 - Rental Housing Project Income Analysis and Appraisal.
 - h. 92264A - Supplement to Project Analysis (Criterion 4, must show the maximum mortgage calculated by using the HCP requested.)
 - i. Worksheets: Include all documentation not shown on the processing forms used to develop the replacement cost estimate and all supplemental estimates. The worksheets must show units of measure and bench mark costs used to prepare the estimates.

2.Rehabilitation proposal exhibits will include the combined work write-up resulting in the HUD estimate, instead of Exhibits c, d and e above.

E.Narrative Justification. The MHD's cover memorandum must: describe the need for the housing; state why the cost of the proposal is higher than similar construction in the area; and specify the HCP requested.

Note: The approval of HCP increases is proposed for redelegation to FO; this change will become effective 30 days after publication of the final rule.

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100)
FOR MARKET RATE PROJECTS
USING LEVEL ANNUITY MONTHLY PAYMENTS

MORTGAGE TERM YEARS	6.625	6.750	6.875	7.000	7.125	7.250	7.375	7.500	7.625	7.750
40										
INIT. CURT.	.507614	.490282	.473473	.457175	.441376	.426063	.411225	.396849	.382924	.369438
P&I	7.132614	7.240282	7.348473	7.457175	7.566376	7.676063	7.786225	7.896849	8.007924	8.119438
P, I & .5% MIP	7.632614	7.740282	7.848473	7.957175	8.066376	8.176063	8.286225	8.396849	8.507924	8.619438
35										
INIT. CURT.	.728153	.706998	.686376	.666276	.646690	.627607	.609017	.590911	.573279	.556111
P&I	7.353153	7.456998	7.561376	7.666276	7.771690	7.877607	7.984017	8.090911	8.198279	8.306111
P, I & .5% MIP	7.853153	7.956998	8.061376	8.166276	8.271690	8.377607	8.484017	8.590911	8.698279	8.806111
30										
INIT. CURT.	1.058732	1.033177	1.008146	.983630	.959622	.936115	.913102	.890574	.868525	.846947
P&I	7.683732	7.783177	7.883146	7.983630	8.084622	8.186115	8.288102	8.390574	8.493525	8.596947
P, I & .5% MIP	8.183732	8.283177	8.383146	8.483630	8.584622	8.686115	8.788102	8.890574	8.993525	9.096947
25										
INIT. CURT.	1.571465	1.540938	1.510902	1.481350	1.452279	1.423682	1.395556	1.367894	1.340692	1.313945
P&I	8.196465	8.290938	8.385902	8.481350	8.577279	8.673682	8.770556	8.867894	8.965692	9.063945
P, I & .5% MIP	8.696465	8.790938	8.885902	8.981350	9.077279	9.173682	9.270556	9.367894	9.465692	9.563945
20										
INIT. CURT.	2.410405	2.374368	2.338763	2.303587	2.268838	2.234512	2.200606	2.167118	2.134045	2.101383
P&I	9.035405	9.124368	9.213763	9.303587	9.393838	9.484512	9.575606	9.667118	9.759045	9.851383
P, I & .5% MIP	9.535405	9.624368	9.713763	9.803587	9.893838	9.984512	10.075606	10.167118	10.259045	10.351383
15										
INIT. CURT.	3.910925	3.868914	3.827252	3.785939	3.744974	3.704355	3.664080	3.624148	3.584559	3.545309
P&I	10.535925	10.618914	10.702252	10.785939	10.869974	10.954355	11.039080	11.124148	11.209559	11.295309
P, I & .5% MIP	11.035925	11.118914	11.202252	11.285939	11.369974	11.454355	11.539080	11.624148	11.709559	11.795309

