



MULTIFAMILY
SOUTHWEST
REGION

INDUSTRY E-BLAST

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SUMMER/FALL 2021

Farewell Message from Regional Director Mary Walsh

Southwest Regional Multifamily Partners,

It is hard to believe that we have been in our fully remote platform at HUD for nearly 1½ years. All the while, we have been hitting record-level business in both our Asset Management and Production platforms (e.g., we are currently on track for an all-time high of \$8.7 billion projected for closings in our Region for FY21!). Despite the ongoing surges in volumes, along with dedicated staff, we have capably managed the work and met the mission of HUD's Multifamily Programs.

I want to take this opportunity to share that, after the past five years of leading the Southwest Region of HUD Multifamily, I have made the decision to now retire after 37 years of public service (and, may I add, most of those years at HUD!). I leave feeling proud, honored, and satisfied.

I have truly appreciated the friendships made and collegial work we have accomplished as partners in fulfilling HUD's mission of decent, safe, sanitary, and accessible housing, and in being a vital catalyst in our markets' economies in our jurisdiction. The Southwest Region is strong because of the unwavering collaboration between HUD staff, managers, and industry partners – relationships I am confident will continue to accomplish great things. Exciting times are ahead!

All the best to you always and continue to do good things. Together, we make such a positive difference for so many.

Sincerely,

Mary V. Walsh, Southwest Regional Director, Multifamily Housing





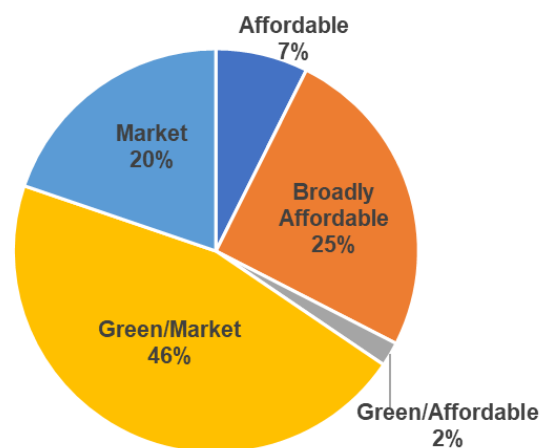
Mary Walsh Retirement eCard

Multifamily Southwest has put together a retirement eCard for everyone to sign to thank Mary Walsh and give her our best wishes. Please use [this link](#) to access the eCard. You will be able to add GIFs and photos in addition to writing a message. Please sign the card by close of business on Tuesday, August 3rd, and feel free to share this link with anyone who has worked with Mary over the years.

Southwest Region Production Volume: Firm Commitments

Our Regional Production Division has been busier than ever in fiscal year 2021, which is reflected in the number of firm commitments issued and loans closed. In FY20, Multifamily Southwest Production staff issued 250 firm commitments totaling over \$4.6 billion in insured mortgages, and we have eclipsed those numbers in just the first three quarters of FY21. We continue issuing an approximate 2:1 ratio of market rate to affordable firm commitments, which is what we have historically seen in the Region.

Firm Commitments by MIP Category



FY2021 YTD	SOA	Firms Issued	Units	Mortgages
	220 NC/SR	1	149	\$43.2 M
	221(d)(4) NC/SR	53	9,855	\$1.36 B
	223(a)(7) Refi	69	13,200	\$1.18 B
	223(f) Refi/Purch	134	22,907	\$2.24 B
	231 NC/SR	1	122	\$11.6 M
Total	258	46,233	\$4.83 B	

Closings

Our Multifamily Southwest Closing Coordinators have also been operating at an extraordinary pace this fiscal year! Even with the loss of one of the three Closing Coordinators prior to the beginning of FY21, Leslie Winston and Lisa Richardson have closed over 300 loans in three quarters.

FY2021 YTD	SOA	Closings	Units	Mortgages
	Initial NC/SR	60	11,501	\$1.65 B
	Final NC/SR	47	10,267	\$1.48 B
	223(a)(7) Refi	88	16,190	\$1.48 B
	223(f) Refi/Purch	112	19,492	\$1.92 B
Total	307	57,450	\$6.54 B	

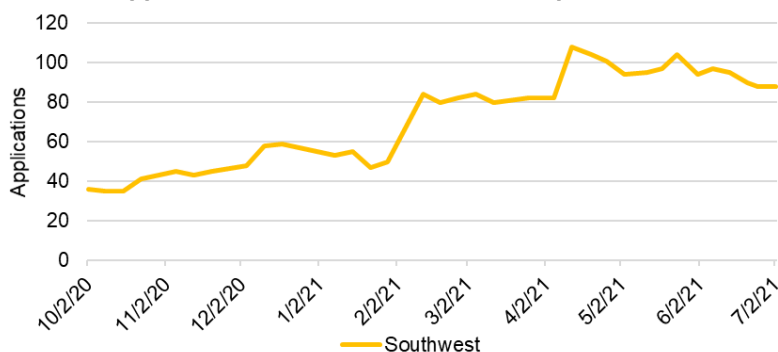
Application Queue

The Southwest Region continues to work through its queue of applications received prior to March 18th through today. We have seen a few large spikes in application submissions, but since the last uptick in applications received prior to the implementation of the 2020 MAP Guide, our queue has generally trended downward. The Region averages approximately 8 application assignments per week, and averages 6.5 firm commitments issued per week, all contributing to the downward trend of the queue.

