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## **MBA LIHTC Committee**

### **Completed & Current Committee Initiatives**

**May 6, 2019**

**Southwest Advisory Council**  
**2019 Conference**  
**Fort Worth, TX**

## Completed Initiatives, 2017 to 2019

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### 1. Pledge of GP Interest for Equity Bridge Loan

*Impact: Keeping equity bridge loans available as an option; provides additional security to EBL lender, which is already considered "thin."*

*Source: March 8, 2017 Bob Iber Memo; included in MAP Guide revisions*

### 2. Waivers of 2.5% Latent Defect for LIHTC Heavy 223(f)s

*Impact: Saves tens of thousands of dollars in transaction costs*

*Source: LIHTC conference call with HUD, regional offices provided guidance on March 2018; included in MAP Guide revisions*

### 3. Waiver of Working Capital for Tenant-in-Place Rehab

*Impact: Saves hundreds of thousands of dollars in transaction costs with minimal risk*

*Source: LIHTC conference call with HUD; included in industry MAP Guide revisions*

### 4. LIHTC Wheelbarrow 2.0

*Impact: Easier to use, saves time*

*Source: [https://www.hud.gov/program\\_offices/housing/mfh/map/maphome/taxcredit](https://www.hud.gov/program_offices/housing/mfh/map/maphome/taxcredit)*

## Completed Initiatives, 2017 to 2019

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### 5. Deferred Developer Fee – No longer required by HUD to be evidenced as Surplus Cash Note

*Impact: Ease, less documents, aligns with majority of industry*

*Source: November 5, 2018 Pat Burke Memo; included in MAP Guide revisions*

### 6. MAP Guide Revisions of Ch. 14 and Affordable-Related Chapters

*Impact: Clean up, capture recent changes, best practices, conform to industry standards*

*Update: Draft to be issued in May for comment; LIHTC Committee working group to be used to relay review comments*

### 7. 221(d)(4) Pilot and Q&A

*Impact: Faster processing, saves time and money, better experience*

*Source: HN 2019-03 released on February 21, 2019, Q&A Memo issued at SMAC & SWAC*

### 8. DDF Memo Correction – When treated as equity, repayment of DDF is **NOT** limited to 75% of Surplus Cash

*Impact: Allows faster repayment of DDF*

*Source: Memo re-issued on March 22, 2019.*

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## Current Initiatives

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### 1. Chapter 14.16.C – Remove Automatic Termination of Equity Bridge Loan upon Foreclosure/Deed in Lieu; Discharge v. Termination

*Impact: Provides more security to bridge lender; keeps borrower on the hook for repayment; align with general industry practice.*

*Update: TBD; included in MAP Guide revisions*

### 2. Term of DDF Note $\leq$ 15 years – When DDF has to be evidence as a note (by other parties), allow the term of that note to be 15 years rather than co-terminus with HUD loan.

*Impact: Allows Developer Fee to be included in eligible basis; comports with IRS requirement*

*Update: Expectation is that DDF will not be treated as debt; waiver can be requested if absolutely necessary; included in industry MAP Guide revisions*

### 3. HAP MUTM Working Group

*Impact: Seeking consistency in process and approval among all offices.*

*Update: Memo submitted to HUD in December 2018; HUD working group to be formed. Update forthcoming.*

## Current Initiatives

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### 5. Income Averaging Added to Definition of Affordable Housing

*Impact: Align HUD definition of "affordable" with new IRS definition*

*Update: TBD; included in industry MAP Guide revisions*

### 6. Extension of Term of Equity Bridge Loan beyond Final Endorsement for (d)(4)s & Construction Completion for 223(f)s

*Impact: Potential increase in credit pricing => higher equity; no risk to HUD*

*Update: TBD; included in industry Map Guide revisions*

### 7. 10% Equity & 10% EBL at Closing

*Impact: Potential increase in credit pricing => higher equity; no risk to HUD; align with Fannie/Freddie.*

*Update: TBD; included in industry Map Guide revisions*

### 8. MBA Affordable/LIHTC UW Training Course

*Impact: Formalized training for aspects affordable housing finance in conjunction with insured financing; priceless*

*Update: LIHTC Committee to coordinate efforts in creation of course; potential roll out in Fall 2020*

## Current Initiatives

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### 9. Section 811 Capital Advance Grant Notice

*Impact: HUD received an allocation through the Fiscal Year 2018 and 2019 appropriations of approximately \$112.7 million for capital advance and project rental assistance. There has been no capital advance funding for the program since 2011. The allocations are specific for use in providing rental assistance and/or capital for the development of affordable rental housing units for persons with disabilities.*

*Update: Notice to be published on or late about Summer 2019.*

### 10. Proposed Pilot Concept Meeting DD Checklist

*Impact: Standardization for consistency among all regions.*

*Update: Submitted to HQ for review the week of April 22<sup>nd</sup>. (Special thanks to Charley Conkling of Walker & Dunlop.)*

### 11. Up to you!

*Impact: Clarifications, alignment with industry practice, make deals easier*

*Update: Let the LIHTC Committee know what you need!*

## MBA LIHTC Committee

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