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	9.125	9.250	9.375	9.500	9.625	9.750	9.875	10.000	10.125	10.250
40										
INIT. CURT.	.246975	.237927	.229184	.220739	.212581	.204703	.197095	.189751	.182661	.175818
P&I	9.371975	9.487927	9.604184	9.720739	9.837581	9.954703	10.072095	10.189751	10.307661	10.425818
P, I, & .5% MIP	9.871975	9.987927	10.104184	10.220739	10.337581	10.454703	10.572095	10.689751	10.807661	10.925818
35										
INIT. CURT.	.395246	.382932	.370966	.359339	.348044	.337073	.326417	.316069	.306022	.296267
P&I	9.520246	9.632932	9.745966	9.859339	9.973044	10.087073	10.201417	10.316069	10.431022	10.546267
P, I, & .5% MIP	10.020246	10.132932	10.245966	10.359339	10.473044	10.587073	10.701417	10.816069	10.931022	11.046267
30										
INIT. CURT.	.638596	.622105	.605992	.590250	.574873	.559853	.545184	.530859	.516872	.503216
P&I	9.763596	9.872105	9.980992	10.090250	10.199873	10.309853	10.420184	10.530859	10.641872	10.753216
P, I, & .5% MIP	10.263596	10.372105	10.480992	10.590250	10.699873	10.809853	10.920184	11.030859	11.141872	11.253216
25										
INIT. CURT.	1.048273	1.026582	1.005280	.984360	.963818	.943649	.923848	.904409	.885328	.866599
P&I	10.173273	10.276582	10.380280	10.484360	10.588818	10.693849	10.798848	10.904409	11.010328	11.116599
P, I, & .5% MIP	10.673273	10.776582	10.880280	10.984360	11.088818	11.193649	11.298848	11.404409	11.510328	11.616599
20										
INIT. CURT.	1.768370	1.740402	1.712805	1.685574	1.658708	1.632202	1.606054	1.580260	1.554816	1.529721
P&I	10.893370	10.990402	11.087805	11.185574	11.283708	11.382202	11.481054	11.580260	11.679816	11.779721
P, I, & .5% MIP	11.393370	11.490402	11.587805	11.685574	11.783708	11.882202	11.981054	12.080260	12.179816	12.279721
15										
INIT. CURT.	3.135592	3.100307	3.065343	3.030696	2.996367	2.962352	2.928651	2.895261	2.862182	2.829411
P&I	12.260592	12.350307	12.440343	12.530696	12.621367	12.712352	12.803651	12.895261	12.987182	13.079411
P, I, & .5% MIP	12.760592	12.850307	12.940343	13.030696	13.121367	13.212352	13.303651	13.395261	13.487182	13.579411

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	11.625	11.750	11.875	12.000	12.125	12.250	12.375	12.500	12.625	12.750
40										
INIT. CURT.	.114792	.110368	.106108	.101999	.098044	.094234	.090566	.087033	.083631	.080356
P&I	11.739792	11.860368	11.981106	12.101999	12.223044	12.344234	12.465566	12.587033	12.708631	12.830356
P, I & .5% MIP	12.239792	12.360368	12.481106	12.601999	12.723044	12.844234	12.965566	13.087033	13.208631	13.330356
35										
INIT. CURT.	.208301	.199527	.192961	.186597	.180430	.174453	.168663	.163053	.157618	.152354
P&I	11.831301	11.949527	12.067961	12.186597	12.305430	12.424453	12.543663	12.663053	12.782618	12.902354
P, I & .5% MIP	12.331301	12.449527	12.567961	12.686597	12.805430	12.924453	13.043663	13.163053	13.282618	13.402354
30										
INIT. CURT.	.373077	.362917	.353010	.343351	.333935	.324757	.315811	.307093	.298597	.290319
P&I	11.998077	12.112917	12.228010	12.343351	12.458935	12.574757	12.690811	12.807093	12.923597	13.040319
P, I & .5% MIP	12.498077	12.612917	12.728010	12.843351	12.958935	13.074757	13.190811	13.307093	13.423597	13.540319
25										
INIT. CURT.	.682456	.667578	.652991	.638690	.624669	.610925	.597454	.584250	.571309	.558627
P&I	12.307456	12.417578	12.527991	12.638690	12.749669	12.860925	12.972454	13.084250	13.196309	13.308627
P, I & .5% MIP	12.807456	12.917578	13.027991	13.138690	13.249669	13.360925	13.472454	13.584250	13.696309	13.808627
20										
INIT. CURT.	1.275666	1.254485	1.233608	1.213034	1.192757	1.172776	1.153087	1.133687	1.114572	1.095739
P&I	12.900666	13.004485	13.108608	13.213034	13.317757	13.422776	13.528087	13.633687	13.739572	13.845739
P, I & .5% MIP	13.400666	13.504485	13.608608	13.713034	13.817757	13.922776	14.028087	14.133687	14.239572	14.345739
15										
INIT. CURT.	2.488783	2.459576	2.430655	2.402017	2.373661	2.345584	2.317787	2.290265	2.263018	2.236044
P&I	14.113783	14.209576	14.305655	14.402017	14.498661	14.595584	14.692787	14.790265	14.888018	14.986044
P, I & .5% MIP	14.613783	14.709576	14.805655	14.902017	14.998661	15.095584	15.192787	15.290265	15.388018	15.486044

