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Part VI

Department of Housing and Urban Development

Changes in Certain Multifamily Mortgage Insurance Premiums; Notice

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR–4679–N–11]

Changes in Certain Multifamily Mortgage Insurance Premiums

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

ACTION: Notice.

SUMMARY: In accordance with HUD regulations, this notice announces changes in the mortgage insurance premiums (MIP) for Federal Housing Administration (FHA) multifamily mortgage insurance programs whose commitments will be issued or reissued in Fiscal Year 2007. Under the Department of Housing and Urban Development Reform Act of 1989 and HUD's implementing instructions, a sponsor is required to submit a certification regarding governmental assistance, including any low-income housing tax credits, with all mortgage insurance applications.

DATES: *Comment Due Date:* July 28, 2006.

ADDRESSES: Interested persons are invited to submit comments regarding this notice to the Regulations Division, Office of General Counsel, Room 10276, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410–0500. Interested persons also may submit comments electronically through The Federal eRulemaking Portal at *www.regulations.gov*. HUD strongly encourages commenters to submit comments electronically in order to make them immediately available to the public. Commenters should follow the instructions provided on that site to submit comments electronically.

Facsimile (fax) comments are not acceptable. In all cases, communications must refer to the docket number and title. All comments and communications submitted to HUD 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, an advance appointment to review the public comments must be scheduled by calling the Regulations Division at (202) 708–3055 (this is not a toll-free number). Copies of all comments submitted are available for inspection and downloading at *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 rule 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 2006 in the MIP for programs authorized under the Act. The effective date for these changes is October 1, 2006.

These changes affect multifamily housing commitments issued or reissued on or after October 1, 2006.

A. 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.
- The following sections of the Act, without LIHTC: Section 213 Cooperative Housing remains at 50 basis points, section 221(d)(3) Nonprofit/Cooperative mortgagor remains at 80 basis points, section 223(d) Operating Loss Loans for apartments and health care facilities remain at 80 basis points and section 241(a) Improvements/Additions for apartments only remain at 80 basis points.
- Premiums for risk sharing applications under sections 542(b) and 542(c) of the Housing and Community Development Act of 1992 remain at 50 basis points. Risk-sharing premiums do not appear on the following chart because the premium paid by a risk-sharing Housing Finance Agency depends 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 applies to all risk-sharing loans whether or not they have LIHTC.

Listed below are the sections of the Act that will have an increase in the MIP rate. All increases apply to insured loans without LIHTC:

- 207 Manufactured Home Parks and New Construction/Substantial Rehabilitation (NC/SR): The MIP will increase from 50 to 77 basis points.
- 221(d)(4) NC/SR: The MIP will increase from 45 to 77 basis points.
- 232 NC/SR Health Care Facilities: The MIP will increase from 57 to 80 basis points.
- 220 Urban Renewal Housing: The MIP will increase from 50 to 77 basis points.
- 231 Elderly Housing: The MIP will increase from 50 to 77 basis points.
- 207/223(f) Refinance or Purchase of Apartments: The MIP will increase from 45 to 77 basis points.
- 232/223(f) Refinance or Purchase of Health Care Facilities: The MIP will increase from 50 to 80 basis points.
- 223(a)(7) Refinance of Apartments: The MIP will increase from 45 to 77 basis points.
- 223(a)(7) Refinance of Health Care Facilities: The MIP will increase from 50 to 80 basis points.
- 241(a) Improvements/Additions for Health Care Facilities: The MIP will increase from 57 to 80 basis points.
- 242 Hospitals: The MIP will increase from 50 to 80 basis points.
- Title XI—Group Practice: The MIP will increase from 50 to 80 basis points.

Credit Subsidy

Appropriated positive credit subsidy is required for loan guarantee commitments under the three sections of the Act listed. The MIPs remain the same as specified earlier in this notice. If the mortgagor's equity is produced from LIHTC for Sections 221(d)(3) and 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.

- 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 mortgage insurance premiums to be in effect for FHA firm commitments issued or reissued in FY 2007 are shown in the table below:

FISCAL YEAR 2007 MIP RATES—MULTIFAMILY LOAN PROGRAM

Housing loan programs	FY07 basis points
207 Multifamily Housing NC/SR without LIHTC	77
207 Multifamily Housing NC/SR with LIHTC	45
207 Manufactured Home Parks without LIHTC	77
207 Manufactured Home Parks with LIHTC	45
221(d)(3) Nonprofit/Cooperative mortgagor without LIHTC	80
221(d)(3) Limited dividend mortgagor with LIHTC	45
213 Coop	50
221(d)(4) NC/SR with LIHTC	45
221(d)(4) NC/SR without LIHTC	77
220 Urban Renewal Housing with LIHTC	45
220 Urban Renewal Housing without LIHTC	77
231 Elderly Housing without LIHTC	77
231 Elderly Housing with LIHTC	45
207/223(f) Refinance or Purchase for Apartments with LIHTC	*45
207/223(f) Refinance or Purchase for Apartments without LIHTC	*77
223(a)(7) Refinance of Apartments with LIHTC	45
223(a)(7) Refinance of Apartments without LIHTC	77
223d Operating loss loan for Apartments	80
241(a) Improvements/additions for Apartments/coop	80
241(a) Improvements/additions for Apartments/coop with LIHTC	45

Health care facility loan programs	FY07 basis points
232 NC/SR Health Care Facilities	80
232 NC/SR—Assisted Living Facilities with LIHTC	45
232/223(f) Refinance for Health Care Facilities without LIHTC	*80
232/223(f) Refinance for Health Care Facilities with LIHTC	*45
223(a)(7) Refinance of Health Care Facilities without LIHTC	80
223(a)(7) Refinance of Health Care Facilities with LIHTC	45
223d Operating loss loan for Health Care Facilities	80
241(a) Improvements/additions for Health Care Facilities without LIHTC	80
241(a) Improvements/additions for Health Care Facilities With LIHTC	45
242 Hospitals	80
Title XI—Group Practice	80

*The First Year MIP for the section 207/223(f) loans for apartments is one percent for the first year, as specified in sections 24 CFR 207.252b(a). The first year MIP for 232/223(f) health care facilities remains at 100 basis points.

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 October 1, 2006 and endorse the notes for insurance.

B. Extension of Outstanding Firm Commitments

FHA may extend or amend outstanding firm commitments issued prior to October 1, 2006 when the Hub/Program Center determines that the underwriting conclusions (rents, expenses, construction costs, mortgage amount and cash required to close) are still valid. 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. The new MIP will apply to reopened commitments which are reissued on or after October 1, 2006.

After expiration of the 90-day reopening period, mortgagees are required to submit new applications with the $3 per thousand application fee.

Dated: June 22, 2006.

Brian D. Montgomery,

Assistant Secretary for Housing—Federal Housing Commissioner, H.

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