

U.S. Department of Housing and Urban Development

HOUSING

Special Attention of:

Notice H 2001-14 (HUD)

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Cross References: MAP Guide

Handbook 4425.1 Rev-2

Subject: Increase in FHA Multifamily Statutory Per Unit Limits and Revised High Cost Percentages

The President has signed the HUD Appropriations Act implementing an increase of 25 percent in the statutory per unit mortgage limits in the National Housing Act for the FHA multifamily mortgage insurance programs. The new limits are effective for all project mortgages that have not been initially endorsed. Multifamily Hubs can consider requests for reprocessing from mortgagees with outstanding Firm Commitments that have not been initially endorsed.

Attached are the new base limits and the statutory maximum (240%) limits and the revised list of Base City High Cost Percentages (HCP) for the Multifamily Hubs and Program Centers. Hub directors are delegated the authority to exceed the HCP on a case-by-case basis up to the 240% statutory maximum only where they determine that:

1. The housing is necessary;
2. There is clear justification for the excessive cost (for example - confined inner city sites, remote location, scattered sites, or historic condition) that makes costs higher than similar construction in the area; and
3. Technical processing is acceptable.

When Hub directors make the determination to exceed the HCP on a case-by-case basis, they must submit the following documentation to Headquarters for monitoring review after initial endorsement:

1. Form 92013
2. Form 92328
3. Form 92326
4. Form 92264
5. Form 92264-A

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6. Rehabilitation work write-up resulting in FHA cost estimate in addition to exhibit #3 above
7. FHA Firm Commitment
8. Narrative justification

The documentation must be submitted to the Office of Multifamily Development, Lender Qualifications and Monitoring Division, Room 6128, HUD Headquarters.

John C. Weicher
Assistant Secretary for Housing -
Federal Housing Commissioner

Attachments