
CHAPTER 5. HOW MORTGAGORS APPLY FOR LOANS

5-1. FILING AN APPLICATION.

- A. Mortgagors file directly with approved coinsurance lenders. Lenders process these applications, see that processing not delegated by HUD pursuant to Chapter 6 is done, and reach the underwriting conclusions necessary to coinsure the loan. Applications must comply with this handbook and the coinsurance regulations and include required HUD forms and formats (See paragraph 5-2).
- B. Paragraphs 5-3 through 5-5 list the exhibits for each stage of new construction processing. Paragraph 5-6 lists them for substantial rehabilitation. The firm commitment stage and exhibits are mandatory. Exhibits submitted at a previous stage need not be resubmitted unless they require updating.

5-2. USE OF HUD FORMS BY MORTGAGORS.

- A. Forms that lenders must require mortgagors to use are starred on the list of application exhibits. Applicants may use equivalent forms for the others listed if you have received HUD approval pursuant to paragraph 12-3 A.2.
- B. The lender may requisition forms from the HUD field office. Xerox copies are acceptable. Appendix 1 lists both required and equivalent forms. (Appendix 65 lists the forms and special requirements for cooperatives.)

5-3. APPLICATION EXHIBITS - SITE APPRAISAL AND MARKET ANALYSIS (SAMA)

- * A. Form HUD-92013 completed as follows:
 - (1) Page 1 in its entirety
 - (2) Page 2, Section G, Item 46, Land (Estimated Market Price of Site)
 - (3) Page 3, Sections K, L and M.
- B. 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.
- C. Evidence of permissive zoning or evidence that needed rezoning is likely before submission of a firm commitment application.
- D. Location map.
- E. Legal description of the property.

- (5-3) F. 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.
- * G. Form HUD-92010 Equal Employment Opportunity Certification (Appendix 8).
- H. Evidence of last arms-length sale and price.
- * I. Form HUD-92013E Supplement to HUD-92013 - for elderly and handicapped projects only, including Retirement Service Centers (Appendix 4).
- * J. Form-3433 - Request for Determination of Eligibility of Nonprofit Sponsor and/or mortgagor, if applicable (Appendix 60).
- * K. Form HUD-2530 - Previous Participation Certificate, for all principals, as defined in paragraph 6-9 A (Appendix 7).
- L. Any other information the lender requires in support of the application.

5-4. APPLICATION EXHIBITS - CONDITIONAL COMMITMENT

- * A. Form HUD-92013 completed in its entirety.
- B. Architectural exhibits - schematics. (See chapter 7.)
- C. Items C, D, E, F, G, H, I (if applicable), and K in paragraph 5-3, above.
- * D. Form FHA-2013 SUPP - Application - Project Mortgage Insurance (Supplement to HUD 92013 -- For each principal and general contractor, if known (Appendix 3)).
- E. Financial statements for each principal and general contractor, if known.
- 1) Individuals must submit Form FHA-2417, Personal Financial and Credit Statement or equivalent (Appendix 9).
 - 2) Partnerships and corporations must submit the following separate statements and supporting documents signed and dated by an officer of the organization.
 - a) Balance sheet
 - b) Income and expense statement
 - c) Statement of changes in equity
 - d) Supporting schedules (such as aging of receivables)
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- e) Combined or consolidated statement(s)
 - f) Other financial data necessary to determine the financial responsibility and capacity of the sponsorship and/or general contractor
 - g) Criminal certification on the back of Form FHA-2417
- F. Personal and Commercial Credit Report, for each principal and general contractor.
- * G. 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.)
- * H. Owner/architect agreement. (Use AIA Document B181 and HUD amendments - Appendix 70.) Include evidence of errors and omissions insurance. (See paragraph 7-19.)
- I. Grant and/or loan commitment letter (if applicable).
- J. Revised exhibits for any item submitted in previous stages of processing if changes warrant a revision.
- K. Any other information the lender requires in support of the application,

5-5. APPLICATION.EXHIBITS - FIRM COMMITMENT

- * A. Form HUD-92013 completed in its entirety.
- B. Evidence of permissive zoning.
- C. Architectural exhibits - final. (See chapter 7.)
- * D. Form FHA-2328 - Contractor's and/or Mortgagor's Cost Breakdown (Appendix 12).
- * E. Form FHA-2457 - Surveyor's Report (Appendix 13) - and land survey.
- F. Management exhibits. (See Chapter 11.)
- G. Items D, E, F, G, H and I (if applicable) in paragraph 5-3, above.
- H. Items D, E, F, G, H, and I (if applicable) in paragraph 5-4, above.
- I. Revised exhibits for any item submitted in previous stages of processing if changes warrant a revision.

J. Any other information the lender requires in support of the application.

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5-6. 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 paragraph 5-3 C, D, E, F, G, H, K and L, and I and J (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 lender review).
- 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.).

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. (See paragraph 3-1 L.)

B. Conditional commitment stage. Submit the following items in addition to a Form HUD-92013 completed in its entirety and those listed in paragraph 5-3 D, E, F, G, H, I (if applicable), and J (if applicable) and paragraph 5-4 D, E, F, G, H, I (if applicable), J, and K:

- 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.

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- (5-6) 2) Cost breakdown showing the estimated cost of each of the improvements described in the work write-up.
- C. Firm commitment stage. Same as requirements of paragraph 5-5 except that the architectural exhibits must include the final work write-up, and drawings and specifications, if required.

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