



HUD Multifamily Southwest Region



*Southwest Mortgagee
Advisory Council
(SWAC) Conference*

May 6 - 8, 2019

Southwest Region Multifamily Priorities



Manage Business Needs



Manage Risk



Manage Staffing Needs

✓ **Manage Business Needs**

- ❑ ***High Volume of New Construction***
- ❑ ***Large, Diverse Geographic Region***
- ❑ ***Streamline Procedures with a Focus on Risk***
- ❑ ***Enhance Communication with Our Partners***

Pre-Application Processing

Identify Risk

- *Environmental Issues*
- *Market Demand*
- *Development Team*



Resolving these issues at pre-app will **green light the firm application for processing**

Manage Risk

☐ ***Data Integrity***

☐ ***Improved Systems***

- Application Underwriting Support System (AUSS)

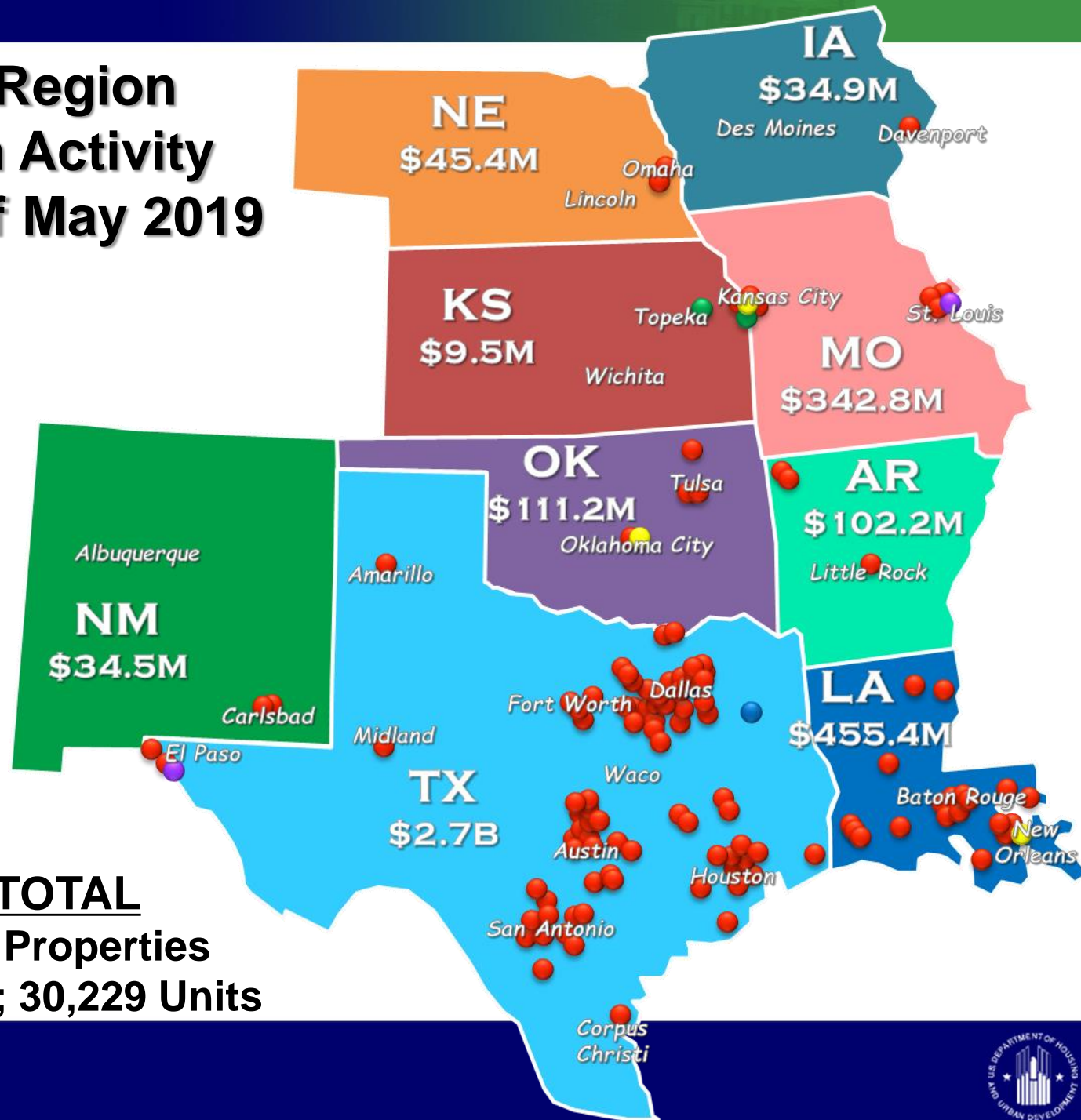
☐ ***Construction Monitoring***

☐ ***Lender Performance Metrics***

Southwest Region Construction Activity Snapshot as of May 2019

- **221d4 NC/SR**
\$3.4B; 28,253 Units
- **220 NC/SR**
\$288.3M; 1,268 Units
- **231 NC/SR**
\$3.3M; 60 Units
- **213 Coop**
\$20.4M; 106 Units
- **223f Refi/Purch**
\$69.1M; 542 Units

TOTAL
145 Properties
\$3.8B; 30,229 Units



223(f) Repair Monitoring

Critical Repairs

- Must be completed prior to closing

Non-Critical Repairs

- Repairs must be completed no later than 12 months after closing
- The Lender must complete any outstanding repairs using escrowed funds

The Southwest Region is aware of several properties that have not completed repairs within their 12-month time allotment. We will be reaching out to lenders for completion of the repairs.



