



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

**MEMORANDUM FOR:** PAEs and OMHAR Staff  
**FROM:** April Chang, Senior Underwriter  
**SUBJECT:** National Underwriting Procedures

This memo will change the way transactions are handled in the review process in OMHAR. There are two reasons for making changes at this time. First, we want to reflect the organizational structure that we expect after September 30, 2004. Second, we will improve the timing, efficiency, and responsibility of moving deals through the review process.

PAEs are assigned to the OMHAR Production Offices (PO) listed in the attachment. There are very few assignment changes and those changes reflect the transition of our San Francisco office. The PAEs affected are already operating under the new structure.

The list of PAE assignments also shows the name, phone number, and email of a **CO**ntact **P**oint (COP) for each PAE and the back-up for each COP. The back-up will act in any case below where the COP is unavailable.

#### **A. Initial Submission of a Transaction for Review**

When the PAE is ready to submit a transaction:

1. The PAE will notify their COP (by email with a copy to the back-up and Portfolio Director (PD)) that they have a transaction fully ready to submit for review. The PAE should not notify the COP until the entire package (narrative and model) is ready to be sent.
2. The COP will determine immediately whether there is internal OMHAR capacity to complete the review. Internal capacity means (1) review capacity in the PAEs own Production Office (PO) or, (2) with New York or New England deals received by the DC or Chicago POs, review capacity in the New York office. The COP will make this determination in the manner directed by the PD.
3. There is one exceptional circumstance. In the case of **Additional Funds** transactions, the COP will only check with New York (for Dawn Robertson) for internal capacity. Dawn will be the only internal reviewer for the “sanity check” and full review. If she is unavailable, the COP will proceed with the FA as indicated below.
4. If there *is* internal capacity, the COP will advise the PAE (by email) to send the transaction documents to the appropriate office (the PAE’s own PO or New York, as appropriate). If the PD determines, contrary to expectations, that a transaction that has been received for internal review cannot be completed in a timely manner, the PD may send the transaction to the FA following the procedures herein.
5. If there *is no* internal capacity, the COP will communicate with the FA (Bethany Roma – [broma@questorco.com](mailto:broma@questorco.com) with a copy to Robert Robinson – [rrobinson@aw.com](mailto:rrobinson@aw.com)).

6. The FA will, as soon as possible, advise the COP and PAE of the name and address of the FA reviewer who will complete the review<sup>1</sup>.
7. The PAE will then dispatch copies of the documents to their PO and to the reviewer, if not in that office. The PAE will also complete the MIS input to show the material has been submitted to OMHAR.
- 8. It is expected that this capacity assessment and assignment process will be accomplished within a very few hours.**
9. The reviewer will email acknowledgement of receipt of an entire package to the COP and PAE and proceed as indicated below.
10. When the review is complete, the reviewer will provide a copy of the review to the PAE, COP, and RM and set up the Resolution Call.

## **B. Review Process Concerns and Priorities**

1. The COPs should be aware of the status of reviews and assist in obtaining any information needed.
2. Individual reviewers should generally proceed with the following priorities:
  - Reviews that they are currently working; then,
  - Transactions approved by POLC which must go to HQLC; (All staff are reminded that items that do not significantly impact the transaction need *not be corrected* before HQLC as long as the POLC conditions are listed.) then,
  - Transactions that have had changes since approval and are now ready for Restructuring Commitment (RC) or closing; then,
  - Transactions whose fixes have been received, in order from shortest to longest time elapsed since the Resolution Call; then,
  - New transactions; then,
  - Incomplete transactions (transactions lacking needed information) that have since been completed.

Exceptions can be made where warranted, particularly to move transactions that require very little of the reviewer's time. Reviewers should request guidance from the PDs on how appeals fit into the reviewer's priorities at the time.

## **C. Completion of Fixes; Resolution of Conflicts**

1. After the Resolution Call, all fixes will be resubmitted by the PAE directly to the reviewer of the transaction with a copy to the RM and notice to the COP.

