



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

ASSISTANT SECRETARY FOR HOUSING-  
FEDERAL HOUSING COMMISSIONER

---

September 18, 2013

Mortgagee Letter 2013-31

TO: All FHA-Approved Multifamily Mortgagees

---

SUBJECT: Extension of Temporary Authority for Multifamily Hubs to Process  
Waiver Requests Pertaining to the 3-Year Rule for Section 223(f)  
Refinancing or Acquisition of Affordable Multifamily Rental Housing<sup>1</sup>

## I. PURPOSE

Mortgagee Letter 2012-13 published on July 3, 2012, provided 1-year temporary authority to Multifamily Hubs to waive the 3-Year Rule on Section 223(f) applications for recently completed affordable rental housing. That temporary authority is hereby extended for an additional one year period. At this time, HUD anticipates that this will be the final extension of the 3-Year Rule Waiver. All other conditions and requirements of Mortgagee Letter 2012-13 remain unchanged.

This Mortgagee Letter will benefit applications for affordable properties that otherwise meet all requirements of the Section 223(f) program except that the housing was originally completed or substantially rehabilitated less than three years prior to the date of application for Firm Commitment. "Affordable" for the purpose of this Mortgagee Letter means properties receiving Project-Based Section 8 through either a Housing Assistance Payment (HAP) Contract or a Project-Based Section 8 Voucher, for greater than 90 percent of the units, or supported by Low Income Housing Tax Credits (LIHTC) or subject to similar use restrictions.

## II. BACKGROUND

Since the inception of the Section 223(f) program, requirements have been modified from time to time to facilitate economic challenges, such as when private capital is scarce or to provide relief during a credit freeze. Extending the provisions of Mortgagee Letter 2012-13 is intended to support affordable housing developments, including those involving LIHTC or Project-Based Section 8, whose owners would otherwise find it difficult to obtain permanent fixed-rate financing in current economic conditions.

<sup>1</sup> "The information collection requirements contained in this document have been approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501-3520) and assigned OMB control number 2502-0029 and 2502-0001. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number."

### **III. WAIVER AUTHORITY**

As of the date of this Mortgagee Letter and for one year thereafter, Hub Directors will continue to have authority to waive the 3-Year Rule for the Section 223(f) program for affordable multifamily housing transactions in accordance with the requirements of Mortgagee Letter 2012-13. This authority applies to both refinances and acquisitions. It does not apply to loans processed under the Office of Healthcare programs.

For questions about this Mortgagee Letter, please contact Ted Toon, Director, Office of Multifamily Housing Development at (202) 402-8386. Persons with hearing or speech impairments may access this number via TDD/TTY by calling 1-877-TDD-2HUD (1-877-833-2483).

---

Carol J. Galante  
Assistant Secretary for Housing –  
Federal Housing Commissioner