

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

October 22, 1993

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER
Mortgagee Letter 93-35

TO: ALL APPROVED MORTGAGEES

SUBJECT: Single Family Loan Production - Compliance with the
1992 Model Energy Code - Additional Instructions and
Follow-Up to Mortgagee Letter 93-26

The Department has received comments from industry members that the time periods for compliance with the Council of American Building Officials (CABO) 1992 Model Energy Code (MEC) as stated in Mortgagee Letter 93-26 are too short and may be unfair to some home builders and borrowers that had outstanding appraisals and commitments issued during the spring and summer. It is not the intent of HUD to unnecessarily disrupt home building or selling operations, so we are modifying the time periods set out in Mortgagee Letter 93-26 for compliance with the 1992 MEC.

Accordingly, if a Direct Endorsement (DE) Statement of Appraised Value or a Direct Endorsement Master Appraisal or a Veterans Administration (VA) Certificate of Reasonable Value (CRV) or a Master Certificate of Reasonable Value was issued before October 24, 1993 for the property, then the property need not be built to the 1992 MEC, provided construction begins prior to the expiration date of the appraisal, but no later than April 24, 1994.

For example, if a lender had issued a DE Statement of Appraised Value for a property on June 1, 1993 with an expiration date of June 1, 1994, the property would not have to be built to the 1992 MEC provided construction began by April 24, 1994. Although the appraisal won't expire until June 1, 1994, construction of the property must begin by April 24, 1994. To take another example, if the VA issued a master CRV on April 1, 1993 with an expiration date of April 1, 1994, the property would not have to be built to the 1992 MEC provided construction began prior to the expiration date of the CRV, i.e., April 1, 1994.

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Extensions to the original appraisal or CRV will not extend the dates for compliance with the 1992 MEC.

If you have any questions concerning this letter, please contact your local HUD Field Office.

Sincerely yours,

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

*U.S. G.P.O.:1993-301-054:80220