



#### **FHA/HUD Section 221(d)(4) Program Highlights**

HUD Non-Recourse Language: The HUD MAP Guide states that the HUD mortgage note will contain non-recourse language as to the mortgagor entity. However, a Key Principal may be held personally liable to the extent of losses as a result of certain bad acts and malfeasance as detailed in the HUD Regulatory Agreement as follows:

Section 50 Addendum: **NONRECOURSE DEBT**. The following individuals/entities as identified in the "**Firm Commitment**" (which means the commitment for insurance of advances or commitment for insurance upon completion issued to Lender by HUD under which the debt evidenced by the Note is to be insured pursuant to a Section of the Act, dated \_\_\_\_\_, and any amendments thereto):

Named individual

does not assume personal liability for payments due under the Note and Security Instrument, or for the payments to the Reserve for Replacements, or for matters not under their control, provided that said individuals/entities shall remain personally liable under this Agreement only with respect to the matters hereinafter stated; namely:

- (a) for funds or property of the Project coming into its hands which, by the provisions hereof, it is not entitled to retain;
- (b) for authorizing the conveyance, assignment, transfer, pledge, encumbrance, or other disposition of the Mortgaged Property or any interest therein in violation of Section 35(a) of this agreement without the prior written approval of HUD; and
- (c) for its own acts and deeds, or acts and deeds of others, which it has authorized in violation of the provisions of this Section 50.

The obligations of each Section 50 Party shall survive any foreclosure proceeding, any foreclosure sale, any delivery of any deed in lieu of foreclosure, any termination of the Regulatory Agreement, or any release of record of the Security Instrument.

**As of March 2018, subject to change.**  
Please contact one of our [Production Officers](#) for additional information.