



HUD Multifamily Southwest Region Industry eBlast

Fall/Winter 2018

TOPICS

- Management Fee Schedule for Owners and Agents
 - New Construction Aluminum v. Copper Wiring
 - Lender View of HEROS Reports
 - WISER Online Training Modules
 - “Hello Calls”
 - Regional Lender Metrics Update and Closing Volume
 - Reminders
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Management Fee Schedule for Owners and Agents

In accordance with Chapter 3 of HUD’s Management Agent Handbook (4381.5), the Southwest Region has developed an updated fee schedule for subsidized and assisted multifamily properties within its jurisdiction. The new fee schedule is effective as of the date of this notice.

Link to Management Fee Schedule: <https://www.hud.gov/states/shared/working/southwest/mf/fees>

New Construction Aluminum v. Copper Wiring

On September 11, 2018, the Southwest Region issued a memorandum regarding the use of aluminum wiring in multifamily properties.

Link to Aluminum Wiring Memo: <https://www.hud.gov/sites/dfiles/State/documents/AluminumWiringMemo.pdf>

Lender View of HEROS Reports

HUD strongly encourages the full electronic submission of HEROS to streamline application review. Consultants cannot currently share documents with lenders within the HEROS system; however, they may still use HEROS to document environmental reviews and can share this work with lenders outside the system.

Following completion of a review in HEROS, consultants should navigate to the *Preparer Notification* screen (it appears as *Final Screen* in the navigation menu) and generate a Word document of the Environmental Review Record. The consultant can then share the Word document and any additional supporting documents that make up the HEROS review.

WISER Online Training Modules

Please be advised that there is an online instructional training resource for HUD environmental reviews. The Web-Based Instructional System for Environmental Review (WISER) teaches industry partners how to understand and address all aspects of the environmental review process.

WISER training modules provide an excellent foundation for those who may be new to completing environmental reviews and those who have not yet attended the 3-day Part 50 training. WISER also serves as a refresher for anyone who already attended training but wants to brush up their knowledge in certain areas.

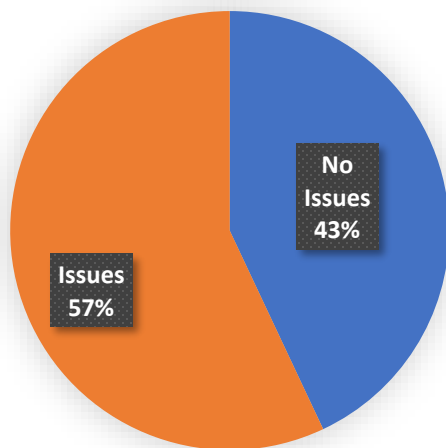
Link to WISER Online Training Modules: <https://www.hudexchange.info/trainings/wiser/>

“Hello Calls”

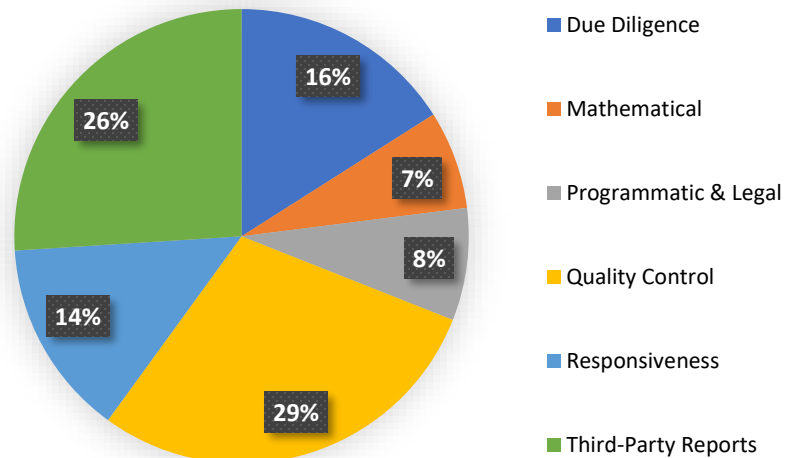
We understand the need to keep lenders apprised of the status of their deals in our Production pipeline. We are standardizing the underwriting introduction to offer a “Hello Call,” giving each lender underwriter the opportunity to have a brief phone call to summarize the application and highlight any salient points prior to our review. With dialogue and transparency, and responsiveness on updates, we hope to achieve an even more streamlined and efficient review for lenders and borrowers.

Southwest Multifamily Regional Lender Metrics Update for FY18

**FY18 Total Applications
(254 Applications)**



FY18 Breakdown of Issues



Lender metrics offer a unique perspective to the Southwest Region’s FHA Production pipeline based on the applications received. Our staff provides input on the salient areas that cause delays in the underwriting review process. In FY18, the areas we saw the most need for improvement were Third-Party Reports and Quality Control. By lenders closely monitoring these two items, processing times can be greatly reduced, helping further to manage borrower expectations.

Third-Party Reports

- HUD recommends lender underwriters re-review all consultant reports for accuracy before submitting the application to HUD, identifying any mitigants and adjustments for risk.
- Environmental issues continue to be the largest cause of delays in application processing. Environmental concerns should be identified at the concept meeting and thoroughly vetted at pre-application to help a smooth the firm application process flow. Electronic HEROS should be submitted with the firm application, with rare special circumstances.
- HUD also sees deficiencies in the CNA e-Tool submissions. Please remember to thoroughly review, ensuring the needed repairs are reflected in the e-Tool before submission.
- HUD expects lenders to have visited and understand the proposed site, whether addressing environmental issues, market issues or repairs as appropriate.

Quality Control

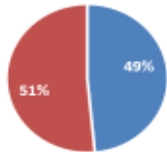
- Quality Control refers to the accuracy, consistency, and completeness of the entire application package.
 - We recommend having a lender establish a quality control reviewer to provide “fresh eyes” on each application as part of your internal loan committee process prior to submission to HUD.
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Southwest Closing Activity Snapshot – FY18 and Current FY19

Southwest Multifamily Region had a banner year in FY18 FHA closings, totaling nearly \$4.2 billion in insured mortgage volume. At present, we are on track for another stellar year in FY19 (see below as of 11/30/18).

Southwest Region Closings

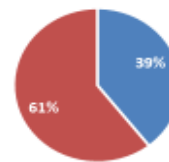
Affordable vs. Market Rate
FY 2018



■ Affordable ■ Market Rate

		#	UNITS	MORTGAGE
FY 2018	NC/SR	132	26,075	\$3 B
	223(f) Refi/Purch	97	15,653	\$1.08 B
	223(a)(7)	6	899	\$66.7 M
	TOTAL	235	42,627	\$4.1 B

Affordable vs. Market Rate
FY 2019



■ Affordable ■ Market Rate

	#	UNITS	MORTGAGE
FY 2019	NC/SR	25	4,724
	223(f) Refi/Purch	8	1,303
	223(a)(7)	0	0
	TOTAL	33	6,027



Reminders

Concept Meetings

Please send all concept meeting requests and inquiries to Lisa.K.Campfield@hud.gov.

FHA Number Requests

Please send all FHA Number requests to SWProduction@hud.gov.

Appeals to Pre-Application and Firm Decisions

Submit requests by mail and electronically to MFSWProductionAppeals@hud.gov.

Construction

Please send Permissions to Occupy, Change Orders, Draw Requests, Construction Inspections, etc. to SWConstruction@hud.gov.

Asset Management

Please send all routine servicing requests and correspondence to MFSouthwest@hud.gov.

Monthly Accounting Reports

Please send Monthly Accounting Reports (MARs) to MFSouthwestMARs@hud.gov.