1. This Transmits Handbook 4560.01 REV-1, Mortgage Insurance for Multifamily Moderate Income Housing Projects, Section 221(d)(3) and Section 221(d)(4).

2. Summary. This handbook revision:
   a. Combines the two existing 221(d) program handbooks 4560.01, Section 221(d)(3) Market Interest Rate for Project Mortgage Insurance, and 4560.02, Section 221(d)(4) Rental Housing for Moderate Income Families for Project Mortgage Insurance, into a single handbook.
   b. Updates and clarifies many program areas; including:
      i. Defines substantial rehabilitation.
      ii. Provides for 1 year limitation on market findings in all SAMA and Feasibility letters and commitments.
      iii. Incorporates commercial space limitations of 10 percent of gross floor area and 15 percent of gross income for all projects.
      iv. Limits various services and features in projects designed for the elderly in accordance with termination of the Retirement Service Center program.
   c. Incorporates regulatory changes dealing with the computation of a mortgage for substantial rehabilitation cases which was mandated by the 1983 statutory amendment to the National Housing Act.
   d. Indicate whether specific provisions are statutory or regulatory by the letters "[S]" or "[R]", at the beginning of the applicable provision. In some cases, the text itself specifies that certain provisions are statutory or regulatory.
3. Cancellations:
Handbook 4560.01, Section 221(d)(3) Market Interest Rate for Project Mortgage Insurance
Handbook 4560.02, Section 221(d)(4) Rental Housing for Moderate Income Families for Project Mortgage Insurance

4. Filing Instructions:

Remove Insert
Handbook 4560.1, dated 5/75 Handbook 4560.1 REV-1

Nicolas P. Retsinas
Assistant Secretary for Housing—Federal Housing Commissioner

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Handbook 4560.01 REV-01
Development
U.S. Department of Housing and Urban
Office of Housing

Departmental Staff

September 1994 Mortgage Insurance
for Multifamily
 Moderate Income
Housing Projects,
Section 221(d)(3)
and Section
221(d)(4)
HMIP: Distribution:
FOREWORD

This Handbook provides basic information for developing multifamily projects under the Section 221(d)(3) program for rental or cooperative housing for moderate income families, and the Section 221(d)(4) program for rental housing for moderate income families. Under these programs, HUD insures mortgages made by HUD-approved private lenders for the construction or substantial rehabilitation of multifamily rental housing.

NOTE: The Section 221(d) program for Single Room Occupancy is not subject to the provisions of this handbook.

References:

(1) 1344.1 REV-1 Federal Labor Standards Compliance in Housing and Community Development Programs.

(2) 1390.2 Environmental Assessment Guide for Housing Projects.

(3) 1390.4 Guide to HUD Environmental Criteria and Standards contained in 24 CFR Part 51.

(4) 4050.4 Reporting Requirements for Automated Systems for Public Housing, Indian Housing Agencies and Private Owners.

(5) 4065.1 Previous Participation Handbook.

(6) 4200.1A Audit Guide for Auditing Development Costs of HUD-Insured Multifamily Projects for Use by IPAs.

(7) 4350.1 Insured Project Servicing Handbook.

(8) 4370.2 REV-1 Reviewing Annual and Monthly Financial Reports.

(9) 4370.2 Financial Operations and Accounting Procedures for Insured Multifamily Projects.

(10) 4372.1 REV-1 Audit Guide for Mortgagors Having HUD-Insured or Secretary Held Multifamily Mortgages for Use by IPAs.

(11) 4381.5 REV-1 Management Documents, Agents and Fees (as modified by Notice H-90-33 regarding up-front reviews of tenant selection plans and house

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rules).

(12) 4410.1 REV Project Fiscal Procedures.

(13) 4420.1 Preapplication for Project Mortgage Insurance.

(14) 4425.1 Application for Firm Commitment through Issuance of Firm Commitment for Project Mortgage Insurance.

(15) 4430.1 Initial Closing, Commitment for Project Mortgage Insurance.

(16) 4435.1 Construction Period to Final Closing for Project Mortgage Insurance.

(17) 4435.2 Project Servicing Procedures Prior to Final Endorsement.

(18) 4440.1 Final Closing, Commitment for Project Mortgage Insurance.

(19) 4445.1 Underwriting for Project Mortgage Insurance.

(20) 4450.1 REV Cost Estimation for Project Mortgage Insurance.

(21) 4460.1 REV Architectural Analysis and Inspection for Project Mortgage Insurance.

(22) 4465.1 Valuation Analysis for Project Mortgage Insurance.

(23) 4470.1 REV Mortgage Credit Analysis for Project Mortgage Insurance, Section 207.


(25) Notice H 93-93 Multifamily Underwriting Reports and Forms Catalog.

(26) 4500.1 REV-1 Allowance for Making Nonprofit Operational (AMPO) and Use of Housing Consultants.

(27) 4560.3 Mortgage Insurance for Single Room Occupancy (SRO) Projects, Section 221(d).

(28) 4910.1 HUD Minimum Property Standards for Multifamily Housing.

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4560.01 REV-01

(29) 8025.1 REV-1 Implementation of Affirmative Fair Housing Marketing
Requirements for Multifamily Housing.

SECTION 221(d)(3)
MARKET INTEREST RATE
FOR
PROJECT MORTGAGE INSURANCE
MAY 1975
A HUD HANDBOOK
PROGRAM PARTICIPANTS AND HUD STAFF
HOUSING PRODUCTION AND MORTGAGE CREDIT-FEDERAL HOUSING ADMINISTRATION

FOREWORD

This Handbook provides basic information for developing multifamily projects under the Section 221(d)(3) Market Interest Rate Program of rental or cooperative housing for low and moderate income families. In processing an application under Section 221(d)(3), outstanding underwriting instructions for the Basic Section 207 Program are followed except as modified by this Handbook.

The Handbook is divided into two chapters. The first chapter sets forth basic HUD eligibility requirements and explains processing in general terms. The final chapter discusses underwriting considerations.

The Section 221(d)(3) Market Interest Rate Program is authorized by the National Housing Act, as amended. The administering office in HUD Headquarters is the Assistant Secretary for Housing - Federal Housing Commissioner.

References:
(1) 4465.1 - Valuation Analysis Handbook for Project Mortgage Insurance

(2) 4460.1 REV - Architectural Analysis and Inspection for Project Mortgage Insurance, Section 207

(3) 4445.1 - Underwriting for Project Mortgage Insurance

(4) 4480.1 - Multifamily Reports and Forms Catalog (Form FHA-2264A)

(5) 4500.1 REV-1 - Allowance for Marking Nonprofit Projects Operational (AMPO) and Use of Housing Consultants