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# Application Requirements

### 4.1

### Overview

- A. Only an approved MAP Lender may submit an application for mortgage insurance using MAP. In addition, the Lender's staff underwriter must be approved by the HUD office processing the application. The Lender's appraiser and its architecture/engineering and construction cost reviewer(s), whether on contract or on staff, must also be approved.
- B. There is a two-stage process for new construction and substantial rehabilitation under the Sections 221(d)(3) and 221(d)(4), 220, and 232 programs. First, the Lender submits exhibits for a pre-application review by HUD. After review, HUD either rejects the application or invites the Lender to submit an application for Firm Commitment. The second stage is the submission of the Lender's exhibits for the Firm Commitment. After review of the application for Firm Commitment, HUD decides whether or not to issue a Firm Commitment.
- C. For acquisition or refinance of an apartment project under Section 223(f) or acquisition or refinance of a health care facility under Section 232/223(f), the Lender goes straight to the application for a Firm Commitment. No pre-application review is required or anticipated. It should be noted, however, that a market study is required for acquisition or refinance of a health care facility, but not for an apartment project.
- D. The Site Appraisal and Market Analysis (SAMA) stage and the Conditional Commitment stage will not be used under MAP. If an applicant seeks a Conditional Commitment for Section 223(f) mortgage insurance where the purchaser has not yet been identified, the loan application must be processed using traditional HUD processing.
- E. The submission of computerized forms generated by a Lender are acceptable, so long as the recreated form is identical in content and in the order of the line items on the MAP Form. The recreated form must be completed subject to the instructions included on that form in the MAP Forms Book, which in some cases may vary from the instructions included with a previous issuance of that form.

## 4.2

## Stages of Application

## A. Informal Information

Hubs and Program Centers welcome inquiries from MAP Lenders. Each Hub or Program Center which will serve as a processing center for multifamily mortgage loan insurance will designate a person or persons to respond to inquiries about potential applications. For example, if a Lender is considering a loan application, it may inquire whether there are other mortgage loan applications in the same area in process and under review by the Hub or Program Center. It may inquire about environmental concerns in the area, to the extent that HUD knows of such concerns. The Lender may clarify information about the MAP process. The Hub or Program Center, in responding to informal inquiries, will not commit HUD to approve a market, issue an invitation for an application for firm commitment, or make any commitment of any kind. Approval or disapproval of an application for FHA mortgage insurance is accomplished only in the manner set forth in this Guide, and not in response to informal inquiries.

## B. Approval of Lender's Reviewers

1. The Lender's reviewers for the pre-application or the application for Firm Commitment must be approved by the field office processing the application. For the pre-application, the Lender must submit the name and experience of the underwriter (who must be employed full-time by the Lender), and the name and the experience of the Lender's appraiser, and of the market analyst (if separate from the appraiser). If a member of the lender's staff or a contractor has been previously approved by a Hub, the Lender is required only to submit the names of the staff or contractor and note the prior approval. For the application for Firm Commitment, the Lender must submit the names and experience of the staff underwriter and the Lender's appraiser (if not previously submitted), and of the reviewer or reviewers of the architectural and engineering plans and specifications, and the construction cost estimator. HUD will approve or disapprove these persons promptly. If HUD does not advise the Lender within ten working days that an underwriter, appraiser, or reviewer is unacceptable, giving the reasons for its decision, the person is approved. The Lender should submit the names and resumes, if possible, prior to the pre-application and, for applications going directly to Firm Commitment, prior to preparation of the application.

C. Pre-application. The pre-application stage for new construction or substantial rehabilitation is designed to permit HUD to review the most important exhibits affecting the feasibility of a proposed project. At the end of the review, HUD invites the Lender to submit an application for a Firm Commitment or declines to issue an invitation. The Lender who receives an invitation has reason to believe that, if its application for a Firm Commitment is consistent with the information it presented at the pre-application, there is a high likelihood that HUD will issue a Firm Commitment.

1. No application fee is required for the pre-application review by HUD. The HUD processing office (Hub or Program Center) may request clarifying information if it believes such information is essential to the review.