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<sup>1</sup> The FA will advise the COP whether the assignment is covered by the current FA work plan. If so, the FA will accept the transaction for review. If not, the COP must raise the issue with the GTR to seek authorization for assignment to the FA.

2. After review to determine that all fixes are complete, the reviewer will send the transaction to the RM, COP, and PAE and indicate that the review is complete. If the transaction involves an FA review of a deal in New York City (5 boroughs), the reviewer will send the deal to the New York PO for completion. New York OMHAR will complete a brief review to determine whether specifically New York issues have been appropriately addressed and forward as indicated above.
3. Additional fixes that may be required as a result of loan committees will be resubmitted to the reviewer if they impact the underwriting.
4. If there is a disagreement between the reviewer (FA or internal) and the PAE either at the Resolution Call or during the review, that cannot be readily resolved, the reviewer will immediately notify the RM and call in such other staff (an underwriter, Jon Ruona (on model questions), the Chief Underwriter, etc.), as necessary to resolve the issue. PDs should always be advised of these events. The review should indicate the conflict and reflect the ultimate conclusion of the conflict.
5. When the RC is being prepared for execution, the RM must assure that there have been no significant changes since the approval of the transaction (by the PD or by committee). The RM will review the percentage of cushion, the replacement reserve balance at the end of 20 years, and the reasonable repayability of the second mortgage, plus the red flag check. If any of these have changed significantly since approval, or if other issues arise, the RM will ask the COP to send the model to the reviewer for final review and approval before the RC is executed.
6. The RM will also assure that all special conditions have been included in the RC.

In sum, we expect this approach to improve the review process by getting deals to reviewers more promptly, to manage the process more closely, and to resolve issues more readily. Suggested improvements are always welcome.

**ATTACHMENT  
NATIONAL UNDERWRITING PROCEDURES**

PRODUCTION OFFICE	PAE	RELATIONSHIP MANAGER	CONTACT POINT (COP)		BACKUP CONTACT POINT	
			NAME/PHONE	EMAIL	NAME/PHONE	EMAIL
CHICAGO	City of Chicago	Rita Brown	Tajuana Carrol 312-886-4133, x2520	TaJuana_A._Carrol@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	City of Indianapolis	Rita Brown	Tajuana Carrol 312-886-4133, x2520	TaJuana_A._Carrol@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Colorado Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	CreditVest	Elaine Vakalopoulos	Tajuana Carrol 312-886-4133, x2520	TaJuana_A._Carrol@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Heskin-Signet	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Idaho Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Illinois Housing	Rita Brown	Tajuana Carrol 312-886-4133, x2520	TaJuana_A._Carrol@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Indiana Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Kitsap County	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	North Dakota Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Ontra	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	South Dakota Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
CHICAGO	Utah Housing	Van Vincent	Latrice Blair 312-886-4133, x2519	Latrice_M._Blair@hud.gov	Arnold Taylor 312-886-4133, x2512	Arnold_L._Taylor@hud.gov
NEW YORK	New York State Housing	Barbara Listokin	Dawn Robertson 212-264-0903, x3631	Dawn_Robertson@hud.gov	Barbara Listokin 212-264-0903, x3650	Barbara_C._Listokin@hud.gov
WASHINGTON	City of Atlanta	Susan Shinderman	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	First Housing	Pat Amerson	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	Foley & Judell	Susan Shinderman	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	Jefferson County	Mike Murphy	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	Louisiana Housing	Susan Shinderman	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	New Mexico Mortgage	Mike Murphy	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	No Carolina Housing	Mike Murphy	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	NW Financial	Nathan Simms	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	RER	Phil Staller	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov
WASHINGTON	Siegel Group	Larry Pack	Stephanie Howard 202-708-3856, x3652	Stephanie_Howard@hud.gov	Baldwin Hatcher 202-708-3856, x3744	Baldwin_R._Hatcher@hud.gov