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	14.125	14.250	14.375	14.500	14.625	14.750	14.875	15.000	15.125	15.250
40										
INIT. CURT.	.051539	.049479	.047499	.045595	.043765	.042006	.040315	.038690	.037128	.035627
P&I	14.176539	14.299479	14.422499	14.545595	14.668765	14.792006	14.915315	15.038690	15.162128	15.285627
P, I & .5% MIP	14.676539	14.799479	14.922499	15.045595	15.168765	15.292006	15.415315	15.538690	15.662128	15.785627
35										
INIT. CURT.	.104395	.100831	.097382	.094046	.090819	.087698	.084679	.081760	.078938	.076207
P&I	14.229395	14.350831	14.472382	14.594046	14.715819	14.837698	14.959679	15.081760	15.203936	15.328207
P, I & .5% MIP	14.729395	14.850831	14.972382	15.094046	15.215819	15.337698	15.459679	15.581760	15.703936	15.826207
30										
INIT. CURT.	.212271	.206245	.200380	.194671	.189115	.183709	.178447	.173328	.168348	.163502
P&I	14.337271	14.456245	14.575380	14.694671	14.814115	14.933709	15.053447	15.173328	15.293348	15.413502
P, I & .5% MIP	14.837271	14.956245	15.075380	15.194671	15.314115	15.433709	15.553447	15.673328	15.793348	15.913502
25										
INIT. CURT.	.435026	.425130	.415441	.405955	.396668	.387577	.378678	.369967	.361442	.353098
P&I	14.560026	14.675130	14.790441	14.905955	15.021668	15.137577	15.253678	15.369967	15.486442	15.603098
P, I & .5% MIP	15.060026	15.175130	15.290441	15.405955	15.521668	15.637577	15.753678	15.869967	15.986442	16.103098
20										
INIT. CURT.	.906316	.890627	.875181	.859973	.845002	.830264	.815756	.801475	.787419	.773584
P&I	15.031316	15.140627	15.250181	15.359973	15.470002	15.580264	15.690756	15.801475	15.912419	16.023584
P, I & .5% MIP	15.531316	15.640627	15.750181	15.859973	15.970002	16.080264	16.190756	16.301475	16.412419	16.523584
15										
INIT. CURT.	1.956801	1.932956	1.909360	1.886010	1.862906	1.840045	1.817425	1.795045	1.772903	1.750997
P&I	16.081801	16.182956	16.284360	16.386010	16.487906	16.590045	16.692425	16.795045	16.897903	17.000997
P, I & .5% MIP	16.581801	16.682956	16.784360	16.886010	16.987906	17.090045	17.192425	17.295045	17.397903	17.500997