CPR Team: 1 Year Later

The **Construction Problem Resolution (CPR) Team** was established in 2018 to focus on preventing and resolving existing construction delays and to ensure those projects get back on track to Final Endorsement



Positive Impacts

- Earlier and more frequent communication between lender and HUD
- Closer monitoring of all properties under construction
- Since inception, we've prevented potential insurance claims of over \$154M on 5 properties

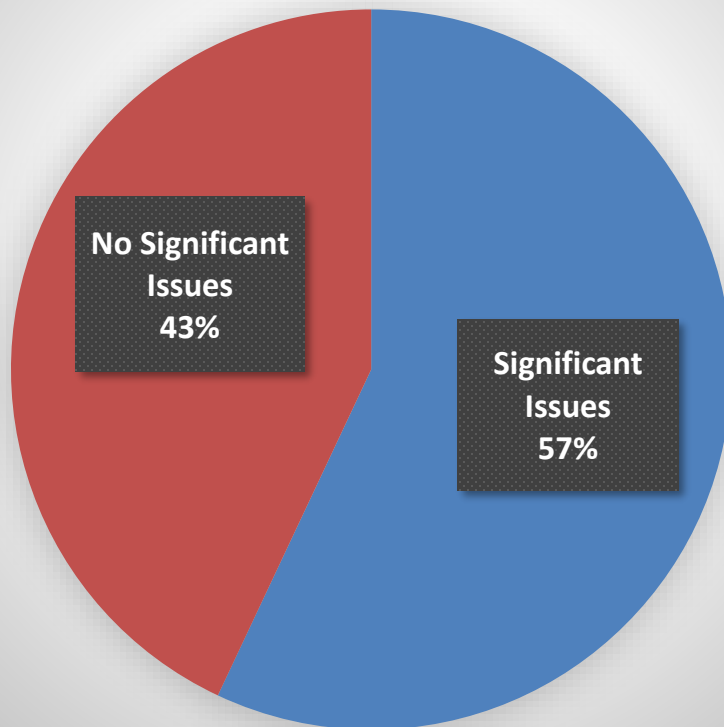
Construction Roadblocks

- **Failure to Timely Submit Change Orders**
 - Weather Delays
 - Construction Changes
- **Owner vs. General Contractor Disputes**
- **Architect Deficiencies**
- **Construction Progress Schedule (HUD-5372)**
 - Ensure HUD-5372 is updated prior to Initial Endorsement

