



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Special Attention of:
All Multifamily Hub Directors
All Program Center Directors
All Project Managers
All Field Office Directors

Notice H 13-05

Issued: February 12, 2013
Expires: December 31, 2013

Cross Reference:

SUBJECT: Hurricane Sandy/Superstorm Response - Expedited Processing for FHA Multifamily Mortgage Insurance Applications

I. Purpose

This Housing Notice (HN) provides for priority processing of multifamily mortgage insurance applications for transactions in New York and New Jersey. Both states were especially hard hit by Hurricane Sandy and a subsequent storm. These changes are intended to facilitate recovery efforts by ensuring the timely availability of the Federal Housing Administration's (FHA's) Multifamily Housing programs while mitigating the Department's risk.

These expedited procedures apply to multifamily properties requesting financing under the Section 220, 221(d)(4), 223(a)(7), 223(f), 231 and 241(a) multifamily mortgage insurance programs. This Housing Notice is not applicable to the Healthcare programs administered by the Office of Healthcare Programs (Section 232, or refinancing of Section 232 pursuant to Sections 223 (f) or 223 (a) (7)).

The Housing Notice is effective immediately, as discussed below in the section titled "Implementation".

II. Background

On December 7, 2012, the President issued an Executive Order establishing the Hurricane Sandy Rebuilding Task Force. Among other provisions, the Executive Order directed the Secretary of Housing and Urban Development to chair the Task Force and, to the extent permitted by law, align relevant programs and authorities with a long-term rebuilding plan that supports the region's economic vitality, enhance infrastructure, and ensure appropriate accountability. Accordingly, this Housing Notice applies to any multifamily project applying for mortgage insurance in presidentially declared disaster areas in New York or New Jersey, whether or not the property was directly damaged by the recent storms.

III. General Provisions and Lender Requirements

Applications submitted under the terms of this Housing Notice will receive priority processing. Other than for the environmental review procedures which are described in the following paragraph, the procedures set forth in the Low Income Housing Tax Credit Pilot Program (Mortgagee Letter and Housing Notice 2012-1) will apply to all multifamily mortgage insurance applications (regardless of whether the transaction involves tax credits) received in the Presidentially declared disaster areas in New York and New Jersey during the period from the date of publication of this Housing Notice through December 31, 2013.

The environmental review procedures specified at Section V.H of both Mortgagee Letter 2012-1 and Housing Notice 2012-1 will not apply to this Housing Notice. Environmental reviews will be conducted by a HUD appraiser per the requirements of Chapter 9 of the Multifamily Accelerated Processing (MAP) Guide.

This Housing Notice revises certain provisions of the Tax Credit Pilot Program in order to meet the goals of the Hurricane Sandy Executive Order. To the extent this Housing Notice does not address issues, facts or circumstances which may arise while processing affected applications, the New York Multifamily Hub Director has authority to waive, provided such waiver does not involve regulations or statutes, any and all provisions of Housing Notice 2012-1, the MAP Guide and other administrative provisions as necessary and appropriate to facilitate expedited processing of mortgage insurance applications submitted pursuant to this Housing Notice. Such waiver requests should be prepared by the lender as part of the application submission on a draft HUD-2 form, citing the specific waiver provisions requested. Regulatory waivers must be approved by the FHA Commissioner; statutory provisions cannot be waived. The New York Multifamily Hub Director shall obtain the advice of the Departmental, Housing or New York Regional Environmental Officer regarding the waiver of any environmental requirements of Chapter 9 of the MAP Guide to ensure that such waiver does not involve any of the of the statutory or regulatory requirements as implemented by 24 CFR Parts 50, 51, and 55.

Any MAP approved lender in good standing with the Department can submit applications for financing, including applications in New York and New Jersey. For purposes of this Hurricane Sandy Expedited processing, only those lenders that have been approved and trained for the Low Income Tax Credit Pilot procedures may apply under the expedited provisions of this Housing Notice. Applications submitted by other lenders will not receive priority processing, and may be transferred to other Multifamily Hubs for processing. Approved lenders are listed on HUD's website at http://portal.hud.gov/hudportal/documents/huddoc?id=List_of_Lenders.pdf.

To ensure that the most favorable financing terms can be leveraged toward the recovery effort, the Lender's Underwriting Narrative and the Lender's Certificate (HUD-92434M) for loans greater than \$2,000,000 submitted pursuant to the terms of this Housing Notice, must include an attachment certifying that there is and will be no trade profit, trade premium or marketing gain earned on the sale of the Government National Mortgage Association (GNMA) security at a value above par, even if the security sale is delayed until after endorsement.

Prior to submitting the application, the lender will submit the name and contact information of the MAP approved Underwriter and the proposed third-party reviewers for prior approval. Third-party reviewers (Appraiser, Market Analyst, Physical Inspection, Architectural and Cost Consultants, and Environmental Consultant) must have acceptable prior experience in either the New York or Philadelphia Multifamily Hubs.

As with all MAP Applications, the third-party appraisal must be provided by an independent appraiser licensed in the state with jurisdiction, and must be commissioned by, and under the responsible supervision of the lender.