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	16.625	16.750	16.875	17.000	17.125	17.250	17.375	17.500	17.625	17.750
40										
INIT. CURT.	.022548	.021623	.020735	.019883	.019064	.018279	.017525	.016801	.016107	.015441
P&I	16.647548	16.771623	16.895735	17.019883	17.144064	17.268279	17.392525	17.516801	17.641107	17.765441
P, I&.5% MIP	17.147548	17.271623	17.395735	17.519883	17.644064	17.768279	17.892525	18.016801	18.141107	18.265441
35										
INIT. CURT.	.051570	.049757	.048006	.046314	.044680	.043101	.041576	.040104	.038682	.037309
P&I	16.676570	16.799757	16.923006	17.046314	17.169680	17.293101	17.416576	17.540104	17.663682	17.787309
P, I&.5% MIP	17.176570	17.299757	17.423006	17.546314	17.669680	17.793101	17.916576	18.040104	18.163682	18.287309
30										
INIT. CURT.	.118212	.114747	.111378	.108104	.104922	.101829	.098823	.095903	.093065	.090307
P&I	16.743212	16.864747	16.986378	17.108104	17.229922	17.351829	17.473823	17.595903	17.718065	17.840307
P, I&.5% MIP	17.243212	17.364747	17.486378	17.608104	17.729922	17.851829	17.973823	18.095903	18.218065	18.340307
25										
INIT. CURT.	.272378	.265965	.259693	.253559	.247561	.241697	.235963	.230356	.224875	.219517
P&I	16.897378	17.015965	17.134693	17.253559	17.372561	17.491697	17.610963	17.730356	17.849875	17.969517
P, I&.5% MIP	17.397378	17.515965	17.634693	17.753559	17.872561	17.991697	18.110963	18.230356	18.349875	18.469517
20										
INIT. CURT.	.635227	.623835	.612629	.601607	.590765	.580103	.569616	.559303	.549161	.539188
P&I	17.260227	17.373835	17.487629	17.601607	17.715765	17.830103	17.944616	18.059303	18.174161	18.289188
P, I&.5% MIP	17.760227	17.873835	17.987629	18.101607	18.215765	18.330103	18.444616	18.559303	18.674161	18.789188
15										
INIT. CURT.	1.525071	1.505853	1.486847	1.468051	1.449465	1.431085	1.412910	1.394939	1.377169	1.359599
P&I	18.150071	18.255853	18.361847	18.468051	18.574465	18.681085	18.787910	18.894939	19.002169	19.109599
P, I&.5% MIP	18.650071	18.755853	18.861847	18.968051	19.074465	19.181085	19.287910	19.394939	19.502169	19.609599

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	19.125	19.250	19.375	19.500	19.625	19.750	19.875	20.000	20.125	20.250
40										
INIT. CURT.	.009675	.009271	.008883	.008511	.008154	.007812	.007484	.007169	.006868	.006579
P&I	19.134675	19.259271	19.383883	19.508511	19.633154	19.757812	19.882484	20.007169	20.131868	20.256579
P, I & .5% MIP	19.634675	19.759271	19.883883	20.008511	20.133154	20.257812	20.382484	20.507169	20.631868	20.756579
35										
INIT. CURT.	.025005	.024107	.023239	.022403	.021595	.020816	.020065	.019339	.018640	.017965
P&I	19.150005	19.274107	19.398239	19.522403	19.646595	19.770816	19.895065	20.019339	20.143640	20.267965
P, I & .5% MIP	19.650005	19.774107	19.898239	20.022403	20.146595	20.270816	20.395065	20.519339	20.643640	20.767965
30										
INIT. CURT.	.064707	.062762	.060874	.059040	.057260	.055531	.053853	.052224	.050643	.049108
P&I	19.189707	19.312762	19.435874	19.559040	19.682260	19.805531	19.928853	20.052224	20.175643	20.299108
P, I & .5% MIP	19.689707	19.812762	19.935874	20.059040	20.182260	20.305531	20.428853	20.552224	20.675643	20.799108
25										
INIT. CURT.	.167997	.163930	.159956	.156074	.152281	.148578	.144956	.141421	.137988	.134596
P&I	19.292997	19.413930	19.534956	19.656074	19.777281	19.898578	20.019956	20.141421	20.262968	20.384596
P, I & .5% MIP	19.792997	19.913930	20.034956	20.156074	20.277281	20.398578	20.519956	20.641421	20.762968	20.884596
20										
INIT. CURT.	.439947	.431818	.423828	.415975	.408258	.400673	.393220	.385895	.378698	.371626
P&I	19.564947	19.681818	19.798828	19.915975	20.033258	20.150673	20.268220	20.385895	20.503698	20.621626
P, I & .5% MIP	20.064947	20.181818	20.298828	20.415975	20.533258	20.650673	20.768220	20.885895	21.003698	21.121626
15										
INIT. CURT.	1.179027	1.163721	1.148593	1.133640	1.118862	1.104257	1.089823	1.075558	1.061461	1.047530
P&I	20.304027	20.413721	20.523593	20.633640	20.743862	20.854257	20.964823	21.075558	21.186461	21.297530
P, I & .5% MIP	20.804027	20.913721	21.023593	21.133640	21.243862	21.354257	21.464823	21.575558	21.686461	21.797530