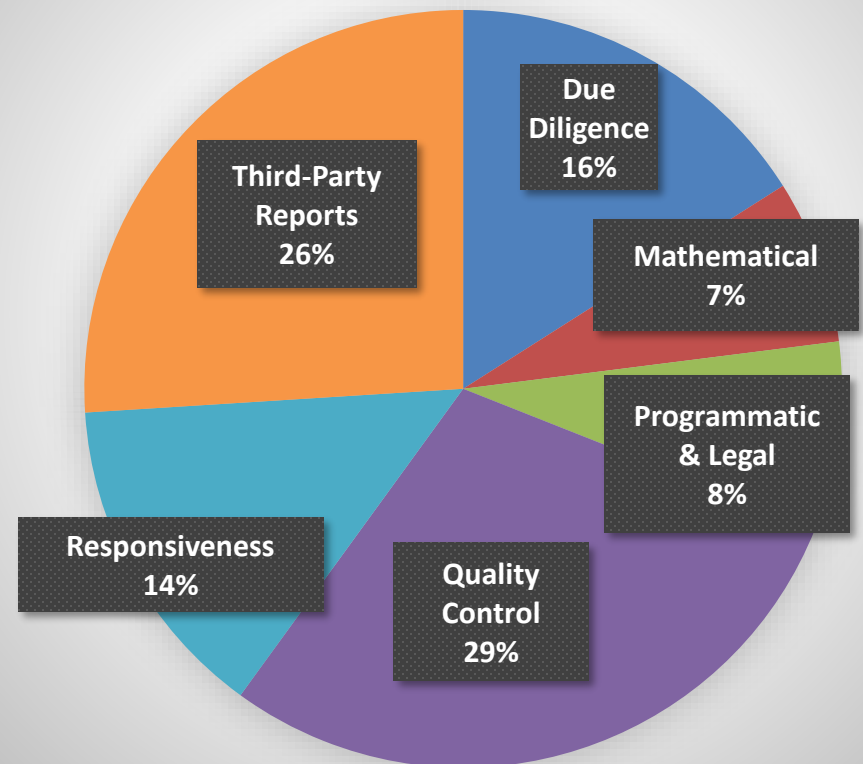


Lender Performance Metrics FY2018

**FY2018 Total Applications
(264 Applications)**

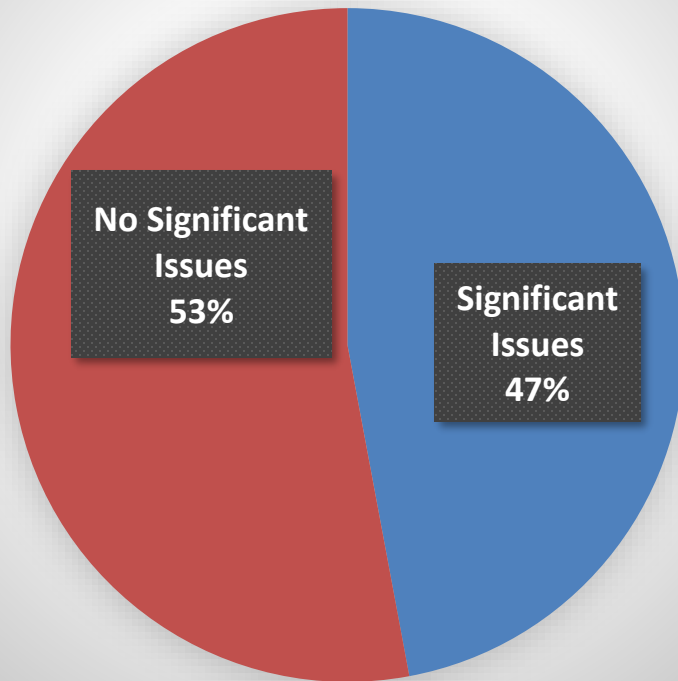


**FY2018 Breakdown of Issues
All SOA Codes**

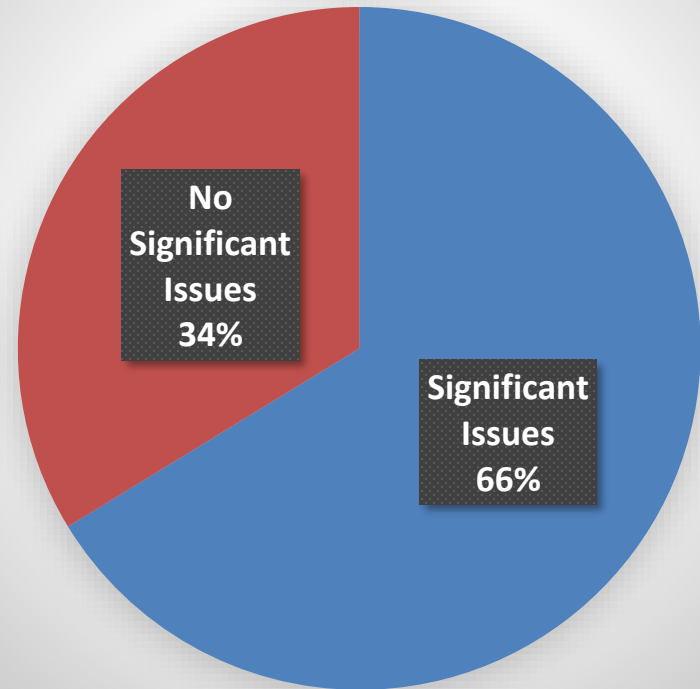


Lender Performance Metrics FY2018

**FY18 Pre-Apps
(68 Applications)**

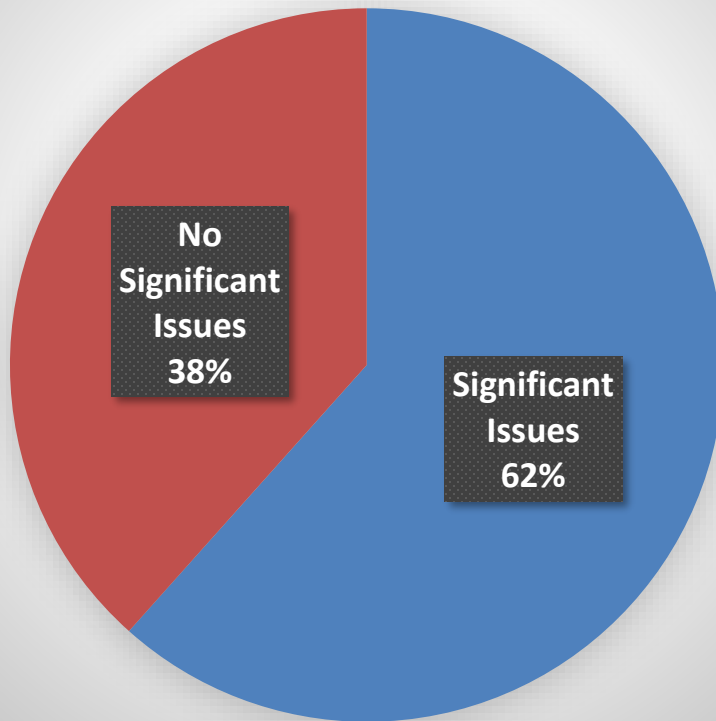


**FY18 NC/SR Firm Apps
(83 Applications)**

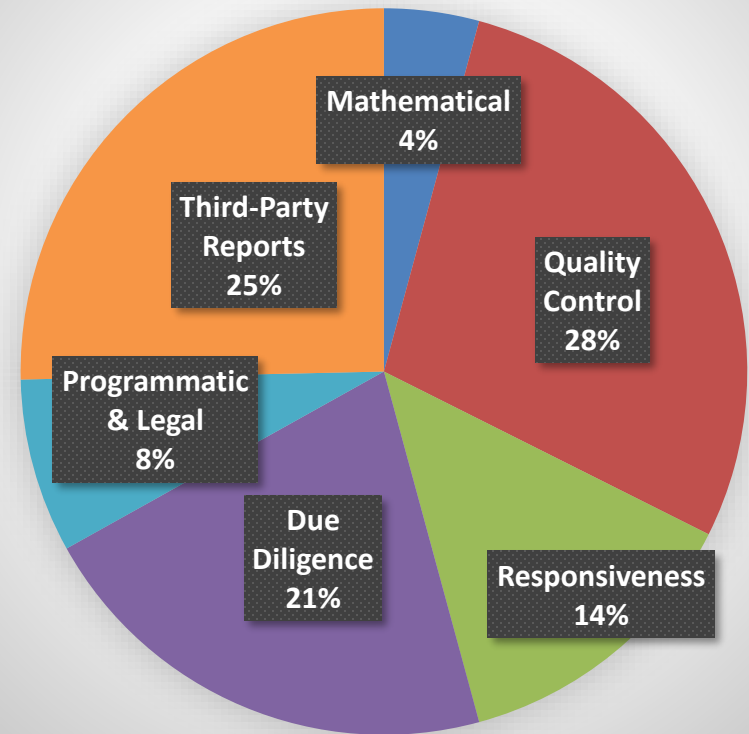


Lender Performance Metrics FY2018

**FY18 Refinance Firm Apps
(113 Applications)**



