



MORTGAGE BANKERS ASSOCIATION

May 29, 2015

The Honorable Julian Castro
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, D.C. 20410

Dear Secretary Castro:

I would like to thank you and HUD's multifamily team for producing the important new draft Multifamily Accelerated Program (MAP) Guide, which includes many positive improvements for the FHA Multifamily MAP program. We welcome the Department's transparency in sharing the draft with the Mortgage Bankers Association and other key stakeholders, as well as the continued engagement of Deputy Assistant Secretary Ben Metcalf, Director Ted Toon and Deputy Director Dan Sullivan with MBA and our MAP lender members.

FHA's MAP Program has been a critically important source of affordable and workforce rental housing during a period of growing rental housing cost burdens for families. FHA has supported this vital and often overlooked market, while exhibiting very strong credit performance for FHA's multifamily mortgage insurance portfolio. The partnership between FHA and MAP lenders is strong and enduring, and MBA's MAP lender members appreciate HUD's efforts to support the liquidity and preservation needs related to multifamily rental housing.

MBA provided comprehensive comments on the draft MAP Guide with regard to recommendations and areas for improvement, clarification and modification. I want to take the opportunity to highlight several important and positive proposed changes in the draft MAP Guide which we urge the Department to include in the final version of the MAP Guide, which include the following.

- The change in the repair limit from \$6,500 per unit established in 1983 to the proposed \$15,000 per unit before a substantial rehabilitation loan must be pursued is a welcome recognition of the changes in construction costs, industry changes and inflation in general. MBA supports HUD's plans to index this number going forward.
- The proposed expansion of the large loan threshold from \$25 million to \$75 million appropriately puts the focus on the larger loans that may warrant additional attention. With the revised category for large loans, it may be easier for FHA loans to be originated in urban locations with higher land and construction costs than the suburban sprawl locations that are less expensive to develop.

The Honorable Julian Castro

May 29, 2015

Page 2

- The proposed reduction of the sustaining occupancy period to six-months for properties with either Low Income Housing Tax Credits or greater than 90% Project-based Section 8 recognizes the high demand for affordable housing units and the unlikely possibility that a new affordable housing unit would go vacant for long. This beneficial change will allow for more efficiency in the development of affordable housing.
- The slight upward revisions in loan to value ratios from 83.3 percent to 85 percent are appreciated, as are the differentiations between FHA market rate and affordable loans. These indicate HUD's concurrence with the view that the credit markets have re-emerged from the economic crisis and multifamily finance fundamentals are stronger.

These and other improvements that MBA is recommending on the MAP Program, such as on the Capital Needs Assessment and Identity of Interest policies, will be important steps to sustain and support FHA production as a stable and consistent source of financing for multifamily rental housing.

We thank you for your leadership and look forward to an opportunity to meet with you on these and other important FHA multifamily and residential healthcare issues. Please contact Eileen Grey at 202-557-2747 or egrey@mba.org for any comments.

Sincerely,



Stephen Ervin
Chairman, MBA FHA Committee
Senior Vice President, Berkadia