ANNUAL MORTGAGE PAYMENT FACTORS (PER \$100) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENTS										
MORTGAGE TERM YEARS	21.625	21.750	21.875	22.000	22.125	22.250	22.375	22.500	22.625	22.750
40										
INIT. CURT.	.004091	.003917	.003751	.003592	.003439	.003293	.003153	.003018	.002890	.002767
P&I	21.629091	21.753917	21.878751	22.003592	22.128439	22.253293	22.378153	22.503018	22.627890	22.752767
P, I & .5% MIP	22.129091	22.253917	22.378751	22.503592	22.628439	22.753293	22.878153	23.003018	23.127890	23.252767
35										
INIT. CURT.	.011951	.011514	.011093	.010687	.010295	.009918	.009554	.009204	.008866	.008540
P&I	21.636951	21.761514	21.886093	22.010687	22.135295	22.259918	22.384554	22.509204	22.633866	22.758540
P, I & .5% MIP	22.136951	22.261514	22.386093	22.510687	22.635295	22.759918	22.884554	23.009204	23.133866	23.258540
30										
INIT. CURT.	.034935	.033864	.032825	.031817	.030840	.029891	.028971	.028079	.027213	.026374
P&I	21.659935	21.783864	21.907825	22.031817	22.155840	22.279891	22.403971	22.528079	22.652213	22.776374
P, I & .5% MIP	22.159935	22.283864	22.407825	22.531817	22.655840	22.779891	22.903971	23.028079	23.152213	23.276374
25										
INIT. CURT.	.102331	.099797	.097323	.094908	.092551	.090250	.088004	.085812	.083673	.081585
P&I	21.727331	21.849797	21.972323	22.094908	22.217551	22.340250	22.463004	22.585812	22.708673	22.831585
P, I & .5% MIP	22.227331	22.349797	22.472323	22.594908	22.717551	22.840250	22.963004	23.085812	23.208673	23.331585
20										
INIT. CURT.	.301558	.295844	.290231	.284719	.279306	.273989	.268768	.263641	.258606	.253662
P&I	21.926558	22.045844	22.165231	22.284719	22.404306	22.523989	22.643768	22.763641	22.883606	23.003662
P, I & .5% MIP	22.426558	22.545844	22.665231	22.784719	22.904306	23.023989	23.143768	23.263641	23.383606	23.503662
15										
INIT. CURT.	.904811	.892752	.880840	.869072	.857447	.845964	.834622	.823418	.812351	.801421
P&I	22.529811	22.642752	22.755840	22.869072	22.982447	23.095964	23.209622	23.323418	23.437351	23.551421
P, I & .5% MIP	23.029811	23.142752	23.255840	23.369072	23.482447	23.595964	23.709622	23.823418	23.937351	24.051421

