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HUD issues guidance in response to increase in FHA loan applications

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Due to historically low interest rates, loan applications for FHA-insured refinance loans and interest rate reductions have increased dramatically. HUD's Office of Multifamily Housing recently issued a [memorandum](#) in response to the "substantial increase in the number of applications and a decrease in the quality of applications submitted for mortgage insurance." The standards laid out in the memorandum are designed to enhance HUD's initial loan application screening to ensure all material documents necessary to complete application processing are included in each submission. If documents are missing or incomplete, HUD will give the lender five business days to cure the deficiency. Should a missing or incomplete document not be received within the allocated time, the application and the fee will be returned. Examples of substantive items often missing and/or incomplete in application submissions include: third-party reports required within programmatic timeframes, forms 2530 for all controlling participants matching the organizational chart of the borrower, and timely financial statements and rent rolls. Borrowers should work closely with their counsel and lenders to ensure that complete loan application packages are submitted to HUD in order to avoid any undue processing delays.

In addition, HUD is implementing a queue for multifamily loan applications. This queue is intended to help manage the pipeline of applications and avoid processing delays.

The queue, which is available at the following [link](#) and will be updated periodically, is designed to advise MAP lenders and borrowers of the status of their applications. Only applications HUD determines to be complete will be represented in this queue. HUD will prioritize LIHTC deals and deals in Opportunity Zones with a Qualified Investment Fund in place. The queue is organized by region.

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