

U. S. Department of Housing and Urban Development  
Washington, D.C. 20410-8000  
August 3, 2000  
OFFICE OF THE ASSISTANT SECRETARY  
FOR HOUSING-FEDERAL HOUSING COMMISSIONER  
MORTGAGEE LETTER 00-29

TO: ALL FHA APPROVED MULTIFAMILY MORTGAGEES

SUBJECT: Availability of Credit Subsidy for FHA Multifamily Mortgages in FY 2000

The Department of Housing and Urban Development has now earmarked the \$153 million appropriated for credit subsidy in FY 2000 including a small amount to cover firm commitment/mortgage increases. Multifamily Hubs and Program Centers will continue to issue firm commitments for the positive credit subsidy programs in FY 2000 conditioned upon the availability of credit subsidy.

Once firm commitments for the positive subsidy programs have been accepted in writing by the mortgagor and mortgagee and returned to the Hub/Program Center, credit subsidy requests from Hubs/Program Centers to Headquarters are now being placed in a Headquarters funding queue based on the date and time of the request. Projects in the funding queue will receive credit subsidy to the extent additional credit subsidy is appropriated or cancelled/recaptured credit subsidy becomes available. Hubs/Program Centers will advise you in writing when credit subsidy has been obligated for your project mortgage. FHA closings cannot be scheduled for mortgages that require positive credit subsidy unless the Hub/Program Center has received notification from Headquarters that sufficient credit subsidy has been obligated and so advised the mortgagee.

Hubs/Program Centers will be contacting mortgagees with outstanding firm commitments with obligated credit subsidy to make sure that those loans will proceed to initial endorsement. If you have outstanding firm commitments with obligated credit subsidy that you know cannot proceed to closing, please advise your Hub/Program Center immediately so that the credit subsidy can be cancelled and obligated for another project mortgage in FY 2000. Outstanding firm commitments with obligated credit subsidy that have been extended for at least 60 days will no longer be extended and therefore expire unless the mortgagee can provide written evidence to the Hub/Program Center of an interest rate lock and requests to close the loan within 30 days. If an expired firm commitment is reopened and accepted by the mortgagee and mortgagor, the Hub/Program Center will submit a new request for credit subsidy.

I appreciate your cooperation as we attempt to resolve this issue.

Sincerely,  
William C. Apgar  
Assistant Secretary for Housing-  
Federal Housing Commissioner