MONTHLY MORTGAGE PAYMENT FACTORS (PER \$1000)
 FOR MARKET RATE PROJECTS
 USING LEVEL ANNUITY MONTHLY PAYMENT PLAN

MORTGAGE TERM MONTHS	6.375	6.500	6.625	6.750	6.875	7.000	7.125	7.250	7.375	7.500
475	5.778985	5.867555	5.956583	6.046059	6.135972	6.226312	6.317070	6.408234	6.499795	6.591744
476	5.776304	5.864925	5.954003	6.043529	6.133491	6.223881	6.314687	6.405900	6.497509	6.589506
477	5.773641	5.862311	5.951439	6.041015	6.131027	6.221465	6.312320	6.403581	6.495239	6.587284
478	5.770993	5.859714	5.948892	6.038517	6.128578	6.219065	6.309969	6.401279	6.492984	6.585076
479	5.768363	5.857133	5.946360	6.036035	6.126145	6.216681	6.307633	6.398991	6.490745	6.582884
480	5.765748	5.854568	5.943845	6.033568	6.123728	6.214313	6.305313	6.396719	6.488520	6.580707
MORTGAGE TERM MONTHS	7.625	7.750	7.875	8.000	8.125	8.250	8.375	8.500	8.625	8.750
475	6.684071	6.776766	6.869820	6.963224	7.056968	7.151045	7.245444	7.340158	7.435177	7.530494
476	6.681880	6.774622	6.867723	6.961173	7.054963	7.149085	7.243529	7.338286	7.433349	7.528709
477	6.679705	6.772494	6.865641	6.959137	7.052973	7.147139	7.241628	7.336429	7.431535	7.526938
478	6.677545	6.770381	6.863574	6.957118	7.050997	7.145208	7.239741	7.334586	7.429735	7.525180
479	6.675400	6.768282	6.861522	6.955109	7.049035	7.143291	7.237868	7.332756	7.427949	7.523436
480	6.673270	6.766199	6.859484	6.953117	7.047088	7.141388	7.236009	7.330941	7.426176	7.521705

MONTHLY MORTGAGE PAYMENT FACTORS (PER \$1000) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENT PLAN										
MORTGAGE TERM MONTHS	11.375	11.500	11.625	11.750	11.875	12.000	12.125	12.250	12.375	12.500
475	9.587676	9.687731	9.787933	9.888277	9.988759	10.089374	10.190118	10.290986	10.391975	10.493079
476	9.586646	9.686729	9.786959	9.887331	9.987840	10.088481	10.189251	10.290144	10.391157	10.492286
477	9.585625	9.685737	9.785995	9.886395	9.986930	10.087598	10.188393	10.289311	10.390348	10.491501
478	9.584614	9.684755	9.785041	9.885467	9.986029	10.086723	10.187543	10.288486	10.389548	10.490724
479	9.583613	9.683782	9.784096	9.884549	9.985138	10.085857	10.186702	10.287670	10.388755	10.489955
480	9.582622	9.682819	9.783160	9.883640	9.984255	10.085000	10.185870	10.286862	10.387971	10.489194
MORTGAGE TERM MONTHS	12.625	12.750	12.875	13.000	13.125	13.250	13.375	13.500	13.625	13.750
475	10.594296	10.695622	10.797052	10.898583	11.000213	11.101936	11.203751	11.305653	11.407641	11.509710
476	10.593526	10.694874	10.796327	10.897880	10.999530	11.101274	11.203109	11.305031	11.407038	11.509125
477	10.592764	10.694135	10.795610	10.897184	10.998855	11.100620	11.202475	11.304416	11.406441	11.508547
478	10.592010	10.693403	10.794900	10.896496	10.998188	11.099973	11.201847	11.303808	11.405852	11.507976
479	10.591264	10.692680	10.794198	10.895815	10.997528	11.099333	11.201227	11.303206	11.405269	11.507411
480	10.590526	10.691964	10.793503	10.895142	10.996875	11.098700	11.200613	11.302612	11.404693	11.506853

