

**DEPARTMENT OF HOUSING AND
URBAN DEVELOPMENT**

[Docket No. FR-4679-N-13]

**Changes in Certain Multifamily
Mortgage Insurance Premiums for
2008**

AGENCY: Office of the Assistant Secretary for Housing—Federal Housing Commissioner, (HUD).

ACTION: Notice.

SUMMARY: In accordance with HUD regulations, this notice announces the changes in the mortgage insurance premiums (MIP) for the following Federal Housing Administration (FHA) multifamily mortgage insurance programs whose commitments will be issued or reissued in Fiscal Year (FY) 2008. The new MIPs will be effective as of December 1, 2007.

DATES: *Comment Due Date:* November 19, 2007.

ADDRESSES: Interested persons are invited to submit comments regarding this Notice to the Regulations Division, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 10276, Washington, DC 20410-0500. Interested persons also may submit comments electronically through the Federal eRulemaking Portal at: <http://www.regulations.gov>. Commenters should follow the instructions provided on that site to submit comments electronically. HUD strongly encourages commenters to submit their comments electronically through <http://www.regulations.gov>. The comments received through this portal are posted and can be easily viewed.

Facsimile (FAX) comments are not acceptable. In all cases, communications must refer to the docket number and title. All comments and communications submitted will be available, without change, for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address. Due to security measures at the HUD Headquarters building, please schedule an appointment to review the public comments by calling the Regulations Division at (202) 708-3055 (this is not a toll-free number). Copies of electronically filed comments are also available for inspection and downloading at <http://www.regulations.gov>.

FOR FURTHER INFORMATION CONTACT: Eric Stevenson, Director, Policy Division, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-8000,

Telephone: (202) 708-1142 (this is not a toll-free number). Hearing-or speech-impaired individuals may access these numbers through TTY by calling the Federal Information Relay Service at (800) 877-8339 (this is a toll-free number).

SUPPLEMENTARY INFORMATION:

Introduction

HUD's regulations at 24 CFR 207.252, 207.252a and 207.254 provide that instead of setting the MIP at one specific rate for all programs, the Secretary is permitted to change an MIP program by program within the full range of HUD's statutory authority of one-fourth of one percent to one percent of the outstanding mortgage principal per annum through a notice, as provided in section 203(c)(1) of the National Housing Act (the Act) (12 U.S.C. 1709(c)(1)). The regulation at 24 CFR 207.254 states that HUD will provide a 30-day period for public comment on notices changing MIPs in multifamily insured housing programs.

Pursuant to this 30-day comment procedure, this notice announces changes for FY 2008 in the MIP for programs authorized under the Act. These changes will be effective December 1, 2007.

Credit Subsidy

Appropriated positive credit subsidy is required for loan guarantee commitments under the three sections of the Act listed below:

- Section 221(d)(3) for new construction or substantial rehabilitation (NC/SR).
- Section 223(d) for operating loss loans for both apartments and health care facilities.
- Section 241(a) for supplemental loans for additions or improvements for apartments only.

The following programs will have MIP changes:

- Section 221(d)(4) New Construction/Substantial Rehabilitation (NC/SR): The MIP is increased from 45 basis points in FY2007 to 61 basis points in FY2008.
- Section 207/223(f) refinance or purchase of apartment mortgages: The MIP is increased from 45 basis points in FY2007 to 61 basis points in FY2008.
- Section 223(a)(7) refinance of FHA insured apartment mortgages: The MIP is increased from 45 basis points in FY2007 to 61 basis points in FY2008.

The increase of 16 basis points in section 221(d)(4) new construction and substantial rehabilitation (NC/SR), section 207/223(f) refinancing or purchase of apartments, and section

223(a)(7) refinancing of FHA insured apartment mortgages is to help cover administrative costs.

For all projects with low-income housing tax credits (LIHTC) the sponsor is required under the Department of Housing and Urban Development Reform Act of 1989, Pub. L. 101-235 (approved December 15, 1989) and HUD's implementing instructions to submit a certification regarding governmental assistance with all mortgage insurance applications.

The following MIPs are unchanged:

- All sections of the Act where the mortgagor equity is produced from the proceeds of the sale of low-income housing tax credits (LIHTC): the MIP remains at 45 basis points.
- Section 213 Cooperative Housing MIP remains at 50 basis points.
- Section 221(d)(3) Nonprofit/Cooperative MIP remains at 80 basis points.
- Section 223(d) Operating Loss Loans for apartments or health care facilities MIP remains at 80 basis points.
- Section 241(a) Improvements/Additions for apartments MIP remains at 80 basis points.
- Section 241(a) Improvements/Additions for Health Care Facilities MIP remains at 57 basis points.
- Section 207 Manufactured Home Parks (NC/SR) MIP remains at 50 basis points.
- Section 232 NC/SR Health Care Facilities MIP remains at 57 basis points.
- Section 220 Urban Renewal Housing MIP remains at 50 basis points.
- Section 231 Elderly Housing MIP remains at 50 basis points.
- Section 232/223(f) Refinance or Purchase of Health Care Facilities MIP remains at 50 basis points.
- Section 223(a)(7) refinance of Health Care Facilities MIP remains at 50 basis points.
- Section 242 Hospitals MIP remains at 50 basis points.
- Title XI—Group Practice MIP remains at 50 basis points.

