



ASSISTANT SECRETARY FOR HOUSING-
FEDERAL HOUSING COMMISSIONER

Waiver Approval Memorandum

MEMORANDUM FOR: [Name of Hub Director, Title, Hub Location, Code, etc.]

FROM: David H. Stevens, Assistant Secretary for Housing-
Federal Housing Commissioner, H

SUBJECT: Waiver of 24 CFR 219.220(b) (1995)
Request for Deferment of Repayment of Flexible Subsidy
Operating Assistance Loan
FHA Project Number:
Project Name:
Project Location:

This is in response to your memorandum of _____, recommending approval of the owner's request to defer repayment of the Flexible Subsidy loan on the subject project.

Pursuant to the authority of the Secretary under Section 7(d) of the Department of Housing and Urban Development Act and 24 CFR 5.110, I hereby make the following Findings and Determinations.

FINDINGS:

1. _____ Apartments is a 202-unit, high-rise for the elderly and handicapped that consists of 165 efficiency units, 36 one-bedroom units and one two-bedroom unit. The mortgage was insured pursuant to Section 236(j)(1) of the National Housing Act and was finally endorsed on July 1, 1974, in the amount of \$3,644,900.00 at seven percent interest. The Loan Management Set-Aside Section 8 Housing Assistance Payments Contract covers 102 units (88 efficiency units and 14 one-bedroom units) and expires on February 28, 2010. Due to increasing vacancies, primarily in the efficiency units, the project is currently experiencing a 63 percent vacancy rate.
2. The project was awarded a Flexible Subsidy Operating Assistance Loan in the amount of \$383,913.00 in 1983 at one percent interest. The Flexible Subsidy Loan Agreements contain a provision requiring payment of the principal and the interest, in full, if the Section 236 mortgage loan is refinanced or paid in full.

3. The request to defer the Flexible Subsidy payments is part of the owner's proposal that contemplates creation of a new limited partnership. The proposal includes converting the 202 units into 102 one-bedroom units, payment in full of the Section 236 mortgage loan and the interest reduction subsidy will be decoupled pursuant to Section 236(e)(2) of the National Housing Act. The Flexible Subsidy Operating Assistance Loan and the Loan Management Set-Aside Section 8 contract will be assumed by _____, Limited Partnership, upon HUD's approval of the sale of the project.
4. The owners will pay \$165,789.00 to the Department at closing and ten percent of all future development fee payments including \$86,273.00 at stabilization (approximately January 2011) and \$13,278.00 at tax return (approximately July 2011). The owner will also make regularly scheduled monthly payments in the amount of \$3,164.75. The Flexible Subsidy Operating Assistance Loans will be re-amortized over the 40-year period at one percent interest.
5. _____ will execute and record a rental use agreement extending the affordability of the project through the term of the new financing.
6. The provisions of 24 CFR 219.220(b)(1995) need to be waived in order to exempt _____ from the requirement to repay the Flexible Subsidy Operating Assistance Loan upon refinancing of the insured Section 236 mortgage loan.
7. If the waiver is granted, _____, will not be required to repay the Flexible Subsidy Operating Assistance Loan upon refinancing of the Section 236 mortgage loan.

DETERMINATIONS:

1. Pursuant to the authority contained in 24 CFR 5.110, good cause has been shown that it is in the public's best interest to grant this waiver.
2. Waiver of the regulations governing repayment of the Flexible Subsidy Operating Assistance Loan will not violate any statutory requirements.
3. Pursuant to this waiver, _____ will not be required to re-pay the Flexible Subsidy Operating Assistance Loan totaling \$1,071,913.00, when the Section 236 mortgage loan is refinanced with a conventional loan.
4. The _____ Multifamily Hub reports that providing for a waiver of the requirement to repay the Flexible Subsidy Operating Assistance Loan upon refinancing of the Section 236 mortgage loan is necessary for the recapitalization of the project to occur and ensure that the project is preserved as an affordable housing resource for the elderly and disabled.
5. The waiver is for the subject Project only.

Please contact [Name and telephone number of Headquarters Desk Officer] if you have

any questions.