
1.1

MAP and the Guide

Multifamily Accelerated Processing, abbreviated as MAP, is a new processing procedure designed to establish national standards for approved Lenders to prepare, process, and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance. The MAP Guide provides - in one volume with appendices- mortgage insurance program descriptions, mortgagor and Lender eligibility requirements, application requirements, U.S. Department of Housing and Urban Development (HUD) underwriting standards for all technical disciplines, construction administration requirements, and closing instructions.

1.2

Background

- A. FHA multifamily mortgage insurance began in 1937 and has been a major source of financing for affordable housing since that date. The most recent figures of loans committed show that the FHA insured an average of nearly \$4 billion in multifamily and health care facility mortgage loans each fiscal year from 1996 through 1999.
- B. HUD processes multifamily loan insurance applications through 51 Multifamily Hubs and Program Centers throughout the nation. In some of these Hubs and Program Centers, the volume of work in recent years created unreasonable delays in processing. Furthermore, Lenders complained that they were unable to get a tentative decision on an application early in the HUD review process.
- C. To achieve faster processing and earlier decisions, the Seattle and Portland field offices (now part of the Northwest/Alaska Hub), followed by other Hubs and Program Centers, developed “fast-track processing” where qualified Lenders had the option of preparing FHA forms and doing preliminary underwriting for certain loan applications. In many Hubs, “Fast-track” processing eliminates the option of having a Site Appraisal and Market Analysis (SAMA) as part of traditional FHA processing. Instead, for new construction and substantial rehabilitation, local “fast-track” programs create a pre-application stage at which the Lender presents certain important elements of its application, including a market analysis, preliminary sketches, and a narrative description of the proposed project. After the pre-

application stage, HUD either rejects the Lender's application or invites the Lender to submit an application for a Firm Commitment. The invitation carries with it the assumption that, if the application for Firm Commitment is consistent with the pre-application exhibits, then the commitment will be issued after HUD review.

- D. At the application for a Firm Commitment, the Lender directs the preparation and review of the exhibits required, such as the appraisal, the cost estimate and the final plans and specifications. HUD reviews the application and, if it passes review, issues the commitment.
- E. Approximately 30 of the 51 Hubs and Program Centers are using a form of this "fast-track" processing for some of their loan applications. There are local variations, some of which assign part of the responsibility to the Lender, such as the appraisal, but retain at the HUD office certain other responsibilities, such as the preparation of mortgage credit exhibits. The "fast-track" procedures are not consistent from one Hub to the next. And "fast-track" is not available in many of the multifamily processing offices.
- F. MAP is a form of "fast-track" processing which replaces local "fast-track" processing for the most widely-used FHA mortgage insurance programs.

1.3

Purposes of MAP

- A. To establish a "fast-track" process that is consistent at each HUD multifamily processing office.
- B. To provide the Lender an earlier review of the application for insurance on new construction and substantial rehabilitation. Therefore, if the application is rejected by HUD at a pre-application stage, the Lender and borrower do not spend the time and money required to prepare the exhibits and analysis for the application for a Firm Commitment.
- C. To develop a process that will significantly reduce the amount of HUD review time.
- D. To have in one volume, the MAP Guide, the basic information required for loan origination by the Lender and for review by HUD staff.
- E. To bring Handbook and Notice instructions current and maintain up-to-date instructions through amendments to the MAP Guide.
- F. To strike a careful balance between expedited processing and ensuring an acceptable level of risk for HUD's multifamily mortgage insurance programs.

1.4

Brief Summary of MAP

- A. Lender Qualification

To use MAP, a Lender must be an approved FHA multifamily mortgagee, must apply for approval, and be approved by HUD's Office of Multifamily Housing Development as a MAP Lender. Qualification requirements are given in Chapter 2. The Chapter also covers how a Lender's MAP approval may be terminated. No fee is required for application for qualification.

A MAP Lender may submit an application for mortgage loan insurance and have it processed in the traditional way by the HUD office, or, alternatively, it may use the procedures discussed in this MAP Guide and have the application processed in an accelerated way under MAP. A Lender without MAP approval must have its applications processed by HUD under the traditional form of processing. The "traditional" form of processing means processing by HUD Staff and does not include "fast-track" processing.

B. Programs Covered by MAP

MAP may be used for Sections 221(d)(3) and 221(d)(4) (apartments), Section 220 (apartments in urban renewal areas) and Section 232 (health care facilities), either new construction or substantial rehabilitation. It may be used under Section 223(f) for refinancing or purchase of existing apartments or health care facilities. Program requirements for MAP are given in Chapter 3 of this Guide.

