



U.S. Department of Housing and Urban Development

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Mortgagee Informational Bulletin #13

The Detroit 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.

Applications for Financing for Projects with Section 8 Contracts

The Detroit Multifamily Hub has run into issues with several deals recently where applications for financing were submitted and then shortly thereafter, the owner sought a rent increase through the Asset Management Division. Unfortunately, when this happens, the Development Division processes the deal using rents that in reality will change prior to or shortly after closing. If the owner intends to seek a rent increase, the Lender must discuss this change in rents between current and requested, and address the timing of the rent increase in their underwriting presentation. The Detroit Hub Development staff will coordinate with the Asset Management staff in underwriting and attempt to accommodate the request to the extent appropriate and possible.

HUD Form 2530

HUD updated the 2530 form effective July 2009. This form replaced the old version of the 2530 dated 2001. Please note there is new language in the certifications; item 7 requires the attachment of an organizational chart, and Column 6 of the Schedule A requires a date in addition to the most recent rating of record. When submitting a paper 2530 to the Detroit Hub, please ensure that it is on the most recent form.

Repairs – Section 223(f) Projects

HUD Headquarters is developing policy guidance for scoping, pricing, and managing escrows for repairs in Section 223(f) transactions. In the meantime, for Section 223(f) applications that include repair work for items estimated to cost over \$25,000, the owner should get three bids to ensure it is getting the best price and value for the work to be completed. The bids must include reasonable costs for labor and material, so as to not artificially deflate the bid amount. Generally, this also applies in cases where the owner intends to complete the work using its own maintenance staff. Once the work is satisfactorily completed, a supplemental cost certification is required and if applicable, savings will be placed in the project's reserve for replacement account.