



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

ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

MAR 11 2013

Dear Industry Partner:

As you are likely aware, due to the inability of Congress to pass legislation on balanced deficit reduction to avoid sequestration, the President was required by law to issue a sequestration order on March 1, 2013, canceling approximately \$85 billion in budgetary resources across the Federal government for the remainder of the Federal fiscal year (FY). Because you are a partner with the FHA, you are entitled to timely and clear information about how these unfortunate budget cuts impact us, and in turn what it means for FHA multifamily and healthcare mortgage insurance production.

At this time, the Department of Housing and Urban Development is taking every step to mitigate the effects of these cuts, but based on our analysis, it is likely that the business processes of your members may be affected. For example, the sequester will require the Department to furlough staff and take reductions for systems maintenance and in other areas which may result in delays in processing mortgage insurance applications.

In addition, there may be delays in loan closings, construction inspections, and other essential program activity. To the extent that your applications are affected by these budget cuts, you will be contacted by the appropriate representative of the Office of Multifamily Programs or the Office of Healthcare Programs.

Thank you for your continued partnership with the FHA and for your cooperation as we work together to manage these unfortunate circumstances.

Sincerely,

A handwritten signature in blue ink that reads "Carol J. Galante".

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