## U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT H 0 U S I N G

TRANSMITTAL

4535.3 REV-1 6/6/79

## 1. This Transmits:

HUD Handbook 4535.3, REV-1, Section 106(b) Nonprofit Sponsor Assistance Loans for Section 202 Projects for the Elderly or Handicapped, dated 6/79.

- 2. Explanation of Material Transmitted: Changes to HUD Handbook 4535.3 dated 3/77 were necessary to conform with policies and procedures established under the decentralized Section 202 Program. The following basic changes have been made:
  - a. The Borrower/Sponsor now may make application for a Section 106(b) loan along with its application for a Section 202 reservation.
  - b. The Borrower/Sponsor must have control of the proposed project site at the time of its application for a Section 106(b) loan.
  - c. Where proceeds of a Section 106(b) loan will be used to purchase land which is already encumbered with an existing lien, the Field Office must obtain a lien of the next highest priority.
  - d. If application for a Section 106(b) loan is made at the Section 202 fund reservation stage, the Borrower/Sponsor may submit estimated costs for certain anticipated items which are otherwise items eligible for inclusion in the "seed money" loan.
  - e. Site options may initially specify a period of a few months, but must provide for extensions to permit renewal for up to eighteen (18) months.
  - f. The Field Office is no longer required to send copies of Form HUD-92290, Form HUD-92289 and Form HUD-92291 to RAD.

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g. Up to fifteen (15) percent of the design fee may be approved for payment for the architect upon issuance of the conditional commitment and up to twenty-five (25)

percent may be approved for payment upon the Field Office's acceptance and approval of the final plans and specifications.

- h. In the event the conditional commitment stage is bypassed, up to fifteen (15) percent of the allowable consultant's fee may be approved for payment for the consultant and up to five (5) percent of the allowable legal fee for the attorney upon the Field Office acceptance for processing of the Firm Commitment application.
- i. Clarification regarding Field Office procedures in handling the repayments of "seed money" loans has been provided herein. In this regard, new appendices have been included as examples.
- 3. Issuance Superseded:
  This Revised Handbook supersedes Handbook 4535.3 dated
  March 21, 1977.

Assistant Secretary for Housing
- Federal Housing Commissioner

6/79

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SECTION 106(b) NONPROFIT

SPONSOR ASSISTANCE LOANS

FOR SECTION 202 PROJECTS

FOR THE ELDERLY OR HANDICAPPED

JUNE 1979

PROGRAM PARTICIPANTS

AND

HUD STAFF

A HUD HANDBOOK

HOUSING

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410