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# Chapter 1 Introduction

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## 1.1 Multifamily Accelerated Processing and the MAP Guide

Multifamily Accelerated Processing (MAP) is designed to establish uniform national standards for approved lenders to prepare, process and submit loan applications for Federal Housing Administration (FHA) multifamily mortgage insurance. The MAP Guide provides - in one volume with appendices – guidance for HUD staff, lenders, third party consultants, borrowers, and other industry participants. Topics include mortgage insurance program descriptions, borrower and lender eligibility requirements, application requirements, underwriting standards for all technical disciplines and construction loan administration requirements. The MAP Guide applies only to FHA multifamily mortgage insurance programs. Except to the extent lender monitoring or enforcement activities overlap, Section 232 and other programs administered by the Office of Healthcare Programs are not addressed by the MAP Guide.

The Guide has been updated to reflect various organizational, policy and processing changes implemented since the last edition was published in 2016. Examples include electronic submission of data in a standardized format, the consolidation of HUD Field Offices to Regional Centers and Satellite Offices, workload sharing, and a “risk-based” underwriting approach.

Statutory authority for the implementation of MAP is contained in the basic insuring authority for each of the programs covered in the MAP Guide, e.g. National Housing Act, 12 U.S.C. §§ 220, 221(d)(4), 231, 241(a), 223(a)(7), and 223(f). Additionally, Section 211 of the National Housing Act and Section 7(d) of the Department of HUD Act authorize the Secretary to make such rules and regulations as may be necessary to carry out the provisions of the National Housing Act. The FHA requirements listed in HUD regulations covering each MAP eligible program are included and more fully explained in this MAP Guide.

## 1.2 Purposes of MAP

The goal of MAP is to provide a consistent, expedited mortgage insurance application process at each HUD Multifamily Regional Center or Satellite Office. HUD no longer accepts new applications for the covered programs, either for Pre-application review or for Firm Commitment review, under local “fast-track” processing. All MAP eligible projects must be submitted using MAP processing unless a waiver is granted to process under Traditional Application Processing

(TAP). Such waiver approval authority is retained by HUD Headquarters' Director of Multifamily Production.

Review of applications for TAP processing require more work and responsibility by HUD staff, and accordingly, a higher application fee may be charged. Projects not eligible for MAP, and which may be submitted under TAP, are:

- Applications submitted by FHA approved multifamily lenders who are not approved to submit MAP applications,
- Applications where there is an identity of interest between the lender and the borrower or affiliates of either, or
- Applications for mortgage insurance under Programs or Sections of the Act not covered by MAP (e.g., Cooperatives under Section 213).

Some MAP approved Lenders (MAP Lenders) only originate loans and do not close or service them. After obtaining a Firm Commitment for mortgage insurance under MAP, the originating lender may sell or transfer the Firm Commitment to another MAP Lender, so long as the MAP Lender closing the loan does not have an identity of interest with the borrower on the loan. The second MAP Lender will close the loan, oversee the construction loan administration, if applicable, and service the loan in accordance with HUD requirements. At the Pre-application submission, the originating MAP lender should inform the Regional Center or Satellite Office if it does not intend to service the loan or administer the construction loan. The originating MAP lender must identify which MAP lender will be responsible for those functions as soon as the closing/servicing MAP lender is identified. The second MAP lender must identify its construction loan administrator before or at initial endorsement. A loan servicer who receives a transferred MAP loan for servicing must be FHA approved for multifamily housing and have an approved Construction Loan Administrator, unless the loan is a refinancing with no repair escrow. The servicing lender generally is, but is not required to be, a MAP approved Lender. See also Section 19.1.08 of the MAP Guide for assignments post initial endorsement but prior to final endorsement.

MAP and the MAP Guide are intended to:

- A. Increase HUD's reliance upon the lender's due diligence and increase the MAP Lender's accountability for its due diligence and underwriting.
- B. Establish a uniform process that significantly reduces the amount of HUD review time.
- C. Strike a careful balance between expedited processing and ensuring an acceptable level of risk management for HUD's multifamily mortgage insurance programs.
- D. Have in one volume, the MAP Guide, the basic information required for loan origination by the lender and for review by HUD staff.
- E. Bring Handbook and Notice instructions current and maintain up-to-date instructions through amendments to the MAP Guide.