**FY18 Breakdown of Issues
Firm Refinances**



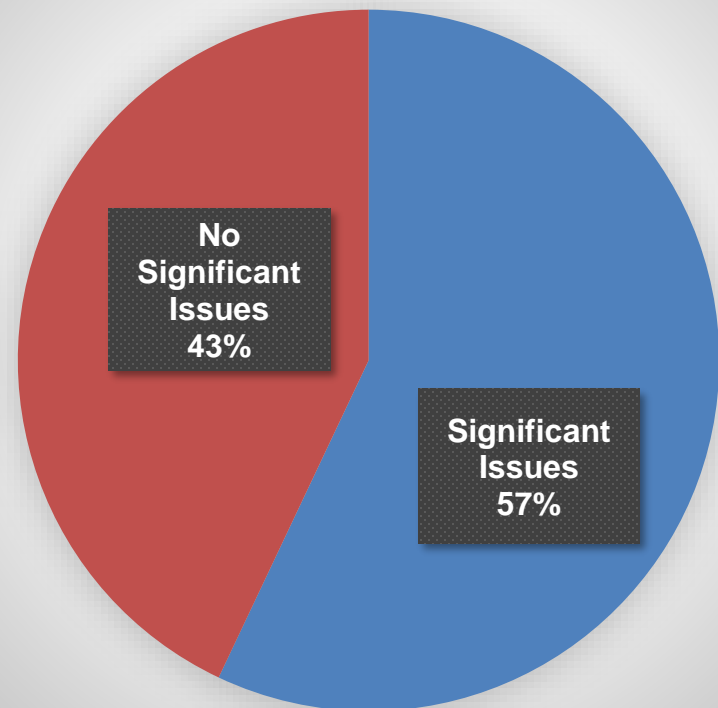
Lender Performance Metrics

FY2019 YTD

**Data based on 100 applications reviewed*

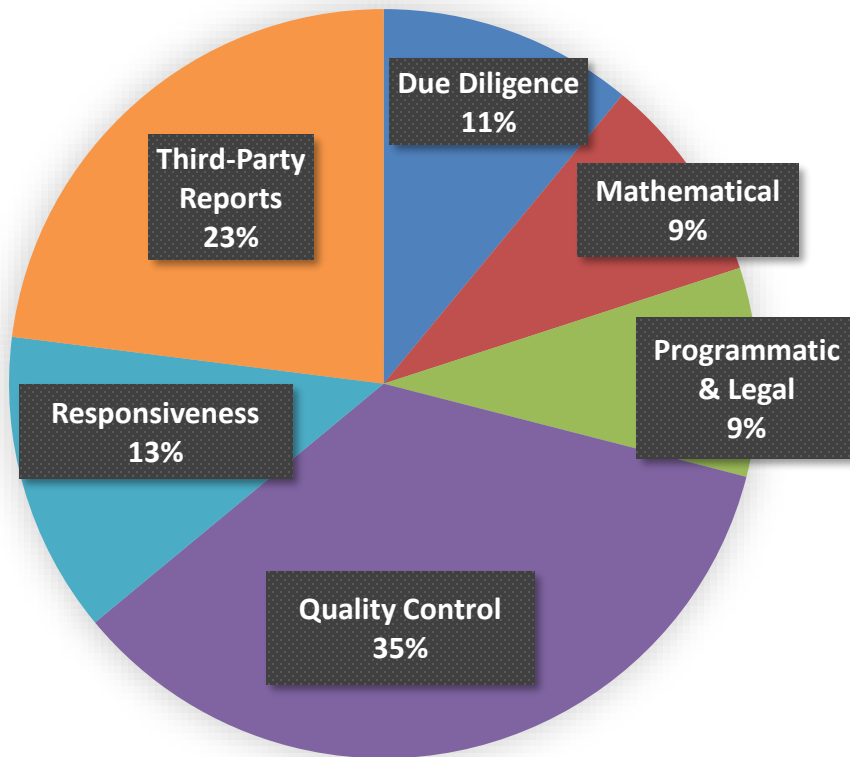
- Over half of FY2019 applications reviewed using Lender Metrics had significant issues
- These issues cause delays, which contribute to suspensions in processing and longer timelines

FY2019 YTD Total Applications



Lender Performance Metrics FY2019 YTD

FY2019 YTD Breakdown of Issues



Areas with the most need for improvement:

➤ **Quality Control**

- Accuracy
- Consistency
- Completeness

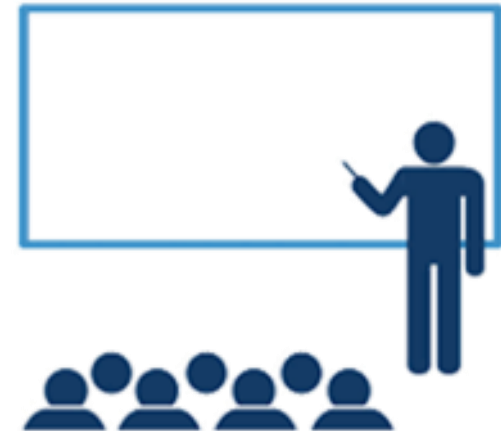
➤ **Third-Party Reports**

- Due Diligence and Accuracy
- Environmental Issues
- CNA e-Tool Submissions



Manage Staffing Needs

- ❑ ***Focus on acquiring more production staff to accommodate large volume of new construction***
- ❑ ***Provide more training to underwriters and technical staff***
 - PCNA
 - Appraisal
 - Environmental





Regional Highlights

Processing in the Southwest

Concept Meetings

Fort Worth

- Tuesday, Wednesday, and Thursday at 11:00 a.m. and 1:00 p.m. (CT)
- Concept Meetings for affordable properties are held on Tuesdays in Fort Worth



Kansas City

- Tuesdays and Thursdays at 11:00 a.m. and 1:00 p.m. (CT)
- *Please email your concept package to SWConcepts@hud.gov, and mail two (2) hard copies of your concept package to Lisa Campfield to schedule a concept meeting.*
- *A letter of encouragement or discouragement will follow the meeting.*

Application Submissions

- All electronic copies of applications should be submitted on a flash drive and must be mailed to the Fort Worth Regional Center at the attention of Lisa Campfield