Queue Breakdown by SOA
July 9, 2021 Queue Publication

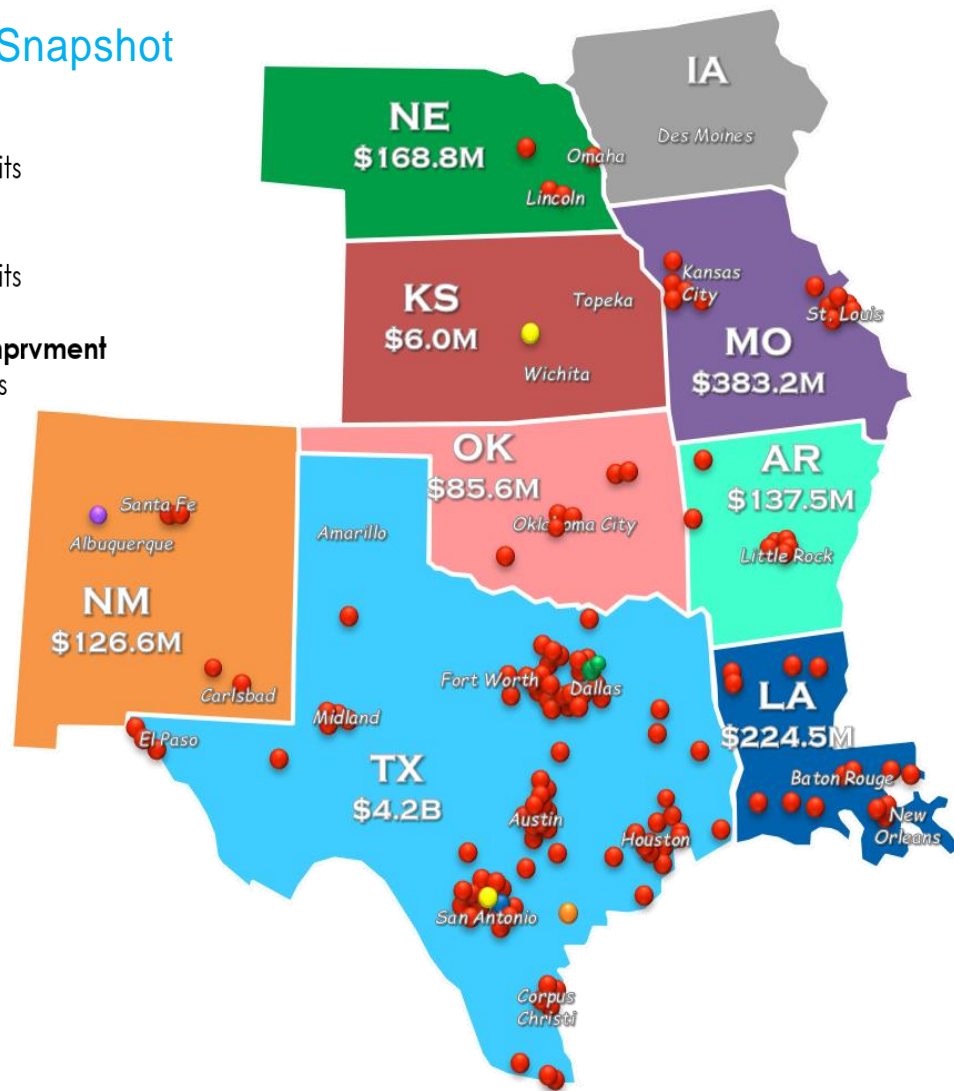
SOA	Applications
NC/SR	36
223(a)(7) Refi	6
223(f) Refi/Purch	47
Total	89

Application Queue Since 10/2/2020 Implementation



Regional Construction Activity Snapshot

- **202 Capital Advance**
\$3.7M; 33 Units
- **223f Refi/Purch**
\$23.8M; 196 Units
- **220 NC/SR**
\$43.7M; 149 Units
- **231 NC/SR**
\$37.5M; 266 Units
- **221d4 NC/SR**
\$5.2B; 38,868 Units
- **241A Addtn/Imprvmt**
\$10.6M; 60 Units



Green Mortgage Insurance Premium (MIP) Program

The [Green Mortgage Insurance Premium \(MIP\) Program](#) encourages owners to adopt higher standards for construction, rehabilitation, repairs, maintenance, and property operations that are more energy efficient and sustainable. The program provides reduced rates on the unpaid balance of the mortgage loan amount. There are, however, specific compliance requirements that must be met annually. In order to maintain continual compliance for a Green MIP rate, properties must achieve and maintain an ENERGY STAR® score of 75 or higher (on a 1-100 index score), as evidenced by a report from ENERGY STAR Portfolio Manager®. Portfolio Manager produces a Statement of Energy Performance (SEP) report summarizing a property's calendar year energy consumption. The SEP captures the consumption of a 12 consecutive month period beginning on January 1st and ending on December 31st. The SEP is due annually by March 31st for the previous year. Additionally, a Qualified Energy Professional (as defined in the MAP Guide, Chapter 5.3, Section C), such as a licensed engineer, must sign the SEP to verify the data. If you have any questions regarding reporting requirements, please reach out to Bryce Klein at Bryce.K.Klein@hud.gov.