The lender will submit an original and one hard copy of the application to the New York Multifamily Hub Director or alternative address specified by the Hub Director, and an electronic copy of the application. The application should include a standardized Lender Underwriting Narrative, data transmission spreadsheet, and a separately bound mortgage credit binder with privacy sensitive financial and other information. The lender submission should include a draft of the requested Firm Commitment form including appropriate special conditions. Furthermore, the application should include all of the environmental submissions as described in Chapter 9 of the MAP Guide.

The application fee (\$3 per \$1,000 of requested mortgage amount) will not be waived, but may be deferred with payment due at such time HUD is ready to issue a Firm Commitment.

Standard processing time from issuance of the Firm Commitment to closing will be 30 calendar days, provided the application complies with the requirements of this Housing Notice and the applicable portions of HUD Notice and Mortgage Letter 2012-1. The lender will request closing either by mail or in the HUD Office with jurisdiction (either New York, Newark, or Philadelphia). HUD will close loans within 14 days of receiving complete and correct closing documents. The lender and borrower are strongly encouraged to submit draft closing documents with the Firm Commitment submission.

IV. HUD Processing

A concept meeting or conference call between the lender, borrower, other development team members, and HUD is encouraged but not required.

Standard processing time from application receipt to decision (either issuance of a Firm Commitment with or without modifications, or rejection of the application) is 30 calendar days, including an initial screening. The standard processing time will be waived in the case of environmental issues that require additional time, such as for situations involving floodplain management, site contamination, or historic preservation issues.

A supervisor, or other senior, experienced HUD reviewer (Designated Underwriter), identified by the New York Multifamily Hub Director will review the application, relying on the lender and third-party representations and certifications. The Designated Underwriter may or may not request technical assistance from other HUD staff as they deem necessary. The Director of the Office of Multifamily Development will identify additional support

should workload demands require staff from outside the New York Multifamily Hub to assist with processing.

For New Construction and Substantial Rehabilitation loans, HUD Architecture and Engineering staff review will be limited to compliance with Fair Housing Accessibility requirements unless additional review is required or requested by the Designated Underwriter.

The HUD Appraiser's review will be limited to completion of the Form HUD-4128 (Environmental Assessment and Compliance Findings for the Related Laws) with analyses protocols specified in Chapter 9 of the MAP Guide, and such other review or analysis requested by the Designated Underwriter.

Prepayment approvals and requests for waivers, including Section 8 rent increase requests and contract replacements will be accelerated and handled by the HUD Headquarters Director of the Office of Multifamily Development or Asset Management as appropriate.

Hub and National Loan Committee reviews will be expedited as necessary to facilitate timely execution of Firm Commitments. The Director of the Office of Multifamily Development has authority to waive such Loan Committee review upon request of the New York Multifamily Hub Director.

All loans processed pursuant to this Housing Notice will be reviewed on a post-commitment basis. The Office of Risk Management (ORM) will complete these reviews with such assistance as needed by HUD Headquarters Multifamily Development or other staff as appropriate or necessary. ORM will provide the Deputy Assistant Secretary for Multifamily Programs and the New York Multifamily Hub Director with a summary of loans reviewed and any findings every six months or more frequently as appropriate.

V. Implementation

The Housing Notice is effective immediately for all new Pre-application and Firm Commitment applications submitted prior to December 31, 2013, for multifamily mortgage insurance in counties within New York and New Jersey which are designated by FEMA as eligible for Individual Assistance pursuant to a Presidentially declared disaster area. (Those counties identified as of October 30, 2012, are included in Attachment 1.) The New York Multifamily Hub Director may also consider transactions in other areas in New York and New Jersey if they determine priority processing would indirectly assist in addressing the financing or housing needs within the FEMA designated counties. The Department's response to Hurricane Sandy will be evaluated in 2013 and the authority extended, modified, or withdrawn as appropriate depending on conditions at that time. The New York Multifamily Hub Director has authority to process applications currently in the pipeline, subject to the first sentence above, with such waivers as necessary to facilitate use of the procedures included in this Housing Notice.

VI. Conclusion

The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0029 and 2502-0582. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.

If there are any questions relating to this HN should be directed to Daniel J. Sullivan, Deputy Director, Office of Multifamily Development, at (202) 402-6130. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

Carol Galante
Assistant Secretary for Housing –
Federal Housing Commissioner

Attachment 1: List of counties in New York and New Jersey eligible for Individual Assistance.

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The following counties in New York and New Jersey are eligible for Individual Assistance, per the Major Disaster Declaration declared on October 30, 2012:

New York:

Bronx County, Kings County, Nassau County, New York County, Orange County, Putnam County, Queens County, Richmond County, Rockland County, Suffolk County, Sullivan County, Ulster County and Westchester County.

New Jersey:

Atlantic County, Bergen County, Burlington County, Camden County, Cape May County, Cumberland County, Essex County, Gloucester County, Hudson County, Hunterdon County, Mercer County, Middlesex County, Monmouth County, Morris County, Ocean County, Passaic County, Salem County, Somerset County, Sussex County, Union County and Warren County.