

U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
HOUSING

**NOTICE** H 80-3 (HUD)

4800.1

1/9/80

**TO:** Directors, Offices of Regional Housing, Field Office Managers  
and Supervisors

**SUBJECT:** Title X Development Program

HUD regulations dealing with the Title X Land Development Program were amended on November 7, 1979. Highlights of these changes are as follows:

- I. The maximum mortgage amount is limited to the lesser of the following criteria:
  - A. 90 percent of the Commissioner's estimate of the development cost plus 80 percent of the Commissioner's estimate of the value of the land before development; or
  - B. The total of:
    1. The Commissioner's estimate of the development cost, plus
    2. The greater of acquisition cost or all outstanding indebtedness secured by the land, plus
    3. 50 percent of the difference between the applicable amount in item "2" and the Commissioner's estimate of the value of the land before development; or
  - C. 85 percent of the Commissioner's estimated value of the property after the completion of the development.

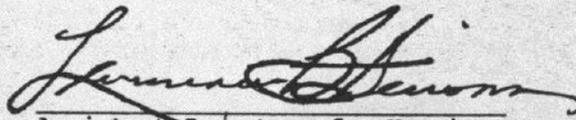
Acquisition cost is the cost of the land plus all costs associated with acquiring the title, closing costs, zoning, holding costs, etc. Indebtedness is all indebtedness which is secured by the land. Indebtedness incurred within two years of the date of the SAMA application may not be treated as indebtedness for the purpose of determining the maximum mortgage amount except as approved by the Commissioner.

**H:DISTRIBUTION:** W-1, W-2, W-3, W-3-1, W-4, R-1, R-2, R-3, R-3-1(H),  
R-3-2, R-4, R-4-1, R-4-2, R-5, R-5-1, R-5-2

In those instances where the sponsor wants such indebtedness approved and the field office agrees, the circumstances under which the indebtedness was incurred should be forwarded to the Deputy Assistant Secretary for Single Family Housing and Mortgage Activities in Headquarters with a request for a ruling. If a staged development is involved, for the purpose of determining the amount under item "3" above, only the portion of the amount arrived at under item "2" and the portion of the Commissioner's estimate of the value of the land before development which are applicable to the stage being developed are to be utilized.

- II. The criteria to establish the maximum mortgage loan at the time of final completion and cost certification will be the same as the criteria used to develop the maximum loan amount at SAMA.
- III. A SAMA stage replaces the Feasibility stage. A SAMA fee will be collected at the time of the SAMA application. The SAMA fee will be \$1.00 per thousand dollars of the requested mortgage amount. HUD Forms 3550, Request for Pre-Application Analysis, and 3551, Application for Land Development Mortgage Insurance (without Part II being completed) are to be used in filing a SAMA application for Title X financing.
- IV. An application fee of \$1.00 per thousand dollars of the requested mortgage amount to be insured shall be collected with the application for a conditional commitment. If the SAMA letter has expired or in cases where a SAMA application fee has not been paid, a fee of \$2.00 per thousand is to be collected.
- V. An application for a firm commitment must be accompanied by an application fee which, when added to prior fees received in connection with applications for the SAMA letter and conditional commitment, will aggregate \$4.50 per thousand dollars of the requested mortgage.

~~Attached is a complete copy of the final rule.~~ Field Offices should begin using these guidelines immediately. Handbook changes incorporating these instructions will be forthcoming shortly. Please advise all approved mortgagees in your area of these changes.

  
Assistant Secretary for Housing-  
Federal Housing Commissioner

Attachment