Save the Dates: 2021 SWAHMA & SWAC Events

SouthWestern Affordable Housing Management Association (SWAHMA) welcomes you back to its 2021 Annual Fall Conferences in Hot Springs, Arkansas (October 7-8, 2021), and San Antonio, Texas (October 12-13, 2021). SWAHMA will provide participants with a registration form and conference agenda at a later date.

Southwest Mortgagee Advisory Council (SWAC) and HUD Multifamily Southwest hope to do a collaborative event before we say goodbye to 2021! We are tentatively planning for an early December day-long conference of in-person sessions in Fort Worth, Texas. More details will be forthcoming from SWAC. Hope to see y'all there!

HEROS Reminders & Training Resources

The Southwest Region has experienced processing delays due to incomplete or missing sections of HEROS submissions. The MAP Guide requires a complete environmental report using HEROS for all projects submitted under MAP. The environmental report is due at firm application submission for one-stage processing and at pre-application submission for two-stage processing. HUD also requires the lender to identify any environmental issues in the Lender Narrative. Several common deficiencies in HEROS submissions include, but are not limited to the following:

- *Related Laws and Authorities incomplete or missing altogether.*
- *Plans for mitigation (asbestos, radon, noise, etc.) missing from HEROS submission.*
- *Follow-up studies, recommended as part of Phase I, incomplete or missing.*
- *There are references to other studies without any summary of the other study, and/or other study not uploaded to HEROS.*
- *When completed, the Phase II not uploaded to Contamination Section of HEROS.*
- *All criteria of 24 CFR Part 55.12.c.8 must be met to bypass the 8-step process (a LOMA/LOMR-F does not automatically negate the 8-step process requirement).*
- *After a LOMR-F, any remaining floodplain areas on the project site are not necessarily considered incidental; due diligence must be completed to ensure an 8-step is not required.*
- *Contacting Fish and Wildlife Service is required for concurrence of a No Effect determination on listed species.*
- *Mitigation plans must be completed, approved, and uploaded before HEROS can be certified by HUD.*
- *Double check HEROS and the Phase I report for correctness and consistency, as minor errors can add up and cause unnecessary processing delays.*

HUD has developed number of training modules for lenders and consultants to help with HEROS requirements. We strongly encourage all lenders and third-party consultants to take advantage of these training opportunities. In FY 2020, HUD provided a series of environmental trainings specifically for Multifamily and Healthcare FHA programs. All trainings can be found [here](#), and links to specific topics are below:

- [HEROS Training for Consultants or Lenders Who Prepare or View Environmental Reviews](#)
- [Noise Abatement for Multifamily and Residential Care FHA](#)
- [Section 106 Historic Preservation for Multifamily and Residential Care FHA](#)
- [Floodplain Management for Multifamily and Residential Care FHA](#)
- [Updates to HUD's ASD Requirements for Propane Tanks](#)



In FY 2021, HUD provided 3 [environmental trainings related to the 2020 MAP Guide](#):

- [Webinar 2 focused on updates to Chapter 9](#)
- [Webinar 4 provided detailed training on the updated radon requirements](#)
- [Webinar 5 provided detailed training on the new Section 106 Delegation Memo](#)

Finally, HUD's [WISER Modules](#) offers overviews of all the Laws and Authorities in HEROS.

Reminder: Transfers of Physical Assets (TPAs)

Once an application has been submitted for underwriting review, we respectfully request that lenders refrain from submitting TPAs until the approved transaction has been issued a Firm Commitment, has proceeded to occupy, and has fully closed. Our underwriting review is an intensive process conducted with as much efficiency as possible to better manage lender and borrower expectations. However, the underwriting review requires collaboration among many disciplines within HUD to first and foremost evaluate FHA risk. To change the key principals of a deal in Production prior to the transaction's closing markedly changes the deal – and the risk – that we had previously evaluated during underwriting. As our partners, please understand our position and why this is so critical so we can depend on the accuracy of the deal to which HUD has agreed to review and to endorse. Marked changes to the risk of any deal while in Production with HUD may result in not proceeding with the transaction if it deviates from what was reviewed in underwriting and/or approved in the Commitment, as it may warrant a new underwriting review at HUD to be conducted. To be fair, such a new underwriting review may result in the application going to the back of a queue and may possibly require an additional application fee, at HUD's discretion. Additionally, any lender submitting transactions resulting in a pattern of TPAs shortly after Final Endorsement may warrant HUD to further examine the reliability of the lender's application submissions presented to HUD and be referred to the Multifamily Asset Counterparty Division (MACOD) to do a broader review for further investigation.