Applicability of HUD Mortgagee Letter 87-9

Legal Opinion: GHM-0014

Index:  3.400
Subject:  Applicability of HUD Mortgagee Letter 87-9

December 2, 1991

John L. Petr, Esq.
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The Omaha Building
1650 Farnam Street
Omaha, Nebraska  68102-2186

Re:  Applicability of HUD Mortgagee Letter 87-9
     to Modifications of Pre-1987 FHA-Insured Mortgages

Dear Mr. Petr:

   This responds to your letter dated October 29, 1991 in which
you requested confirmation from this office that HUD Mortgagee
Letter 87-9, dated February 20, 1987, does not apply to
FHA-insured multifamily mortgages initially endorsed for
insurance prior to February 20, 1987 and subsequently modified.

   HUD Mortgagee Letter 87-9, by its terms, is not applicable
to mortgages initially endorsed for FHA mortgage insurance prior
to February 20, 1987.  Specifically, HUD Mortgagee Letter 87-9
states, in pertinent part, as follows: "The policies set
forth . . . shall apply to all project mortgages endorsed for
full insurance . . . on or after the date of this letter
February 20, 1987, except those mortgages which are funded with
the proceeds of State or local bonds sold prior to
January 12, 1987."  Therefore, absent a written incorporation
into the mortgage documents, the provisions of HUD Mortgagee
Letter 87-9 are inapplicable to modifications of mortgages
initially endorsed for FHA mortgage insurance prior to

Sincerely,

Harold A. Levy
Chief Attorney
Loan Management and Property
Disposition Section