

5.27**Section 223(f) – HUD Procedures – Firm Stage**

- A. Lender must submit deliverables (Section 5.25) to the Hub/PC. The HUD architectural analyst will examine the Lender's PCNA Report, the underwriting summary and the borrower's exhibits and will review the quality of the Lender's report and the transaction itself. The HUD analyst will not reprocess the case. However, if the HUD analyst determines that certain underwriting conclusions are not supportable and affect HUD's risk, the analyst may recommend that the Lender modify the application or may recommend a rejection. The Team Leader will approve, reject or modify the recommendation of the HUD architectural analyst.
- B. The HUD architectural analyst will review the deliverables noted on the review report and will report to the Team Leader on the form at Appendix 5F.2, recommending either acceptance or rejection of the A/E portion of the submission, based on a comparison of selected areas of concern in the PCNA Report with the Borrower's Exhibits. At a minimum, the HUD architectural analyst will consider Critical Repairs covering health and safety (and accessibility for persons with disabilities for projects built after March 13, 1991).

5.28**LIHTC Streamlined Processing Instructions**

The current MAP policy requires the submission of complete and final architectural Drawings and Specifications with the Firm Commitment For applications for projects involving LIHTCs, the submission of final project drawings and specifications may be deferred until Initial Endorsement. Other modifications are as follows:

- A. Schematic drawings may be submitted in lieu of complete and final plans and specifications with the Firm Commitment application.
- B. Lenders and Hub/PCs must review the level of experience of all development team members and must determine that only those with adequate knowledge of HUD's development, design and building requirements are acceptable for this streamline process. Hub/PCs should also consider the complexity of the proposed design and construction when determining whether to permit the deferred submission of final drawings and specifications.
- C. Hub/PCs should determine that the project will achieve initial closing within 60 days after issuance of a Firm Commitment conditioned upon final plan submission. In addition, full and final plans must be submitted 30 days prior to the scheduled Initial Endorsement to provide time for HUD review and approval.
- D. The Firm Commitment may be conditioned on the timely receipt and satisfactory review of complete and final plans and specifications, subject to the conditions outlined below:

The Lender's submission of less than 100% of the Drawings and Specifications (i.e., schematic/line/working drawings) must provide the following detail:

1. The static footprint of the building as it rests on the surveyed site plan.
 2. The gross building and net residential footage.
 3. Unit layouts for each major unit type.
 4. Sufficient design detail to make a Davis-Bacon Wage rate classification determination.
 5. Sufficient design detail to determine compliance with accessibility requirements in Appendix 5.
 6. A written cost estimate (HUD-2328) from the general contractor proposed to participate in the project.
 7. For Pre-applications: Exhibit 5 of Appendix 4A.
 8. For Firm Commitment applications: Exhibits A.16, 17, 24, 25, 27, and B.3 of Appendix 4A, as applicable.
- E. Scope of HUD Review and determinations required in order to issue a Firm Commitment:
1. An assessment that the estimated project cost based on Form HUD-2328 is reasonable and in line with comparable HUD LIHTC project data;
 2. An assessment that the proposed general contractor is acceptable pursuant to outstanding requirements (sufficient working capital, experience, etc.); and
 3. An assessment that the sketch plans are in compliance with all applicable requirements on a preliminary basis, with appropriately qualified certifications executed.
- D. A modification must be made to the commitment for those projects determined to be eligible for the submission of deferred plans. Below is a sample special condition to be added to the Firm Commitment.

“As an accommodation, this commitment has been issued and based upon schematic drawings, instead of the final drawings and specifications. At least 30 days prior to the scheduled date for Initial Endorsement, Hub/PC must receive the final drawings and specifications for review and approval to ensure consistency of design and cost. In the event that there is a net cumulative construction cost increase or change in the design concept, or a net cumulative construction cost decrease in the amount of more than 2%, this commitment shall be subject to and conditioned upon the further approval of HUD, to be evidenced in writing, and may be terminated and voided by HUD, or additional conditions may be imposed, at HUD’s option.”

The Phase I (ASTM Practice E 1527-06 or most current) environmental report must contain no significant unresolved environmental issues that would justify a Form HUD-4128 “Environmental Assessment & Com.”