

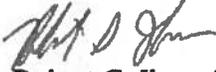
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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, DC 20410-8000

OFFICE OF HOUSING

MEMORANDUM FOR: All Multifamily Regional Directors  
All Multifamily Production Directors  
All Multifamily Operations Officers  
Multifamily FHA MAP Lenders

FROM:   
Robert G. Iber, Acting Deputy Assistant Secretary for  
Multifamily Housing Programs, HT

SUBJECT: MAP Guide Clarification, Security for Equity Bridge Loans

In 2016 the Office of Multifamily Housing published the 2016 Multifamily Accelerated Processing Guide, followed by a MAP Guide 2016 Implementation and Clarifications Memo on July 5, 2016, MAP Guide 2016 Questions and Answers on July 5, 2016, and MAP Guide 2016 Frequently Asked Questions on Affordable Transactions on June 19, 2017. Our ongoing goals include better alignment of FHA's underwriting process with the unique requirements of LIHTC projects, and FHA's continued support for affordable housing production and preservation.

In response to varying legal questions raised about the 2016 MAP Guide as it relates to Equity Bridge Loans (EBL(s)), HUD is issuing this clarification memo.

Language in the 2016 MAP Guide, Chapter 14, Section 16, allows EBLs to be the obligation of one or more of the investors or other upper tier partners to the ownership entity including the limited or general partners, or an obligation of the project ownership entity/single-asset mortgagor itself. Guidance found in this same section of the MAP Guide includes a non-exhaustive list of what may be used to secure an EBL. The MAP Guide is silent, however, as to whether the general partner (or managing member for a limited liability company) of the property ownership entity may pledge its interests as security for the EBL.

As a point of clarification, under the 2016 MAP Guide, HUD will allow the general partner of the ownership entity in an FHA LIHTC transaction to pledge its interests as security for an EBL. As with any transfer of the controlling partner of an ownership entity, any entity that intends to acquire the general partner's position in the ownership entity whether under certain triggering default conditions set forth in the Borrower's partnership or operating agreement or otherwise is subject to HUD approval under the modified Transfer of Physical Assets process and Previous Participation Certification (Form HUD-2530) clearance, including financial statement review.

As currently required in the MAP Guide, the lender must continue to provide in its underwriting presentation a term sheet describing the key terms of the EBL, including all security for the EBL. Other guidance found in Chapter 14.16 of the MAP Guide, Equity Bridge Loans in Tax Credit Projects, remains the same.

This memo is effective immediately and subsequently will be clearly reflected into the next version of the MAP Guide. Please contact Elizabeth H. Arteaga, Housing Program Officer, Office of Multifamily Housing Production with any questions or comments at (202) 402-3584, or [elizabeth.h.arteaga@hud.gov](mailto:elizabeth.h.arteaga@hud.gov).

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