ATTN: Lisa Campfield, Program Analyst

Office of Housing – Multifamily

U.S. Department of Housing and Urban Development

801 Cherry Street, Suite 2500, Unit #45

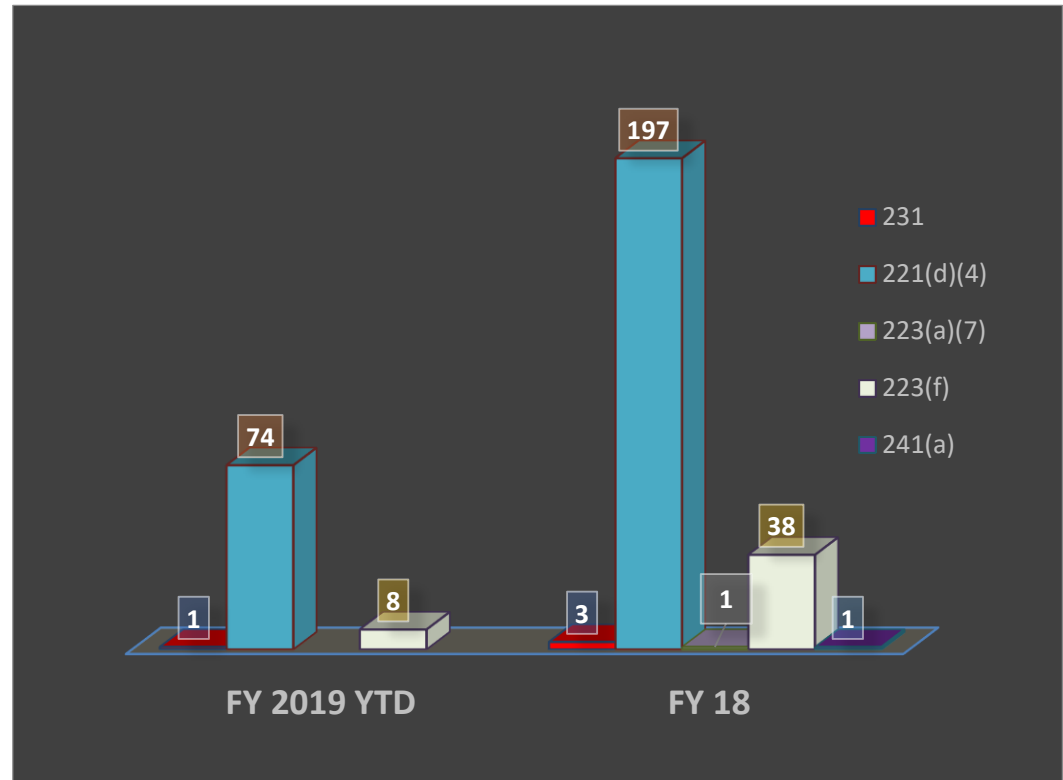
Fort Worth, TX 76102



Concept Meetings

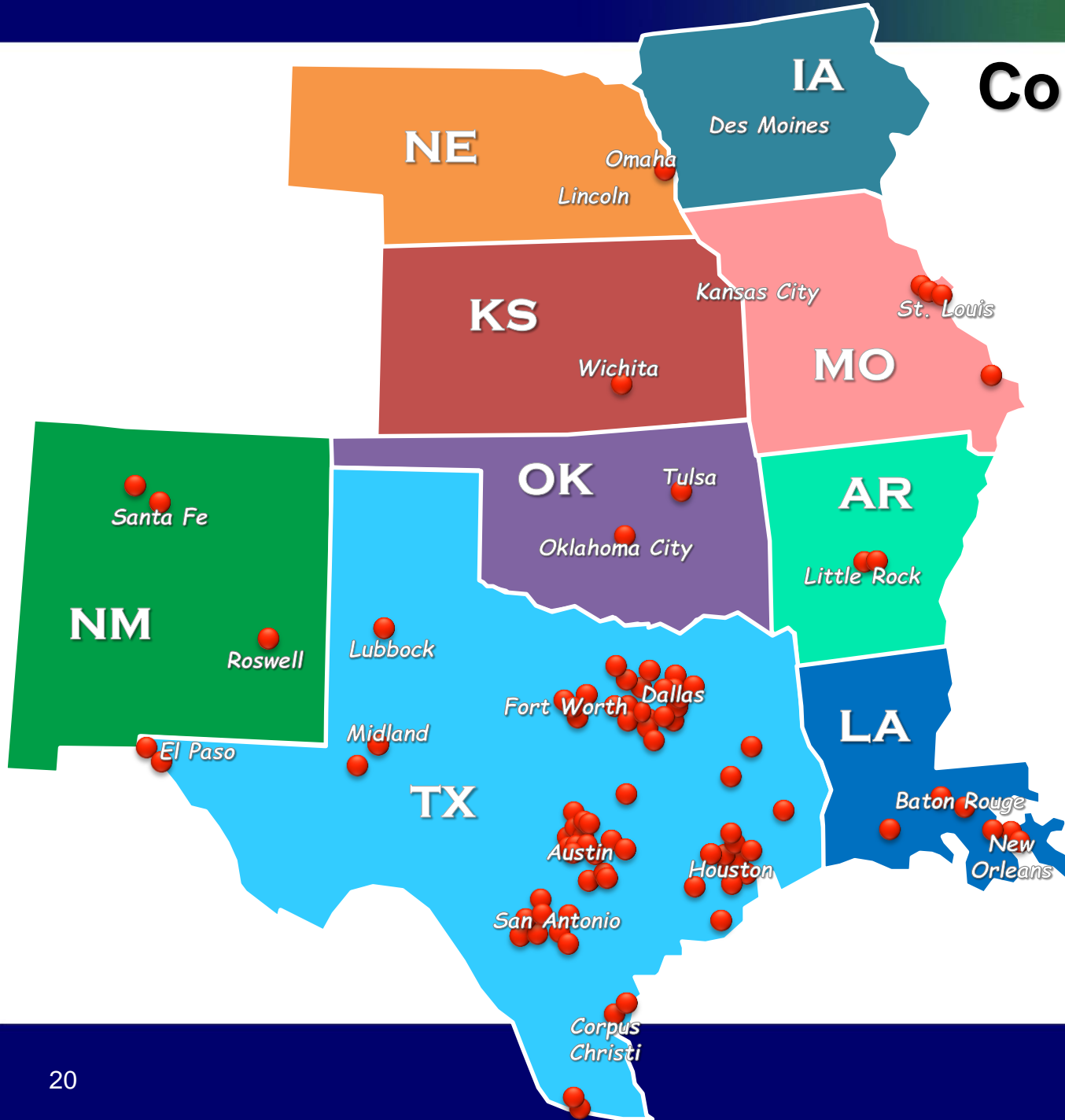
FY	SOA	#	UNITS	MORTGAGE
19	231	1	140	\$28.5 M
	221(d)(4)	74	16,135	\$2.1 B
YTD	223(f)	8	1,327	\$109.2 M
	TOTAL	83	17,602	\$2.2 B

FY	SOA	#	UNITS	MORTGAGE
2018	231	3	476	\$56.6 M
	221(d)(4)	197	39,467	\$4.9 B
	223(a)(7)	1	50	\$2.0 M
	223(f)	38	6,508	\$587.1 M
	241(a)	1	273	\$3.0 M
	TOTAL	240	46,774	\$5.5 B



We are seeing a consistent pattern regarding encouragement rates of concept packages. In FY2018 we encouraged 90% of our concepts; so far in FY2019, that same 90% encouragement rate still stands.

Concept Meeting Activity FY2019 YTD

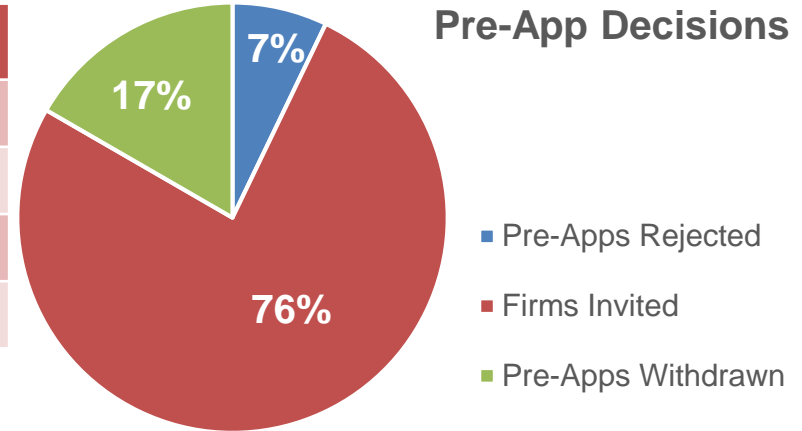


Arkansas	2
Kansas	1
Louisiana	10
Missouri	4
Nebraska	1
New Mexico	2
Oklahoma	2
Texas	61