C. Processing

1. Preliminary inquiries from Lenders on all applications are encouraged. The Lender should submit the names of its staff and consultant reviewers prior to the pre-application stage.

2. The time frames for HUD MAP processing listed below have been established to assure timely decision making on FHA applications.

a. Pre-application Review (New Construction/Substantial Rehabilitation) – 45 days.

The performance standard for this stage is no more than 45 days. This stage of MAP is measured in calendar days; it begins when HUD receives a complete pre-application from an approved MAP Lender and ends when HUD issues a signed letter that advises the Lender whether to apply for a firm commitment.

b. Firm Commitment Application Review (New Construction/Substantial Rehabilitation) - 45 days.

The performance standard for this stage is no more than 45 days. This stage of MAP is measured in calendar days; it begins when HUD receives a complete firm commitment application and ends when HUD issues a signed commitment.

The MAP Team Leader may extend this review period under certain circumstances as described in Chapter 11, Section 11.2 D. Lenders will be advised immediately if the Team Leader determines that a more extensive review is needed.

c. Firm Commitment Application Review (Existing Property Purchase or Refinance) – 60 days.

The performance standard for this stage is no more than 60 days because there is no pre-application review for Existing Property Purchase or Refinance applications. This stage of MAP is measured in calendar days; it begins when HUD receives a complete firm commitment application and ends when HUD issues a signed firm commitment letter.

3. For new construction or substantial rehabilitation under Sections 221(d)(3) or (d)(4), or Section 220, or Section 232, an application goes through two stages: a pre-application review and an application for Firm Commitment. At the pre-application stage, the Lender submits a market study, including comparables, a Phase I Environmental Site Assessment, and an environmental report, a review of rough costs, sketch plans, proposed rents, income, reasonable expenses, estimated mortgage amount and replacement cost. No fee is required from the Lender or Sponsor for pre-application review.
4. The HUD review at the pre-application stage is thorough and includes, at a minimum, a site visit. HUD, for example, carefully reviews the market study prepared for the Lender, but does not prepare its own study. After the review, HUD either invites the Lender to submit an application for a Firm Commitment, with or without modifications, or declines to proceed further with the application.
5. For the Firm Commitment application, the Lender performs a complete underwriting of the application, including an architectural review, a cost review, a review of the appraisal, a management analysis, and a mortgage credit analysis. The exhibits required from the Lender for both the pre-application stage and the application for a Firm Commitment are listed as a checklist in the Appendix to Chapter 4 of this Guide. Underwriting by the Lender and the level of HUD review of an application is discussed in Chapter 11 of this Guide. HUD requires a fee of \$3 per thousand dollars for review of the Firm Commitment application.
6. For refinancing or purchase under Section 223(f) or Section 232/223(f), there is no pre-application stage; the Lender files an application for Firm Commitment. The Lender is advised, however, to make a preliminary inquiry with the HUD processing office to provide information on the Lender's review team and the development team. This will avoid preparation of an application for Firm Commitment if one or more of the team members is unacceptable to the Hub or Program Center. Furthermore, the Lender should note that, for a refinancing or purchase of a health care facility under Section 232/223(f), a market study will be required in the application for a Firm Commitment. Generally, a market study is not required for refinancing or purchase of an apartment project.
7. To discuss the Lender's responsibilities and HUD's review responsibilities, this Guide goes into detail by discipline of the persons preparing the material: Chapter 5 discusses the architectural responsibilities, Chapter 6 covers Construction Cost, Chapter 7 describes Valuation, Chapter 8 Mortgage Credit, Chapter 9 Environmental Requirements, and Chapter 10, Management Analysis.
8. HUD has certain responsibilities, which, by law or regulation, it does not assign to the Lender. For example, HUD is responsible for the environmental clearance on HUD Form 4128 (even though the Lender prepares the information). HUD must approve the owner's Affirmative Fair Housing Marketing program. HUD processes the Previous Participation clearance (Form 2530). HUD issues the commitment for mortgage insurance.

9. Some MAP-approved Lenders only originate loans. After obtaining a Firm Commitment for loan insurance under MAP, the originating MAP Lender may sell or transfer that Firm Commitment to another MAP Lender. The second MAP Lender handles the construction loan administration and services the loan. At the pre-application, the originating Lender should inform Hub or Program Center if it does not intend to administer the construction loan, and, therefore, which MAP lender will be responsible for that function.

D. Construction Responsibilities

Under MAP, HUD approves the initial and final draws utilizing current procedures. The MAP Lender prepares and approves the documents required for the interim draws during construction. HUD will perform inspection duties and will give copies of the Trip Report to the MAP Lender. HUD also retains the right to approve the construction amount for each item in advance and Change Orders during construction. Chapters 13 and 14 and Appendix 13 of this Guide cover the Construction Period and Cost Certification.

