



U.S. Department of Housing and Urban Development

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July 30, 2009
Issue

Mortgagee Informational Bulletin #8

The Michigan State Multifamily Hub has implemented this informational bulletin to keep mortgagees up to date with changes or news from our Hub relating to development issues. We're happy to cover any issues in the bulletin on which you have questions; the bulletins are issued on an as-needed basis.

I. 221(d) 4 Applications:

Traditionally the Department has allowed 221(d) 4 applications to be submitted in two different ways. They have allowed the one step application in which the lender submits all of the necessary documentation along with the application fee. In the one step process HUD has the maximum of 60 days to review, and issue the firm commitment. The Department has also allowed the two step process in which the lender submits a pre-application in which HUD reviews within 45 days, and then issues an invitation for firm commitment. The lender then has 120 days to submit an application. Upon receipt, HUD has 45 days to issue a firm commitment. The Michigan Multifamily HUB strongly encourages, due to the nature of the economy in Michigan, that lenders submit applications using the two step process. The two step process is less risky for the applicant because an application fee is not required with a pre-application.

II. Application Submission

We require a 7 day notice of submission of an application under MAP. In the past, we have been flexible with this requirement, but at this time we need to insure that we receive this notice with each application submission in order to allow us to assess workload and determine which team will be processing the loan. If you exceed the 7 day notice timeframe, we would expect that you would notify us of the change and we will work with you to determine a new submission date. Please note that the team processing the loan may change if you have to alter your submission date because of HUD staff workloads.

All 7 day notices of submission should be submitted to the Operations Director with a copy to the two Development Supervisors. This insures that we receive your notice if someone is out of the office. At this time, the notices should be sent to Susie Sapilewski who is the Acting Operations Director with a copy to John Straatsma and Sharon Seaborn who are the Supervisory Project Managers in the Operations

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Division.

III. Deficiencies

The Michigan Multifamily HUB would like to clarify that lenders are allotted seven (7) calendar days to clear all deficiency items for loans being processed according to MAP guidelines. Therefore, all deficiency items must be received by the HUD office within seven (7) calendar days of the date of the deficiency letter in order for the firm commitment to be issued within 45 (for two-step applications) or 60 calendar days (for single step applications).

If not all items are received or, if after review, the submission is deemed to be incomplete or insufficient, the loan will be removed from processing on HUD's end. A second deficiency list will be given to the lender via phone, fax or e-mail. Once all deficiencies have been cured, HUD will resume processing. The target date to issue the firm commitment will be postponed by the number of calendar days it took the lender to clear all deficiencies and including the time taken to review subsequent submissions.

Once again, we would like to remind all lenders that responses to deficiency letters should be complete packages. Please do not send partial responses as this slows down processing and will result in your commitment being issued later.