
CHAPTER 13. HUD LOCAL OFFICE ACTION

- 13-1. DUTIES. The origination and processing duties of the local HUD Office insofar as 223(f) coinsurance is concerned will be substantially limited to the 2530 clearance procedures; receipt and deposit of the initial mortgage insurance premium; assigning a number to the project; endorsement of the credit instrument; and forwarding certain documentation to HUD Headquarters.
- a. Paragraph 5-3 of this handbook explains to lenders the purpose of the 2530 procedure and provides instructions regarding submission requirements by the lender to the local HUD Office having jurisdiction. The local HUD Office must review the form for completeness, and forward the form to the Previous Participation Review Committee for clearance in the usual manner. Upon completion of the clearance process, the local HUD office will be notified of the Committee's findings. The local HUD Office must notify the lender of the committee's decision. However, the local HUD Office must not discuss adverse findings with the lender. Adverse findings may be discussed with the affected applicant only.
 - b. The HUD Office Manager has authority to endorse or in his/her absence to designate the authority to endorse the credit instrument upon acceptance of the endorsement package described in paragraph 12-5.
 - c. The local HUD Office will have no responsibility for reviewing the processing or the documentation submitted other than to assure that the specific documentation required in paragraph 12-5 of this handbook is present, and that the cover letter contains the specific representations set forth in paragraph 12-5.
 - d. The lender's check in amount equal to 1 percent of the face amount of the mortgage, in payment of the initial year MIP, must accompany the package of documentation submitted in connection with endorsement. The local HUD Office must issue an Official Receipt as provided in HUD Handbook 4110.1, Fiscal and ADP Handbook, and 4410.1, Project Fiscal Procedures, except that Part 4 of the receipt, which is otherwise discarded, must be sent to HUD Headquarters with the package as provided in subparagraph f below.

-
- (13-1) e. The HUD local office will have assigned a project number to the project at the time the previous participation

clearance procedures were performed as required by paragraph 5-4g of this handbook. However, it is possible that the correct alpha suffix (i.e., REF or PUR) may not have been known at the time the number was assigned. If that was the case, it will be necessary to assign the alpha suffix at the time of endorsement.

- (1) If ownership of the project is changing hands, the project is presumed to be a purchase transaction and the suffix will therefore be "PUR," indicating purchase.
 - (2) If the existing mortgage is being refinanced for the present owner without ownership of the project changing, the alpha suffix will be "REF," indicating refinance.
- f. The Chief Counsel's office must prepare an original and two copies of Form HUD-290, Closing Memorandum. The original must be sent within 48 hours of endorsement to the Office of Finance and Accounting, Insurance Operations Division, Multifamily Insured Servicing Section, in Headquarters. One copy must be furnished with the package described in g below and the second retained for Chief Counsel records.
- g. The entire package of documents, each numbered in the upper right hand corner with the HUD-assigned project number, using the instructions in paragraph 5-4g and 13-1e of this handbook, and Part 4 of the MIP receipt, must be transmitted by the local HUD office via pouch mail to HUD Headquarters: Office of Multifamily Housing Development, room 6128. The HUD office should transmit the package with a cover memorandum, maintaining a copy of the memorandum for their files.
- h. The local HUD office is not required to make any input into the MIDLIS system at this time. When the package is received in Headquarters, appropriate MIDLIS information will be input by Headquarters staff.