E. Closing

Closing procedures under all multifamily insurance programs have been rewritten as part of the effort to make mortgage insurance processing more efficient. The revised closing information is in Chapter 12 of this Guide.

F. No New Requirements for Servicing

MAP makes no changes in current procedures for servicing or asset management. A MAP Lender is not required to service the loan it originates. The servicer to whom a MAP loan is transferred must be FHA-approved for multifamily housing, but it need not be a MAP-approved Lender.

1.5

Relation of MAP to Handbooks and Notices

- A. HUD's Handbooks, Notices, and Forms remain in effect. They will be used for traditional HUD processing of mortgage loan applications. For applications under MAP, the MAP Guide incorporates the majority of Handbook, Notice, and Form requirements. It includes in the Appendix the forms that are required for the customary applications. Certain forms and requirements which are infrequently used, or are too detailed for inclusion in this Guide, are incorporated by reference to the Handbooks, Notices, Forms, statutes or regulations. If there is a conflict between the MAP Guide and the Handbooks, the MAP Guide will take precedence. Questions on conflicts should be raised to the HUD office processing the Lender's application. Where the MAP Guide is silent on a matter, old requirements are obsolete. Rather consult with HUD Headquarters. The MAP Web-site is <http://www.hud.gov/fha/mfh/map/maphome.html>
- B. The MAP Lender must be familiar with Sections 221(d)(3), 221(d)4, 223(f), 220, and 232 of the National Housing Act. The Lender should also understand the regulations for those sections of

the Act and the basic program requirements set forth in 24 Code of Federal Regulations Part 200.

- C. The MAP Lender is encouraged to contact a Multifamily Hub office if it encounters any issues that are not addressed in the Guide or if it wishes clarification of any instructions contained in the Guide. Chapter 11 “Underwriting” of this Guide covers waivers. The Multifamily Hub Director retains the right to waive non-regulatory or non-statutory provisions of the Guide, but Chapter 11 specifies a limited number of requirements that may not be waived without prior approval from HUD headquarters. Regulatory provisions may be waived only on specific approval of the Assistant Secretary for Housing - FHA Commissioner. Statutory provisions may not be waived.

1.6

Work Management

- A. At the start of the MAP program, applications for mortgage insurance, whether for pre-application review or for Firm Commitment in the case of a refinance or purchase of a multifamily property or health care facility must be submitted to the Hub having jurisdiction of the area where the property is located. The Hub Director may approve a Program Center as qualified to handle the processing of specific applications, for example, applications in the geographic area where the Program Center is located, or applications of a specific type, such as health care facilities. If the Program Center is approved by the Hub Director for MAP processing, the Hub Director may assign a specific application to the Center. In each case, the Hub Director or Program Center Director will assign a Team Leader to oversee HUD’s responsibilities for processing the loan application, and will designate the HUD technicians who will be working on the application.
- B. The Hubs or Program Centers may utilize review technicians from different HUD offices for the review process on one application. The ability to send documents by e-mail and obtain information on the internet permits review, for example, by a cost analyst in Phoenix of a document submitted to the San Francisco Hub. The Hub Director is responsible for managing the work load, including the authority to set priorities on loan applications received. The Hub Director is responsible for assuring that the goals are met for time limits on HUD review of MAP applications. The Hub Director is responsible for keeping track of all multifamily applications within the Hub’s jurisdiction, including the applications processed by Program Centers in that jurisdiction.
- D. Responsibilities assigned by this Guide to a Hub Director or Program Center Director may be delegated unless specifically restricted by this Guide or by regulation.

1.7

Transition

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- A. Transition rules apply only to the insured multifamily programs covered by MAP: 220, 221(d), 223(f), and 232. For programs not covered by MAP, such as Section 213 or Section 221(d)(3) cooperatives or Section 241(a) for Supplemental Loans or Section 223(a)7 for refinancing, any Hub or Program Center may continue to use its own fast-track procedures if it has developed such procedures. This applies both to MAP-approved Lenders and to non-MAP approved Lenders. It is expected that all of HUD's production programs will eventually come under MAP, but, until that happens, HUD field offices may use their own fast-track procedures for programs not listed in the MAP Guide.
- B. Training will be offered in MAP. A Lender's underwriter must attend a MAP training session before submitting a MAP application.
- C. Hubs and Program Centers may no longer accept any new applications for the covered programs, either for pre-application review or for Firm Commitment review, under local fast-track processing. The Lender must either submit the application in the traditional way where the HUD office processes the loan, or, if it has qualified for MAP, it may submit the application for review under MAP.