

LIMITED DISTRIBUTION PROJECTS CONVERTING TO MARK-TO-MARKET RESTRUCTURING

When a limited distribution project is restructured in the Mark-to-Market (M2M) program, it ceases to be a limited distribution project. Any distributions earned but unpaid are eliminated, and the owner is no longer required to make residual receipts deposits. The HUD project manager must change the mortgagor type from Limited Distribution to Profit Motivated on the REMS ownership screen once the restructuring is complete. If the mortgagor type is not changed, the owner will experience problems when the financial statements are submitted electronically via FASS-MF. Specifically, incorrect accounts will appear on the submission template for the computation of surplus cash.

If your project has undergone a mortgage restructuring affecting prior limited distribution status, please contact your HUD Project Manager to verify that the your limited distribution status has been changed to the correctly reflect 'profit motivated' mortgage type.