



# Mortgage Credit Requirements Section 241 (a)



## Section 241 (a)

“Secondary financing for improvements or additions to properties with HUD-insured first mortgage which need repairs, substantial rehabilitation or additional units”



## Section 241 (a) Mortgage Credit Requirements

Considerations:

- Passage of time since FHA- insured first mortgage was put into place
- Amount of 241 (a) loan in comparison to first mortgage
- Size of addition in comparison to original project



## Section 241 (a) Mortgage Credit Requirements

In general mortgage credit requirements will be the same as a 221 (d)4 loan.

MAP Guide FAQ's – 7/5/2016

A9 – Updated management agent documentation is not generally required to process a Section 241 (a) loan with an existing HUD approved management agent. However, the Lender... must determine if updated information is necessary to adequately assess the risk of the transaction...



# Pre-application Mortgage Credit Requirements



## Section 221 (d)4 Pre-application mortgage credit

- The organizational structure is generally preliminary and organizational documents are not finalized
- Main players may be involved but their role in the final structure may not yet be determined
- Often management agent, general contractor and possibly architect are not known or will change prior to firm application
- No specific requirements in the MAP Guide



## Section 221 (d)4 Pre-application mortgage credit requirements

### Mortgagor

- Organizational chart- subject to change
- Financial Statement – N/A if a newly formed entity
- 2530/APPS – Is this available with organizational structure subject to change?

### Principals

- Internet search
- OFAC/LDP/SAM search
- Resumes, list of experience
- Principal REO and Maturing Debt Schedule – Is this available with organizational structure subject to change?
  - Lender's prerogative: Principal financial statements may be requested to verify REO schedule. Statements are not required to be submitted with pre-application.



## Section 221 (d)4 Pre-application mortgage credit requirements

Management Agent, General Contractor, Architect, Energy Consultant

- Resume, list of experience





## Section 221 (d)4 Pre-application mortgage credit requirements

If information is not available at the pre-application stage, what are best practices for the mortgage credit review?