

Revisions to Chapter 5 of the MAP Guide

Architectural Analysis

Frequently asked questions, such as the one below, have prompted the following revisions to Chapter 5 of the MAP Guide:

1. Have there been any changes in the escrow requirements for deferred repairs under Section 223(f)?

A. Yes.

Current escrow requirements for deferred repairs under Section 223(f) are found in Section 5.26.C.2 of the MAP Lender Guide.

- **Subsection (a) requires the costs of the deferred repairs to be estimated and withheld in cash from mortgage proceeds and placed in escrow.**
- **Subsection (b) requires that an additional cash amount (or letter of credit, at the option of the Lender) of not less than 50 percent of the repair cost estimate also be placed in escrow.**
- **Subsections (c) and (d) provide instructions concerning work period release of repair funds, holdback, and final release of repair funds.**

Subsections (a), (c), and (d) are unchanged.

However, in Subsection (b), the additional percentage of the repair cost estimate to be placed in escrow has been lowered from 50 percent to 20 percent.

In addition, clarification has been made to Section 12.1.5.E.2 of the MAP Lender Guide regarding the use of letters of credit for Section 223(f) repair escrows. The current instruction states: "Letters of credit may be used instead of cash for all assurances of completion and escrows required at initial and final endorsement, or during construction, except for up-front cash escrows and Section 223(f) repair escrows."

This instruction has been clarified to read as follows: "Letters of credit may be used instead of cash for all assurances of completion and escrows required at initial and final endorsement, or during construction, except for the following:

- **Up-front cash escrows and**
- **The estimated costs of deferred Section 223(f) repairs that are required to be withheld in cash from mortgage proceeds and placed in escrow."**

These changes are effective June 21, 2005.