- F. Provide the lender with predictable and consistent underwriting guidelines, thus facilitating efficient processing and better service for borrowers.

### **1.3 Brief Summary of MAP**

#### **A. Lender Qualifications and Monitoring.**

By permitting a MAP lender to prepare much of the documentation for an application for mortgage insurance, HUD places confidence in the lender's integrity and competence. A lender wishing to submit a MAP application must be:

1. An FHA approved lender. See the FHA Single Family Housing Policy Handbook (4000.1).
2. Approved by the Multifamily Asset and Counterparty Oversight Division (MACOD, formerly Lender Qualification and Monitoring Division or LQMD) at HUD Headquarters. See Chapter 2 of the MAP Guide.
3. Subject to Quality Assurance Enforcement Actions. See Chapter 15 of the MAP Guide.

#### **B. Programs Covered by MAP.**

MAP may be used for the following programs, identified by section of the National Housing Act:

- 220 - new construction or substantial rehabilitation of mixed-use projects in urban renewal areas;
- 221(d)(4) - new construction or substantial rehabilitation of apartments,
- 223(a)(7) - refinancing of FHA insured mortgages;
- 223(f) - refinancing or purchase of existing apartments;
- 231 - new construction or substantial rehabilitation of housing for the elderly; and
- 241(a) - Supplemental Loan program for rehabilitation or additions to projects which have an FHA insured first mortgage.

- C. Application processing instructions are described in Chapter 4. Standard Processing Times are detailed in Appendix 1 to this Guide. All periods longer than two weeks are described in calendar days, and periods of two weeks or less, in business days.

HUD has certain responsibilities which it does not assign to the lender, including responsibility for the environmental clearance in the HUD Environmental Review Online System (HEROS) (although the lender must prepare information for HUD's review as discussed in Chapter 9), approval of the borrower's Affirmative Fair Housing Marketing Plan (AFHMP), and issuing the commitment for mortgage insurance.

#### **D. Construction Responsibilities.**

1. Under MAP, HUD must approve the initial and final draws.
2. HUD will contract, or perform or otherwise provide, for inspection duties and will

- provide copies of the Trip Report to the MAP lender. Generally, HUD will rely on one inspection per month; however, the Multifamily Regional Director has discretion to require additional inspections based on fact specific circumstances.
3. The MAP lender will prepare and approve the interim draws during construction.
  4. HUD must approve the construction amount for each item in the initial and final advance, and for each Change Order during construction.

E. Servicing.

MAP makes no changes in procedures for servicing or asset management, except for servicing lenders with prior approval for delegated responsibility for repair escrow administration. See Section 1.2 above for guidance on MAP approved lenders who only originate and transfer loans to another FHA approved lender for servicing.

## **1.4 Relation of MAP Guide to Handbooks, Notices and Regulations**

- A. All applicable HUD Handbooks, Notices, and Forms remain in effect and will be used for traditional HUD processing of mortgage loan applications. For applications under MAP, the Guide incorporates the majority of Handbook, Notice and Mortgagee Letter requirements and includes in the Appendix the forms that are required for most applications. If there is a conflict between the Guide and the Handbooks or instructions for various HUD forms, the Guide will take precedence. Lenders with questions should address them to the Regional Center or Satellite Office processing the application. Where the Guide is silent on a matter, the lender should consult the following MAP website: [https://www.hud.gov/program\\_offices/housing/mfh/map/maphome](https://www.hud.gov/program_offices/housing/mfh/map/maphome) or the Regional Center or Satellite Office that is processing the application.
- B. Consistent with their level of approval, the lender must be familiar with the basic programmatic requirements and regulations of the insurance programs set forth in Title 24 of the Code of Federal Regulations, including but not limited to Part 200.
- C. The lender is encouraged to contact a Regional Center or Satellite Office if any issues are not addressed in the Guide or if any clarifications are needed. See Chapter 11 on Underwriting for waiver procedures. The Multifamily Regional Director may waive non-regulatory or non-statutory provisions of the Guide, although Chapter 11 specifies several requirements that may not be waived without prior approval of HUD Headquarters (HQ). If the Regional Center intends to waive any of the environmental requirements in Section 9.3 that are not regulatory in nature, the Regional Office must obtain advice of the Departmental and/or Housing Environmental Officer, or the applicable Regional or Field Environmental Officer (REO/FEO) in whose district the project is located, before the waiver is granted. See Section 9.3.I for details. Regulatory provisions may be waived only with approval of the Assistant Secretary for Housing - FHA Commissioner. Statutory provisions may not be waived.