MONTHLY MORTGAGE PAYMENT FACTORS (PER \$1000)
FOR MARKET RATE PROJECTS
USING LEVEL ANNUITY MONTHLY PAYMENT PLAN

MORTGAGE TERM MONTHS	16.375	16.500	16.625	16.750	16.875	17.000	17.125	17.250	17.375	17.500
475	13.667697	13.770980	13.874297	13.977648	14.081031	14.184445	14.287888	14.391361	14.494860	14.598387
476	13.667403	13.770695	13.874022	13.977382	14.080773	14.184196	14.287648	14.391128	14.494636	14.598170
477	13.667112	13.770414	13.873750	13.977119	14.080520	14.183951	14.287411	14.390900	14.494415	14.597957
478	13.666825	13.770136	13.873482	13.976860	14.080269	14.183709	14.287178	14.390674	14.494197	14.597746
479	13.666542	13.769863	13.873218	13.976605	14.080023	14.183471	14.286947	14.390452	14.493983	14.597539
480	13.666263	13.769593	13.872957	13.976353	14.079779	14.183236	14.286720	14.390232	14.493771	14.597335
MORTGAGE TERM MONTHS	17.625	17.750	17.875	18.000	18.125	18.250	18.375	18.500	18.625	18.750
475	14.701939	14.805515	14.909115	15.012738	15.116382	15.220047	15.323733	15.427438	15.531161	15.634902
476	14.701729	14.805313	14.908920	15.012549	15.116200	15.219872	15.323563	15.427274	15.531003	15.634750
477	14.701523	14.805114	14.908728	15.012364	15.116021	15.219699	15.323396	15.427113	15.530848	15.634600
478	14.701320	14.804918	14.908538	15.012181	15.115844	15.219528	15.323232	15.426954	15.530694	15.634452
479	14.701120	14.804724	14.908352	15.012001	15.115671	15.219361	15.323070	15.426798	15.530544	15.634307
480	14.700923	14.804534	14.908168	15.011823	15.115499	15.219195	15.322910	15.426644	15.530395	15.634163

MONTHLY MORTGAGE PAYMENT FACTORS (PER \$1000) FOR MARKET RATE PROJECTS USING LEVEL ANNUITY MONTHLY PAYMENT PLAN										
MORTGAGE TERM MONTHS	21.375	21.500	21.625	21.750	21.875	22.000	22.125	22.250	22.375	22.500
475	17.816561	17.920558	18.024561	18.128571	18.232588	18.336611	18.440640	18.544675	18.648715	18.752760
476	17.816490	17.920489	18.024495	18.128508	18.232527	18.336552	18.440583	18.544620	18.648662	18.752709
477	17.816420	17.920422	18.024430	18.128445	18.232467	18.336494	18.440527	18.544566	18.648610	18.752660
478	17.816351	17.920356	18.024367	18.128384	18.232408	18.336437	18.440473	18.544513	18.648559	18.752611
479	17.816284	17.920291	18.024304	18.128324	18.232350	18.336381	18.440419	18.544462	18.648510	18.752563
480	17.816218	17.920227	18.024243	18.128265	18.232293	18.336327	18.440368	18.544411	18.648461	18.752515
MORTGAGE TERM MONTHS	22.625	22.750	22.875	23.000	23.125	23.250	23.375	23.500	23.625	23.750
475	18.856811	18.960866	19.064926	19.168990	19.273059	19.377131	19.481208	19.585288	19.689372	19.793460
476	18.856762	18.960819	19.064880	19.168946	19.273017	19.377091	19.481169	19.585251	19.689336	19.793425
477	18.856714	18.960772	19.064836	19.168903	19.272975	19.377051	19.481131	19.585214	19.689301	19.793391
478	18.856667	18.960727	19.064792	19.168861	19.272935	19.377012	19.481093	19.585178	19.689286	19.793357
479	18.856620	18.960683	19.064749	19.168820	19.272895	19.376974	19.481056	19.585142	19.689232	19.793324
480	18.856575	18.960639	19.064707	19.168780	19.272858	19.376936	19.481020	19.585108	19.689198	19.793292