

# U. S. Department of Housing and Urban Development



Denver Homeownership Center  
Program Support Division, 8AHHT

1670 Broadway, 23rd Floor  
Denver, Colorado 80202-4801

Phone: 1-800-CALLFHA  
Fax: 303-672-5084  
Web: www.hud.gov

## Secondary Financing

**Approval Date: April 01, 2010**

**Approved for the Following Area:**

**State of Wisconsin**

Mr. Howard Mandeville, Executive Director  
Movin' Out, Inc.  
600 Williamson Street  
Madison, WI 53703

Dear Mr. Mandeville:

The Denver Homeownership Center is pleased to advise you that Moving' Out, Inc. approval has been amended as a non-profit organization to perform the following activities:

### **Provider of Closing Cost, or Rehabilitation Assistance with a Secondary Lien**

### **Administrator of Government Programs for Secondary Financing, in the State of Wisconsin**

Your agency's approval has been entered on HUD's Approved Non-profit Roster. The Nonprofit Roster can be found on our website located at [http://www.hud.gov/offices/hsg/sfh/np/np\\_den.pdf](http://www.hud.gov/offices/hsg/sfh/np/np_den.pdf). **Your approval will expire on April 01, 2012.** Please submit a request for re-certification at least 30 days prior to the end of the approval period.

We have reviewed your application for participation in HUD programs as an agency providing secondary financing assistance and have determined that Moving' Out, Inc.'s program meets HUD guidelines.

### **Secondary Financing:**

Your agency may provide secondary financing assistance in conjunction with a FHA first mortgage provided the following guidelines are met:

1. The borrower must make a cash investment of at least 3.5% of the lesser of the appraised value or the sales price of the property. The payment of closing costs may not be used to help meet this minimum 3.5% cash investment requirement.
2. The FHA first mortgage will be limited to 100% of the appraised value and require the inclusion of the UFMIP within that limit.
3. The FHA-insured first mortgage when combined with a second mortgage, as well as any other mortgages, grants, etc., may not result in cash back to the borrower.

4. The combined amount of the first and second mortgages cannot exceed the statutory loan limit for the area where the property is located.
5. Required monthly payment under both the insured mortgage and the second mortgage or lien, plus other housing expenses and all recurring charges, cannot exceed the borrower's reasonable ability to pay.
6. Source, amount, and repayment terms must be disclosed in the mortgage application and the borrower must acknowledge that he or she understands and agrees to the terms.
7. Any fees charged to the borrower for his/her involvement in your secondary financing assistance program must be reasonable and customary for the area.
8. The borrower's household annual income may not exceed 115% of area median income when adjusted for family size.
9. If the funds are to be used in conjunction with the rehabilitation of the property, the subsequent lien must meet all of the criteria listed above.
10. Movin' Out, Inc. may not provide Down Payment, Closing Costs and Rehabilitation Assistance with a Secondary Lien, in conjunction with FHA-insured financing, on properties owned and being sold by Movin' Out, Inc.

**Administrator of Government Programs:**

Your agency may provide secondary financing up to 100 percent (100%) of the Borrower's cash investment provided the following guidelines are met:

1. The source of the funds are obtained from a Federal, State, Local Government Agency or Instrumentality of Government.
2. All originated mortgages and notes for the secondary financing of down payment assistance will be closed in the name of the government entity providing such funds or immediately be assigned to the entity upon closing.

Please provide a copy of this letter to any lender providing FHA financing for properties included in the approved homeownership program.

It is Movin' Out, Inc.'s responsibility to be aware of guidelines and procedures relative to non-profit participation in FHA programs and to maintain knowledge of any updates relating to these guidelines and procedures. The enclosed list of guidance letters and handbooks will provide a baseline of information. However, future guidance and information will be made available on the HUD Internet web site located at: [www.hud.gov](http://www.hud.gov). Those organizations that do not adhere to Departmental guidelines and procedures are subject to possible suspension and/or removal from the Approved Non-profit Roster.