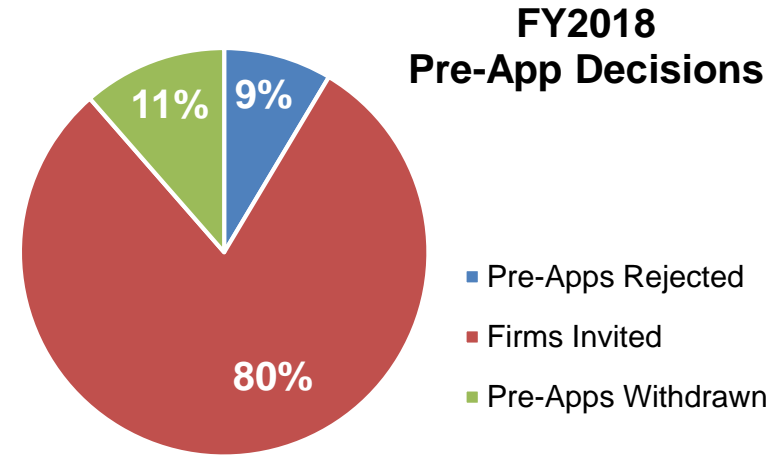
TOTAL 83

Southwest Region Pre-Applications

FY2019 YTD		#	UNITS	MORTGAGE
	Affordable	1	75	\$9.1 M
	Broadly Affordable	2	376	\$51 M
	Green Market	37	7,520	\$1.02 B
	TOTAL	40	7,971	\$1.08 B



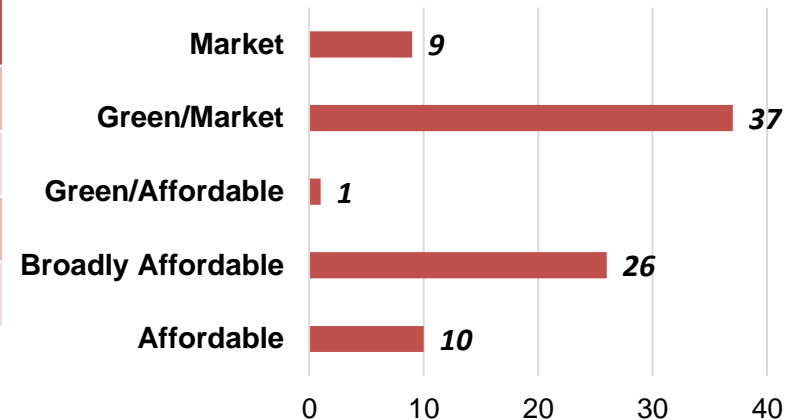
FY2018		#	UNITS	MORTGAGE
	Affordable	1	114	\$5.7 M
	Green/Market	81	17,821	\$2.4 B
	TOTAL	82	17,935	\$2.4 B



Southwest Region Firm Commitments Issued

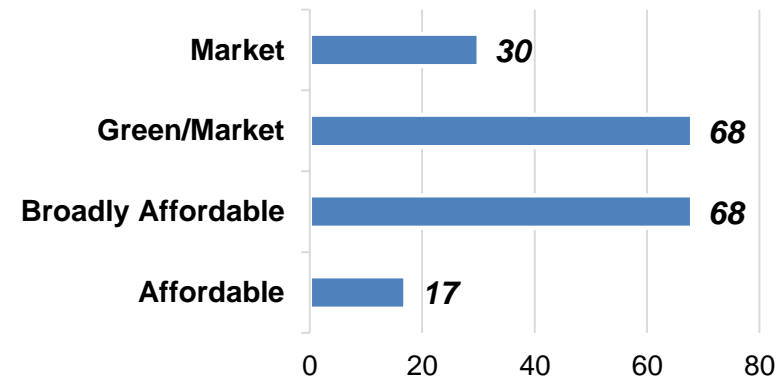
FY2019 YTD		#	UNITS	MORTGAGE
	NC/SR	41	7,844	\$908 M
	223(f) Refi/Purch	42	5,661	\$442.7 M
	223(a)(7)	0	0	\$0
	TOTAL	83	13,505	\$1.35 B

FY2019 YTD Firm Commitments by MIP



FY2018		#	UNITS	MORTGAGE
	NC/SR	82	17,785	\$2.2 B
	223(f) Refi/Purch	95	14,785	\$1.2 B
	223(a)(7)	6	921	\$54 M
	TOTAL	183	33,491	\$3.4 B

FY2018 Firm Commitments by MIP

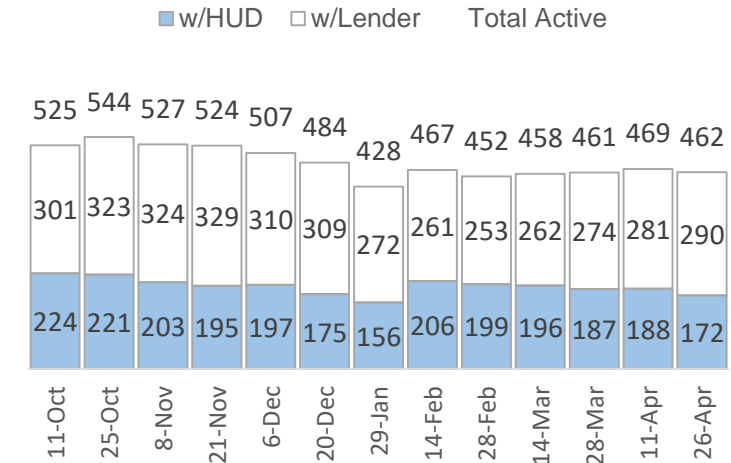


National Workload Snapshot: 04/26/2019

Active Pipeline

Processing Office	Apps in Processing	Outstanding Firm Invites & Commitments	Total	FHA # Issued - App Not Yet Submitted
Midwest	27	41	68	67
Northeast	32	47	79	83
Southeast	44	79	123	84
Southwest	53	76	129	137
West	16	47	63	71
Total	172	290	462	442

