

Mortgage Credit

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What's Needed?

A.8.4 Mortgage Credit Underwriting Documentation Matrix

Table A8-1. FHA/MAP Mortgage Credit documentation Matrix

Participant/Role	Liability	Resume	Org. Docs. (A)	Financial Stmts	VOD/Bank Stmts	REO/Mortgage Debt
Mortgagor	N/A	No	Yes	Yes	No	N/A
Active Principal (E, F)						
Entity (Par 50)	N/A	Yes	Yes	Yes	Yes	Yes
Individual (Par 50)	N/A	Yes	N/A	Yes	Yes	Yes
Entity (Non-Par 50)	N/A	Yes	Yes	Yes	No (B)	No
Individual (Non-Par 50)	N/A	Yes	N/A	Yes	No (B)	No
Foreign National Non-Par 50 (entity or individual)	N/A	Yes	Yes	Yes	No (B)	No
Large Borrower Non-Par 50 (entity or individual)	N/A	Yes, if entity	Yes	Yes	No (B)	Yes
Passive Principal (E,F)						
Board Members or Officers of Non-Profits (D)	No	No	No	No	No	No
Public Housing Authority	No	No	No	No	No	No
Tax Credit Investor	Yes	No	No (C)	No	No	No
Special Limited Partner	Yes	No	No (C)	No	No	No
> 25% (or 10%, if Corp.) Interest with Passive Ownership	No	No	No	No	No	No
Foreign National Passive Principal (entity or individual) (E)	N/A	Yes	Yes	Yes	No	Yes
Large Borrower Passive Principal (entity or individual)	N/A	Yes	No	Yes	No	Yes
Other Deal Participants						
General Contractor	N/A	Yes (A305)	No	Yes, include work in progress and A/R Report	Yes	No
Management Agent (no Identity of Interest)	N/A	Yes (Company Brochure)	No	No	No	No
Management Agent (Identity of Interest)	N/A	Yes (Company Brochure)	Yes	No	No	No

A.8.4 Matrix vs. Chapter 8

<u>Matrix</u>	<u>MAP Guide</u>
Non IOI Management agent must submit Form HUD-92013-Supp, Credit Authorization, and Credit Report	8.8.2.A.2 Management Agent. A detailed resume is required for Management Agents even when they have no ownership interest in the Borrower entity or IOI with a Principal. Credit reports are required for the Management Agent only in Cases where there is an IOI between the Mgt Agent , or in cases where there Credit reports are required for the Management Agent only in cases where there is an identity of interest between the owner and the Management Agent, or in cases where the Management Agent holds an equity interest in the Borrower. Also, receipt of negative information concerning the performance or capacity of the Management Agent could require a credit review. Analysis of financial statements is generally not required, unless the agent has an identity-of-interest with the Borrower or a Principal, or where financial statements are necessary to evaluate the capacity of the management entity to perform its management role.
Resume for Mortgagor Not Required	Firm Application Checklists - Resume to be provided from Borrower & Principals
VOD Not Required from Mortgagor	8.4.4 HUD requires a completed Fannie Mae Form 1006, Request for Verification of Deposit or bank statements (including a three-month average balance on the VOD or three months of consecutive bank statements) to verify Borrower's/Principal's liquid assets for each bank account submitted for review.
VOD required from GC	<p>Verification of deposits are often not needed but may be required by lenders to confirm conditions for some GCs, especially when financials are no longer current or are not prepared by a 3rd-party CPA or IPA. When and if the sponsor has a substantial identity of interest with the GC (by contrast with an independent GC taking a small equity position in the borrower entity for BSPRA purposes), most of these evidentiary materials may be consolidated(e.g., financial statements, credit reports, bank deposits), a common practice for a group of affiliated entities. No purpose is served by requiring separate documentation for such a GC.</p> <p>In a future MAP Guide revision, the reference to VODs for GCs in the mortgage credit documentation matrix most likely will be deleted or revised to fit the forgoing discussion.</p>

Is a 2530 needed?



Poll Question:

- Does a General Contractor on a Heavy 223(f) project need to submit a HUD 2530?

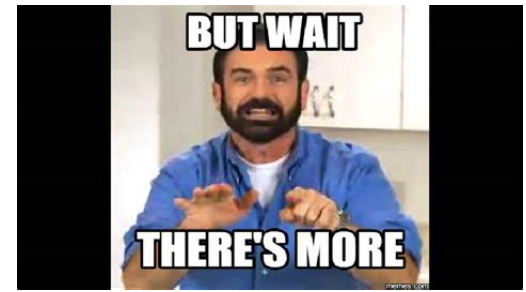
Yes/No?

Poll Question Answer:

ANSWER:

Yes/No/Maybe?

More 2530 Topics



- APPS Submissions – Is a paper submission ever a good idea?
- Flag resolution
 - What is the process?
 - Timing?
- Roles and Reasons
- Housing Authorities – Active Owner vs. Limited Participant

Common problems

Stale Documents

- Rent Rolls
- Borrower and Property Financials
- Lender Narrative
- Credit Reports
- General Contractor Working Capital Analysis Spreadsheet
- 92013-Supplemental
- VOD/Bank
- Schedule or Real Estate Owned



Multiple Note GNMA Structures

- Why is this relevant to Mortgage Credit?
- What's the best way to alert the HUD underwriter?

GNMA Structures Cont....

Example (Lender Narrative - Firm Commitment)

This project will be structured with multiple GNMA notes. There will be 3 pools, each with their own note. All three notes are collateralized by the subject project and backed by one, FHA-insured, multifamily loan. The breakdown with debt service is below.

3-Note Structure	Mortgage	Int Rate	Monthly Debt Service
Full Mortgage	\$2,100,000	2.90	\$7,965.11
Note A	\$210,000	2.90	\$796.51
Note B	\$420,000	2.90	\$1,593.02
Note C	\$1,470,000	2.90	\$5,575.58
Total Debt Service	\$2,100,000		\$7,965.11

Example (Rate Lock Amendment)

2-Note Structure	Mortgage	Int Rate	Monthly Debt Service
Note A	\$28,000,000.00	3.2	\$ 110,907.54
Note B	\$ 5,000,000.00	3.34	\$ 20,203.70
Total Debt Service	\$33,000,000.00		\$ 131,111.24
Blended	\$33,000,000.00	3.22136	\$ 131,111.24

YOU HAVE QUESTIONS



WE HAVE ANSWERS

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