The First Year MIP for the section 207/223(f) loans for apartments and 232/223(f) loans for health care facilities remains at one percent.

Premiums for risk-sharing applications under sections 542(b) and 542(c) of the Housing and Community Development Act of 1992 MIP remain at 50 basis points. Risk-sharing premiums are paid by a risk-sharing Housing Finance Agency depending on the percentage of risk assumed by it in accordance with regulations at 24 CFR 266.604. The premium paid by Fannie Mae or Freddie Mac is 50% of 50 basis points. The 50 basis points apply to all

risk-sharing loans whether or not they have LIHTC.

If the mortgagor's equity is produced from LIHTC for sections 221(d)(3) or 241(a), a credit subsidy obligation will not be required. Only nonprofit and

nonprofit cooperative mortgagors can obtain a 100 percent mortgage under section 221(d)(3) of the Act. The nonprofits cannot be under the control or influence of profit-motivated entities and continue to require HUD approval

prior to issuance of the firm commitment.

The mortgage insurance premiums to be in effect for FHA firm commitments issued or reissued in FY 2008 are shown in the table below:

FISCAL YEAR 2008 MIP RATES MULTIFAMILY LOAN PROGRAM

Loan program	Basis points
207 Multifamily Housing NC/SR without LIHTC	50
207 Multifamily Housing NC/SR with LIHTC	45
207 Manufactured Home Parks without LIHTC	50
207 Manufactured Home Parks with LIHTC	45
221(d)(3) Nonprofit/Cooperative mortgagor without LIHTC	80
221(d)(3) Limited dividend with LIHTC	45
221(d)(4) NC/SR without LIHTC	61
221(d)(4) NC/SR with LIHTC	45
232 NC/SR Health Care Facilities without LIHTC	57
232 NC/SR—Assisted Living Facilities with LIHTC	45
220 Urban Renewal Housing without LIHTC	50
220 Urban Renewal Housing with LIHTC	45
213 Cooperative	50
231 Elderly Housing without LIHTC	50
231 Elderly Housing with LIHTC	45
207/223(f) Refinance or Purchase for Apartments without LIHTC	*61
207/223(f) Refinance or Purchase for Apartments with LIHTC	*45
232/223(f) Refinance for Health Care Facilities without LIHTC	*50
232/223(f) Refinance for Health Care Facilities with LIHTC	*45
223(a)(7) Refinance of Apartments without LIHTC	61
223(a)(7) Refinance of Apartments with LIHTC	45
223(a)(7) Refinance of Health Care Facilities without LIHTC	50
223(a)(7) Refinance of Health Care Facilities with LIHTC	45
223d Operating loss loan for Apartments	80
223d Operating loss loan for Health Care Facilities	80
241(a) Improvements/additions for Apartments/coop without LIHTC	80
241(a) Improvements/additions for Apartments/coop with LIHTC	45
241(a) Improvements/additions for Health Care Facilities without LIHTC	57
241(a) Improvements/additions for Health Care Facilities with LIHTC	45
242 Hospitals	50
Title XI— Group Practice	50

*The First Year MIP for the section 207/223(f) loans for apartments is one percent for the first year, as specified in section 24 CFR 207.232b(a). The first year MIP for 232/223(f) health care facilities remains at one percent.

Applicable Mortgage Insurance Premium Procedures

The MIP regulations are found in 24 CFR part 207. This notice is published in accordance with the procedures stated in 24 CFR 207.252, 207.252(a), and 207.254.

Transition Guidelines

A. General

FHA will honor outstanding commitments issued before December 1, 2007 and endorse the notes for insurance.

B. Extension of Outstanding Firm Commitments

FHA may extend or amend outstanding firm commitments issued prior to December 1, 2007 when the Hub/Program Center determines that the underwriting conclusions (rents, expenses, construction costs, mortgage

amount and cash required to close) are still valid in accordance with Mortgagee Letter 03-21, "FHA Policies for Controlling Multifamily Firm Commitments and Credit Subsidy," dated December 3, 2003. If the commitment has been extended 90 days from the original expiration date, the mortgagee must provide updated appraisal, market cost and mortgage credit information. If the loan is processed under Traditional Application Processing, the Hub/program center must update its own conclusions (appraisal/market study, cost and mortgage credit underwriting). A new market study is required if the existing study is over one year old.

C. Reopening of Expired Firm Commitments

Reopening requests for expired firm commitments will be reprocessed by FHA field staff with updated appraisal,

market cost and mortgage credit information using either traditional application processing (TAP) or multifamily accelerated processing (MAP) updated applications. The new MIP will apply to reopened commitments which are reissued on or after December 1, 2007. Reopening requests received within the 90 days of the expiration of the commitments are required to pay a reopening fee of \$.50 per thousand of the requested mortgage. After expiration of the 90-day reopening period, mortgagees are required to submit new applications with the \$3 per thousand application fee.

Dated: September 19, 2007.

Brian D. Montgomery,

Assistant Secretary for Housing—Federal Housing Commissioner.

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