#### D. Letter of invitation

1. After the pre-application review, the Hub or Program Center will send a letter to the Lender inviting an application for a Firm Commitment or declining to invite the Lender to submit the application. The letter may also address issues related to project acceptability and it may suggest proposed project underwriting parameters.
2. If the letter is an invitation to submit an application, the Lender must advise HUD in writing within 30 calendar days of the date of the letter of invitation whether or not it plans to submit an application for the particular project. If it fails to notify HUD within the time required, the invitation letter expires, and it may be required to repeat the pre-application process. The application for a Firm Commitment must be submitted within 120 days of the date of the letter of invitation. Two 30-day extensions of this 120-day limit may be authorized by HUD, but there is no requirement that the extensions be approved. HUD will review the circumstances reported by the Lender to justify the extension of time. The Lender must certify and HUD must determine that the requested delay beyond 120 days is not likely to change the underwriting data on which the invitation was based or to undermine the feasibility of the project due to a change in the market or other factors determined at pre-application.

#### E. The Application for a Firm Commitment

1. After receiving an invitation to submit an application for a Firm Commitment, the Lender completes the processing of the application. It performs a full underwriting analysis and presents its recommendation in the Narrative Summary to HUD. The exhibits that accompany the application are listed below. HUD's review of these exhibits is discussed in Chapter 11 "Underwriting" and in each of the technical chapters.
2. Applications which the Hub or Program Center determines to be unacceptable will be returned to the Lender and HUD may retain the application fee for the work done by HUD in its review. However, if the Hub or Program Center determines that the defects in the application are minor and can be corrected, the Hub or Program Center will advise the Lender. The Lender will have five business days from the receipt of notification to cure the application. The goal for HUD review of the application will be extended by the time required to cure the application.
3. Every effort will be made for prompt review. If the exhibits for a Firm Commitment application are complete, the review time will be considerably shorter than it will be if the application is incomplete.

**NOTE:** Where both the pre-application and firm commitment stages are applicable under MAP for a given FHA insured program, separate pre-application and firm commitment

submissions are required as repeated throughout the Guide. Combining these applications into one submission is not permitted under MAP. MAP is designed to assure timely decision-making on FHA insurance applications and to ensure an acceptable level of risk for HUD's multifamily mortgage insurance programs. MAP reviews at the pre-application and firm commitment stages must be meaningful and thorough. To support this goal, processing time frames have been established for MAP as provided in the Guide. MAP Lenders have a stated number of days within which to submit a firm commitment application following FHA's letter of invitation. If the allotted time is not needed to prepare a complete firm application there is no prohibition against a much earlier submission which should expedite the overall process.

### 4.3

## Applications Checklist

- A. Each of the chapters in the MAP Guide describes forms and other reports that the Lender must submit, either as part of the pre-application or as part of the application for a Firm Commitment. Those chapters provide the detail that is needed when submitting the required exhibits. For example, the checklist calls for a Narrative Summary; Chapter 11 "Underwriting" describes what information should be in the Narrative Summary and what sort of certification should accompany it.
- B. The appendices to this chapter are simply checklists of the exhibits that have to be provided to the Hub or Program Center. With new construction or substantial rehabilitation, the exhibits are divided into two parts: (1) exhibits required for the pre-application review, and (2) the exhibits required for the application for a Firm Commitment. With Section 223(f) for refinancing or purchase, there is no pre-application review, so the exhibits are required for the application for a Firm Commitment. Section 232 and Section 232/223(f) for health care facilities are treated separately.
- C. Five copies of the exhibits will be required from the Lender to the HUD processing office, unless a lesser number is agreed upon by HUD and the Lender.
  1. Appendix 4.A
    - Sections 221(d)(3), 221(d)(4), and 220, New Construction and Substantial Rehabilitation, Exhibits Required for Pre-Application Review
    - Sections 221(d)(3), 221(d)(4), and 220, New Construction and Substantial Rehabilitation, Exhibits Required for Application for Firm Commitment
  2. Appendix 4.B
    - Section 232, New Construction and Substantial Rehabilitation, Exhibits Required for Pre-Application Review

- Section 232 for health care facilities, New Construction and Substantial Rehabilitation, Exhibits Required for Application for Firm Commitment
3. Appendix 4.C
- Section 223(f) for Refinance or Purchase of Existing Apartments, Exhibits Required for Application for Firm Commitment
4. Appendix 4.D
- Section 232/222(f) for Refinance or Purchase of Existing Healthcare Facilities, Exhibits Required for Application for Firm Commitment