



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Appendix 2

Waiver Request Memorandum

Example

MEMORANDUM FOR: David H. Stevens, Assistant Secretary for Housing - Federal Housing Commissioner, H

THROUGH: Ronald Y. Spraker, General Deputy Assistant Secretary for Housing - Deputy Federal Housing Commissioner, H

THROUGH: Carol Galante, Deputy Assistant Secretary for Multifamily Housing Programs, HT

FROM: [Hub Director]

SUBJECT: Request for Waiver of 24 CFR 219.220(b)(1995)
Request to Defer Repayment of Flexible Subsidy Operating Assistance Loan
[Project Name]
FHA Project No.
Location:

SUMMARY:

The _____ Multifamily Hub has requested a waiver of 24 CFR 219.220(b)(1995) to exempt _____ from the requirement to repay the Flexible Subsidy Operating Assistance Loan totaling \$1,071,913.00, upon the prepayment/refinance of the Section 236 insured mortgage loan. The Flexible Subsidy Operating Assistance Loan was awarded in _____ in the amount of _____. The Financial Assistance Contract contains a provision which requires that the loan be paid in full if the Section 236 mortgage is paid in full or refinanced.

_____ Apartments is a 202 unit high-rise project for the elderly and handicapped. The project consists of 165 efficiency units, 36 one-bedroom units and one two-bedroom unit. The mortgage was insured pursuant to Section 236(j)(1) of the National Housing Act and was endorsed

on July 1, 1974, in the amount of \$3,644,900.00 at seven percent interest. The Loan Management Set-Aside Section 8 Housing Assistance Payments contract covers 102 units (88 efficiency units and 14 one-bedroom units) and expires February 28, 2010. Due to increasing vacancies, primarily in the efficiency units, the project is currently experiencing a 63 percent vacancy rate.

The owners propose to pay \$165,789.00 to the Department on the Flexible Subsidy loan at loan closing and 10 percent of all future development fee payments including \$86,273.00 at stabilization (approximately January 2011) and \$13,278.00 at tax return (approximately July 2011). The owner also proposes to make regularly scheduled monthly payments in the amount of \$3,164.75. Amortization of the Flexible Subsidy Operating Assistance Loan will begin upon prepayment of the Section 236 mortgage.

PROS: Providing for a waiver of 24 CFR 219.220(b)(1995) will exempt the non-profit owner from the requirement to repay the Flexible Subsidy Operating Assistance Loan totaling \$1,071,913.00 plus interest, upon prepayment/refinance of the Section 236 mortgage loan.

The waiver of the requirement to repay the Flexible Subsidy Operating Assistance Loan upon prepayment/refinance is necessary for the recapitalization of the project and the preservation of _____ Apartments as an affordable housing resource.

The funds generated from the refinancing will be sufficient to make the needed repairs.

CONS: The _____ Multifamily Hub reports that the owner has demonstrated that there are insufficient resources in the transaction to pay the Flexible Subsidy Operating Assistance Loan in full and there is potential for a mortgage default.

Should you require additional information, please contact _____ on

Attachment