



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, DC 20410-8000

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Date: September 23, 2011

To: All Approved Mortgagees
Nonprofit Agencies with Affordable Housing
Programs, and
HUD Approved Housing Counselors

Mortgagee Letter 11-36

Subject Elimination of HUD Headquarters concurrence of affordable housing programs with borrowers whose household income exceeds 115 percent of the area median income (AMI).

Purpose This Mortgagee Letter (ML) amends guidance provided in ML 1994-02, Secondary Financing Provided by Nonprofit Agencies and Transferability Restrictions Permitted for Property with a HUD Insured Mortgage, which required the local HUD office to obtain concurrence from HUD Headquarters for the approval of affordable housing programs with borrowers whose household income exceeds 115 percent of the AMI.

This ML also clarifies where the request for approval of an affordable housing program should be sent, and indicates who will convey the agency's decision.

Note: This ML is not intended to provide requirements for the approval of affordable housing programs. The guidance in this ML does not apply to any disposition program for HUD-owned single family properties (e.g., the Asset Control Area (ACA) program). HUD headquarters concurrence remains a requirement for the ACA program.

Effective Date The guidance in this ML is effective on the publication date.

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Date: September 23, 2011, Continued

Affected Topic

The affected topic is:

Mortgagee Letter
1994-02, Secondary Financing Provided by Nonprofit Agencies and Transferability Restrictions Permitted for Property with a HUD Insured Mortgage

Policy Change – Submission of Requests and Elimination of HUD Headquarters Concurrence

Current policy in ML 1994-02 states that an affordable housing program must be designed to serve borrowers with a household income not to exceed 115 percent of the AMI, unless the local HUD office with the concurrence from HUD Headquarters, has approved in writing a higher income (not to exceed 140 percent of the AMI).

This ML eliminates the concurrence requirement from HUD Headquarters for approving affordable housing programs with borrowers whose household income exceeds 115 percent of the AMI.

Note: Current guidance in ML 1994-02 provides an exception for Hawaii. Affordable housing programs operated in Hawaii, whose borrowers exceed 115 percent of the AMI but do not surpass 140 percent of the AMI, are not required to request approval from the jurisdictional HOC. This ML makes no change to this exception for affordable housing programs in Hawaii.

Clarification - Notification of Decision

Current guidance in ML 1994-02 does not address how notification of the agency's decision will be conveyed. This ML clarifies that the Director of the Homeownership Center or his/her designee, will notify the requestor, in writing, of HUD's decision.

Questions

Please address any questions about the topic in this Mortgagee Letter to the FHA Resource Center at 1-800-CALLFHA (1-800-225-5342). Persons with hearing or speech impairments may reach this number via TTY by calling the Federal Information Relay Service at 1-800-877-8339.

Signature

Carol J. Galante
Acting Assistant Secretary for Housing-Federal Housing Commissioner