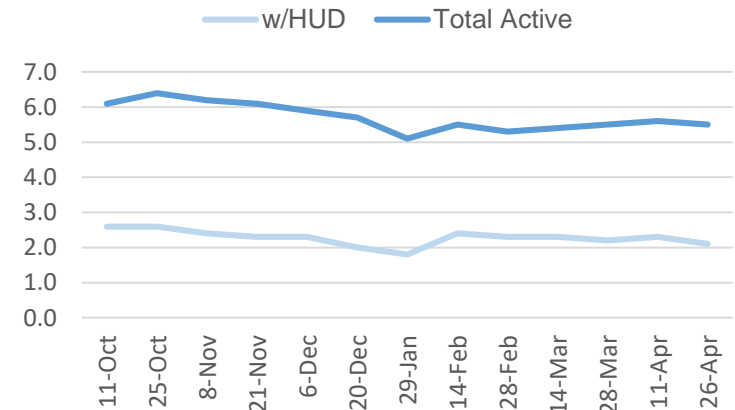
Active Pipeline - Past 3 months



Underwriter Workload

Processing Office	WLS Deals for Other Offices	Available UWs	Applications Pending per UW	Total Apps & Pending Apps Per UW
Midwest	18	17	1.6	4.0
Northeast		13	2.5	6.1
Southeast		17	2.6	7.2
Southwest	4	23	2.3	5.6
West	1	13.5	1.2	4.7
Total	23	83.5	2.1	5.5

Underwriter Capacity - Past 3 months



Closing Coordination

What Makes a Successful Closing?

- Regular communication with assigned Closing Coordinator
- Complete closing package
- Plans and specs received at least 30 days prior to closing – No exceptions

What Can Delay a Closing?

- Management Agent, General Contractor, Ownership change
- Amendments that require Underwriter review
- Failure to obtain permits
- Last-minute changes to plans and specifications
- Failure to complete critical repairs
- Not performing mandatory radon testing

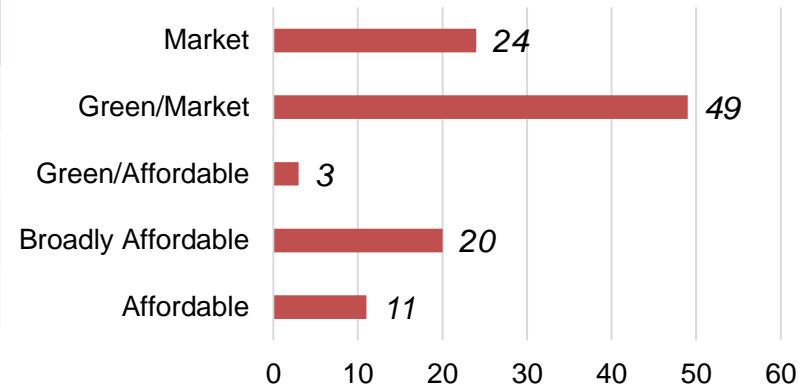
Scheduling Your Closing

- Communicate directly through your assigned Closing Coordinator, not OGC or other parties; the Closing Coordinator is your **primary POC**

Southwest Region Closings

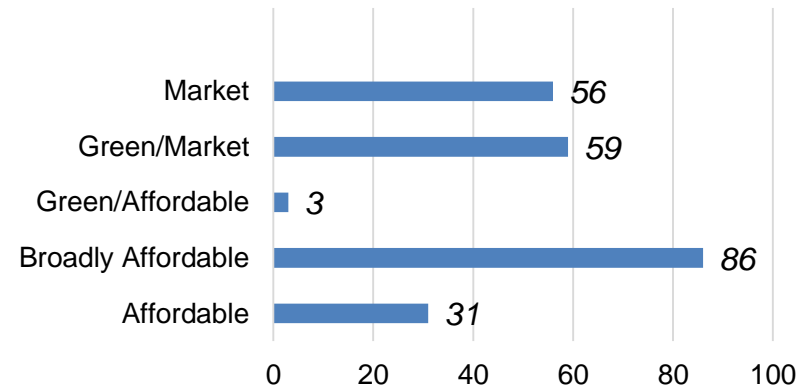
FY2019 YTD		#	UNITS	MORTGAGE
	NC/SR	73	14,143	\$1.62 B
	223(f) Refi/Purch	34	5,261	\$430.7 M
	223(a)(7)	0	0	\$0
	TOTAL	107	19,404	\$2.05 B

FY2019 YTD Closings by MIP



FY2018		#	UNITS	MORTGAGE
	NC/SR	132	26,075	\$3.02 B
	223(f) Refi/Purch	97	15,653	\$1.08 B
	223(a)(7)	6	899	\$66.74 M
	TOTAL	235	42,627	\$4.17 B

FY2018 Closings by MIP



Connect with Us!

Regional Website: <https://www.hud.gov/states/shared/working/southwest/mf>

NEW

SWConcepts@hud.gov

- Schedule Concept Meetings

SWProduction@hud.gov

- Submit FHA number requests and general correspondence

MFSWPProductionAppeals@hud.gov

NEW

- Submit appeals to pre-application and firm decisions

SWConstruction@hud.gov

- Submit PTO requests, change orders, draw requests, non-critical repair escrow releases, construction inspections, etc.

MFSouthwestMARS@hud.gov

- Submit Monthly Accounting Reports (MARs)

MFSouthwest@hud.gov

- Submit Asset Management routine servicing requests and correspondence