



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

OFFICE OF HOUSING

SEP 29 2017

MEMORANDUM FOR: All HUD Multifamily Regional Center Directors  
All HUD Multifamily Production Division Directors  
Headquarters Multifamily Programs Office Directors  
Multifamily Accelerated Processing (MAP) Lenders

FROM: Dana Wade, General Deputy Assistant Secretary, Office of Housing  
*Dana Wade*

SUBJECT: Update on FHA Multifamily Mortgage Insurance Application  
Processing Response to Hurricane Harvey

This memorandum updates the previous memo issued on September 1, 2017, on the status of Multifamily Production's response to Hurricane Harvey in the Southwest Region. The impacted areas experienced an unprecedented volume of rain, resulting in extensive flood damage. In response, HUD temporarily suspended accepting new applications for FHA multifamily mortgage insurance in the Presidentially Declared Disaster (PDD) areas as staff was mobilized to assess property conditions and to address immediate tenant safety and relocation issues.

There are 39 counties included in the Hurricane Harvey PDD: Aransas, Austin, Bastrop, Bee, Brazoria, Calhoun, Chambers, Colorado, Dewitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Hardin, Harris, Jackson, Jasper, Jefferson, Karnes, Kleberg, Lavaca, Lee, Liberty, Matagorda, Montgomery, Newton, Nueces, Orange, Polk, Refugio, Sabine, San Jacinto, San Patricio, Tyler, Victoria, Walker, Waller, and Wharton.

HUD Production staff conducted site visits to gather an initial assessment of all assisted and/or insured properties in the PDD counties. Approximately half of the properties in the impacted counties reported damage. Fortunately, most experienced only minor damage and are completing appropriate repairs. Until further notice, the following procedures will apply for Multifamily Production business in the Southwest Region:

For Business Outside the PDD:

- Concept Meetings and new applications for FHA multifamily mortgage insurance in the Southwest Region. Lenders should continue to submit new applications for mortgage insurance for sites located in non-impacted areas of the Southwest Region to the Fort Worth Multifamily Regional Center. HUD will continue to use workload sharing as needed for new applications submitted to the Southwest Region until Harvey response efforts are complete. The Southwest Region will schedule Concept Meetings for new business starting October 9, 2017.

For Business Within the PDD:

- Firm Commitments which have been issued but not closed. HUD will work with lenders who have received Firm Commitments for projects in the PDD areas to close the loans as expeditiously as possible. Each Firm Commitment will be amended to require a lender certification on the property condition. Firm Commitment amendment letters will be sent within the next several days.
- FHA mortgage insurance applications submitted before the PDD event and in review by HUD. HUD staff will commence reviewing applications upon receipt of a lender certification and updated property-specific due diligence. Lenders will be contacted by HUD underwriting staff within the next several days to discuss project-specific due diligence updates.
- Applications for new FHA multifamily mortgage insurance applications in PDD counties. The Southwest Regional Center will accept new mortgage insurance applications for properties with Low Income Housing Tax Credits starting October 2, 2017. Applications for mortgage insurance on properties that do not have LIHTCs will be accepted starting October 23, 2017. Lenders must provide updated due diligence as appropriate and a certification that the properties have been inspected by the lender and/or third party consultants after September 3, 2017. A HUD-prescribed certification will be furnished at the time of application submission to verify hurricane impact updates to the application. HUD will consider timing waivers of up to 90 days for third party reports so long as they have been updated to reflect post-Harvey property and market conditions.

As noted in the September 1<sup>st</sup> memorandum, the required use of the Capital Needs Assessment (CNA) e-Tool will be delayed until November 1, 2017, regardless of property location. Any Firm Commitment applications submitted on or after November 1, 2017, will be required to use the CNA e-Tool (including benchmarking if a Green MIP reduction or underwriting savings are to be recognized). Firm Commitment applications submitted prior to November 1, 2017, without the CNA e-Tool will be processed so long as the application is complete. Lenders should exercise care to ensure applications are not submitted prematurely in order to avoid completing the CNA e-Tool.

Please contact Dan Sullivan at (202) 402-6130 or Tom Bernaciak at (202) 402-3242, if you have questions about this memorandum.