- D. The lender is also encouraged to communicate early with the borrower to ensure that the borrower, the proposed management agent, and/or the Project have not been referred to HUD's Departmental Enforcement Center (DEC), as such referrals may require additional time to resolve and create impediments to a timely closing.
- E. Any waiver of this Guide granted by the Multifamily Regional Director must be documented in the Regional Center or Satellite Office docket, along with the lender's request and supporting documentation for the approval. The Form HUD-2 must be submitted electronically to the HUD HQ Office of Multifamily Housing Production's SharePoint site in accordance with outstanding instructions. No hard copies need to be submitted to HQ; Multifamily Field Office staff and OGC may rely on electronic signatures or scanned copies. HQ will periodically review waivers to determine if changes to the Guide or to the regulations are warranted.
- F. Program Obligations. HUD made technical and substantive changes when it adopted new and updated FHA multifamily loan closing documents. The term "directives" was subsumed within the term "Program Obligations." "Program Obligations" refer to:
1. All applicable statutes and any regulations issued by the Secretary that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and
  2. All current requirements in HUD handbooks and guides, notices, and mortgagee letters that apply to the Project, and all future updates, changes and amendments thereto, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process, and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in the applicable closing document rather than add or delete provisions from such document. Handbooks, guides, notices, and mortgagee letters are available on HUD's official website:  
[\(http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/\)](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/)

## **1.5 Workload Management**

- A. Applications for mortgage insurance should be submitted to the Regional Center or Satellite Office having jurisdiction for the area where the property is located (the "originating" office). The Regional Center or Satellite Office Director is responsible for workload management within their Regional Center or Satellite Office, including:
1. Delegation and staff assignments,
  2. Participation in Workload Sharing,
  3. Establishing priority of application processing,
  4. Meeting standard processing times, and
  5. Loan Committee.

- B. **Workload Sharing.** Depending on staff capacity and programmatic expertise, a Regional Center Director may transfer processing assignments to other Multifamily Regional Centers or Satellite Offices (“processing” offices) through Workload Sharing. Workload Sharing occurs outside of the geographic service area identified in existing published delegations of authority. The originating Multifamily Regional Director will retain Commitment Authority and closing responsibility. The processing office will provide assistance as requested, following protocols of the originating office and counsel. A Regional Center Director may re-delegate processing responsibilities to designated Multifamily staff in processing offices unless specifically restricted by the Guide, statute or regulation or by existing published delegations of authority.
- C. **Washington Docket.** At the “initial”/“final” endorsement and closing, the Regional Center’s Closing Coordinator or other appropriate designated staff should assemble a set of original documents (or as HUD allows, copies) for the Washington Docket, in accordance with the requirements and procedures set forth in the MAP Guide Appendix 11E. If originals of recorded documents are unavailable because of filing or recording procedures, a wholly legible copy should be collected (certified true and correct by the recorder or by the title company). Note that the Phase I Environmental Site Assessment is a program requirement and a supporting document for the HEROS environmental review. It should remain with the HEROS summary report in the Washington Docket as a part of the permanent, historical file.
- D. **Initial Endorsement Diligence Review.** The Regional Center Director and program staff will review the lender’s request for initial endorsement and closing and supporting materials in accordance with Program Obligations. In this review, the Multifamily Regional Director and program staff should confirm the information listed on the Initial Endorsement Diligence Review Worksheets, attached in the MAP Guide Appendices 11A – 11D, and may use such worksheets to document compliance with Program Obligations. Applications participating in Workload Sharing will follow closing requirements and protocols of the originating office and counsel; the processing office will provide such support as requested.