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We appreciate your interest in the Department's programs and your assistance to low- and moderate-income homebuyers. Movin' Out, Inc.'s program will provide an excellent opportunity for affordable housing in your community. If we can be of further assistance, please call Ms. Suzanne Isaacs, Housing Program Specialist, Denver Homeownership Center; at 1-800-CALLFHA (1-800-225-5342), Code DP.

Sincerely,

A handwritten signature in cursive script that reads "Elaine Roberts". The signature is written in black ink and is positioned above the printed name and title.

Elaine Roberts  
Director

Attachment

**HUD Comprehensive Nonprofit Activities**

**Nonprofit Approval/Recertification Guidance**  
**(All of this information can be found on [www.hud.gov](http://www.hud.gov))**

- HUD Housing Notice 94-74 Revisions to SFPD Sales Procedures
- HUD Housing Notice 98-32 Single Family Property Disposition Program Insured Sales - Offers Exceeding Listing Prices
- HUD Housing Notice 99-04 Revisions to SFPD Sales Procedures
- HUD Housing Notice 99-30 Single Family Property Disposition Officer Next Door Program/Teacher Next Door Initiative
- Mortgagee Letter (ML)# 93-33 Clarifications and Modifications to the 203k Program
- ML 94-02 Secondary Financing Provided by Nonprofit Agencies and Transferability Restrictions Permitted for Property with a HUD Insured Mortgage
- ML 94-11 Revisions to the 203(k) Rehabilitation Mortgage Program
- ML 95-40 Revisions to the 203(k) Mortgage Rehabilitation Program
- ML 96-18 Single Family Production - Refinance Transactions, Property Inspections and Other Credit Policy Issues
- ML 96-21 Using 203(k) Rehabilitation Mortgage Insurance with Participation by State and Local Housing Agencies and Non-Profit Organizations
- ML 96-52 Non Profit Agencies as Mortgageors
- ML 96-59 Moratorium on Investor Loans in Conjunction with the 203(k) Rehabilitation Mortgage Insurance Program
- ML 97-05 Revised Escrow Commitment Procedure - 203(k) Rehabilitation Mortgage Insurance Program
- ML 98-02 Applying the HUD Rehabilitation Energy Guidelines to the Section 203(k) Rehabilitation Mortgage Insurance Program
- ML 98-11 Concerns about 203k Underwriting, Loan Processing and Administration
- ML 99-31 Single Family Real Estate Owned (Property Disposition) National Management and Marketing Contracts
- ML 00-8 Nonprofit Agency Participation in Single Family FHA Activities
- ML 01-30 Clarification of Net Development Cost Calculation
- ML 02-01 Nonprofit Participation in Single Family FHA Activities – New Requirements and Restrictions
- ML 02-22 Downpayment Assistance Programs Operated by Governmental Agencies and Nonprofits Using Subordinate Financing
- HUD Handbook 4155.1, REV 4, Change 1 - Mortgage Credit Analysis
- HUD Handbook 4310.5, REV 2, Property Disposition Handbook - One to Four Family Properties, dated April 1994
- HUD Handbook 4240.2, REV 2 - 203(k) Rehabilitation Mortgage
- ML 03-07 Prohibition of Property Flipping
- ML 08-23 Revised Downpayment and Maximum Mortgage Requirements
- ML 09-15 Using First Time Homebuyer Tax Credits
- ML 09-38 Update on Eligibility Requirements for Nonprofit Instrumentalities ( Waiver )
- ML 10-05 Announcement of the FHA Nonprofit Data Management System

### **Certification by Non-Profit Agency**

I certify Moving-Out, Inc., is an Administrator of a Federal, State, Local Government Agency or Instrumentality of Government providing funds for secondary financing in an eligible down payment program for as much as 100 percent (100%) of the borrower's cash investment. All originated mortgages and notes for secondary financing will close in the name of the government entity at closing or assigned to the government entity immediately upon closing.

Howard Mandeville  
Executive Director  
Movin-Out, Inc.

Howard Mandeville

Date 4.1.2010