

MANAGEMENT, SERVICING AND DISPOSITION REQUIREMENTS
FOR PROJECTS WITH 221(d) COINSURED LOANS

TABLE OF CONTENTS

Paragraph	Page No.	
Chapter 1. INTRODUCTION TO SERVICING COINSURED LOANS		
1-1 General Instructions	1-1	
1-2 Administering Construction-Related Escrows	1-1	
1-3 Administering Operating Deficit Escrow	1-4	
1-4 Monitoring Implementation of Affirmative Fair Housing Marketing Requirements	1-6	
Chapter 2. COLLECTIONS AND ESCROWS		
2-1 General Instructions	2-1	
2-2 Prepayment	2-1	
2-3 Collection and Payment of MIP - General	2-1	
2-4 MIP in Insurance of Advances	2-2	
2-5 MIP in Insurance upon Completion	2-3	
Chapter 3. PROJECT ACCOUNTING, FINANCIAL AND REPORTING REQUIREMENTS		
3-1 General Instructions	3-1	
3-2 Initial Operating Statement	3-1	
3-3 Supplemental Income Statement	3-2	
3-4 Monthly Financial Reports	3-3	
Chapter 4. MANAGEMENT AGENTS AND FEES		
4-1 Initial Management Agent and Fee	4-1	
4-2 Changes of Management Agents and Fees	4-1	
Chapter 5. RESERVE FOR REPLACEMENTS		5-1
Chapter 6. ON-SITE REVIEWS		
6-1 General Instruction	6-1	
6-2 Checking Compliance with Affirmative Fair Housing Marketing Requirements	6-1	
Chapter 7. RENTS AND CHARGES		
7-1 General Instruction	7-1	
7-2 Charges for Facilities and Services in Addition to Rent	7-1	
7-3 Initial Apartment Rents	7-1	
7-4 Rent Adjustments for Subsidized Units	7-1	
7-5 Rent Adjustments for Unsubsidized Units	7-2	
7-6 Rent Schedule (Form HUD-92458)	7-2	

Chapter 8. TRANSFER OF PHYSICAL ASSETS	8-1
Chapter 9. DEFAULTS	
9-1 Defaults After Final Endorsement	9-1
9-2 Defaults Before Final Endorsement	9-1
Chapter 10. ACQUISITION, MANAGEMENT AND DISPOSITION	
10-1 General Instructions	10-1
Section I. Acquiring Uncompleted Projects	
10-2 Notice of Election to Acquire and Intent to File a Claim	10-1
10-3 Notice of Acquisition	10-1
Section II. Interim Management	
10-4 General	10-2
10-5 Maintenance and Protection	10-2
Section III. Disposition	
10-6 Disposition of Uncompleted Projects	10-3
Chapter 11. INSURANCE BENEFITS AND TERMINATION OF INSURANCE	
11-1 General Instruction	11-1
Section I. Computing Insurance Benefits	
11-2 Overview of Formula for Computing HUD Insurance Benefits	11-1
11-3 Items Included in Computing Insurance Benefits	11-1
Section II. Filing Insurance Claims	
11-4 General	11-2
11-5 Other Disbursements by Mortgagee (Schedule D)	11-2
11-6 Mortgagee's Report of Special Escrow (Schedule E)	11-2
11-7 Mortgagee's Report of Net Sales Proceeds (Schedule F)	11-3
Section III. Remedies for Default by a Lender-Issuer Under the GNMA Mortgage-Backed Securities Program	
11-7 General	11-3
11-8 GNMA Right to Assignment	11-3
11-9 GNMA Right to Claim Insurance Benefits	11-3

APPENDIX

Appendix

No.

1

Supplemental Instructions for Claims Forms:

 FORMS AND DOCUMENTS REFERENCED IN THIS HANDBOOK

Form Number	Title	OMB Clearance Number
FHA-2330	Mortgagor's Certificate of Actual Cost	2502-0112
FHA-2452	Performance Bond-Dual Obligee	
FHA-2459	Personal Undertaking	
FHA-3259	Surety Bond Against Defects Due to Defective Materials and/or Faulty Workmanship	
HUD-935.2	Affirmative Fair Housing Marketing Plan	2529-0013
HUD-2744A	Allocation of Receipts and Endorsements	2535-0057
HUD-2744C	Mortgagee's Report of Project Disbursements	2535-0057
HUD-2744E	Mortgagee's Report of Special Escrow	2535-0057
HUD-27009B	Mortgagee's Report of Project Collections (Coinsured Projects)	2535-0074
HUD-27009D	Other Disbursements by Mortgagee (Coinsured Projects)	2535-0074
HUD-27009F	Mortgagee's Report of Net Sales Proceeds	2535-0074
HUD-58047	Default Report Before Final Endorsement	
HUD-92080	Mortgage Record Change	2535-0087
HUD-92410	Statement of Profit and Loss	2502-0052
HUD-92426	Multifamily Default Status Report	2502-0041
HUD-92450	Completion Assurance Agreement	
HUD-92458	Rent Schedule	2502-0012
Appendix 36 HBK 4561.1	Regulatory Agreement for Multifamily Housing Projects Coinsured by HUD	2502-0272
Appendix 29 HBK 4566.2	Claim Certification and Identity-of-Interest Disclosure Statement	2535-0074

FOREWORD

This handbook supplements HUD Handbook 4566.2, Management, Servicing and Disposition Requirements for Projects with 223(f) Coinsured Loans. Coinsuring lenders, HUD field staff, project owners and management agents participating in the 221(d) coinsurance program must follow the procedures in that handbook as supplemented and modified by this handbook.

The statutory authority for the 221(d) coinsurance program is in Sections 244 and 221 of the National Housing Act, and the program regulations are in 24 CFR Part 251. In addition to HUD Handbook 4566.2, users of this handbook will need the following handbooks:

IG 2003.3A	Audit and Investigation Activities
IG 4000.0 REV	Audit Guide for Audits of HUD Approved Non-Supervised Mortgagees for Use by Independent Public Accountants
4060.1	Mortgagee Approval Handbook
4060.2	Mortgagee Review Board
4065.1	Previous Participation Handbook
4080.1	Compliance Handbook for Housing
4110.2	The Mortgagee's Guide - Home Mortgage Insurance - Fiscal Instructions
IG 4200.1	Auditing Development Costs of HUD Insured Projects
4370.1 REV-1	Reviewing Annual and Monthly Financial Reports
4370.2	Financial Operations and Accounting Procedures for Insured Multifamily Projects
4370.4	Basic Accounting Desk Guide
IG 4372.1	Audit Guide for Mortgagors having HUD Insured or Secretary-Held Multifamily Mortgages for Use by Independent Public Accountants
4470.1	Mortgage Credit Analysis for Project Mortgage Insurance
4561.1	Coinsurance for Mortgage Lenders (Section 221(d))
4566.1 REV-1	Coinsurance for Private Lenders Section 223(f)

GNMA	5500.1	REV-5	GNMA Mortgage-Backed Securities Guide
	7420.3	REV-2	Section 8 Housing Assistance Payments Program - Existing Housing and Moderate Rehabilitation Processing Handbook
	8025.1	REV-1	Implementation of Affirmative Fair Housing Marketing Requirements