

U.S. Department of Housing and Urban Development  
Office of Housing

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SPECIAL ATTENTION OF:

TRANSMITTAL

Secretary's Representatives; State  
Coordinators; Multifamily Housing  
Directors; Multifamily Section Chiefs

Handbook No.: 4560.01 REV-1  
Issued: September 29, 1994

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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.

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HMIP: Distribution: W-3-1,W-2 (H) ,W-3 (H) (ZAOO) (OGC) ,W-4 (H) (OGC) ,R-1,R-2,  
R-3-1 (H) (RC) ,R-3-2,R-3-3,R-6,R-6-2,R-7,R-7-2,R-8

4560.01 REV-1

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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

Handbook 4560.2, dated 12/72

dated 9/29/94

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

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9/94

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Handbook

4560.01 REV-01

Development

U.S. Department of Housing and Urban  
Office of Housing

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Departmental Staff

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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.
- (24) 4470.2 Cost Certification Guide for Mortgagors and Contractors of  
HUD-Insured Multifamily Projects.
- (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

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- (29) 8025.1 REV-1 Implementation of Affirmative Fair Housing Marketing

Requirements for Multifamily Housing.

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4560.1 Rev.

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

(1/91 - Reprinted to replenish stock.  
All Changes thru # 3 (3/13/81)  
incorporated..

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

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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