



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 2011-04

Issued: February 14, 2011

Expires: July 31, 2011

Cross References:
Notice H 2010-13

SUBJECT: Elimination of Hub and National Loan Committee Reviews for Section 223(a)(7) Transactions

I. Purpose

This Notice modifies Housing Notice H 2010-13, which provided an overview of Hub and National Loan Committees, and eliminates the requirement for both Loan Committee reviews of transactions to be refinanced pursuant to Section 223(a)(7) of the National Housing Act. However, Hubs may continue to utilize Loan Committee reviews for Section 223(a)(7) applications in their jurisdiction at their discretion. This Notice does not apply to financing administered by the Office of Healthcare Programs.

II. Background

On July 19, 2010, as one of several risk mitigation initiatives, the Department issued Housing Notice 2010-13 establishing a Loan Committee process for multifamily transactions insured under various sections of the National Housing Act, including projects already insured and proposed for refinancing pursuant to Section 223(a)(7). Hub Loan Committee review was required for such transactions when the project exceeded 150 dwelling units or \$15,000,000 in loan amount, and National Loan committee review was required when the project exceeded 250 units or \$50,000,000 in loan amount.

Section 223(a)(7) of the Act provides for refinancing of project mortgages already insured under the Act for the purpose of reducing debt service obligations, thereby enhancing the ability of mortgagors to service debt and to provide proper maintenance and management. Such transactions reduce the risk profile of HUD's existing insured portfolio. The Department's experience with Loan Committee review has been that no comments or concerns are being raised on Section 223(a)(7) applications, and none are expected on future applications. The Section 223(a)(7) program is used primarily to lower debt service payments and provide for repair and reserve funding for currently insured properties, and is thus a low risk program. Accordingly, the Department has determined that both Hub and

National Loan Committee staff resources are better utilized focusing more fully on higher risk applications for mortgage insurance.

III. Implementation

Effective immediately on the date of this Notice, applications for refinancing of insured project mortgages pursuant to Section 223(a)(7) of the National Housing Act do not require Loan Committee review.

If there are any questions regarding this Notice, please contact Daniel Sullivan, at (202) 402-6130, Headquarters Office of Multifamily Development. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

/s/

David H. Stevens
Assistant Secretary for Housing –
Federal Housing Commissioner