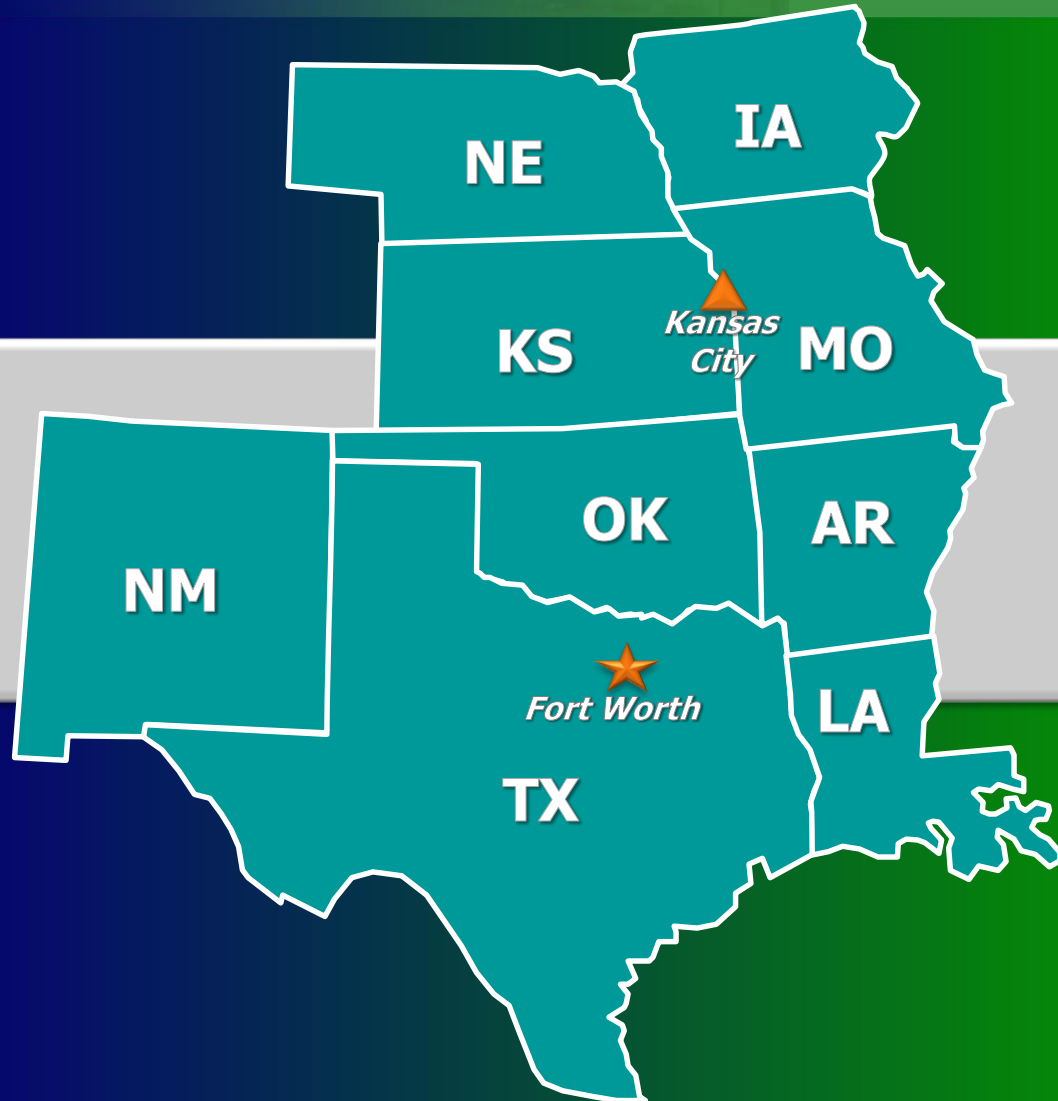


U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT



Southwest Regional Highlights

December 3, 2018



Southwest Region MF Priorities

➤ Manage Risk

- Data Integrity with outdated systems
- Construction Problem Resolution (CPR) Team
- Lender Performance Metrics

➤ Manage Expectations

- Reducing the preliminary reject parking lot
- Communication with HUD

Southwest Region MF Priorities

➤ Data Integrity

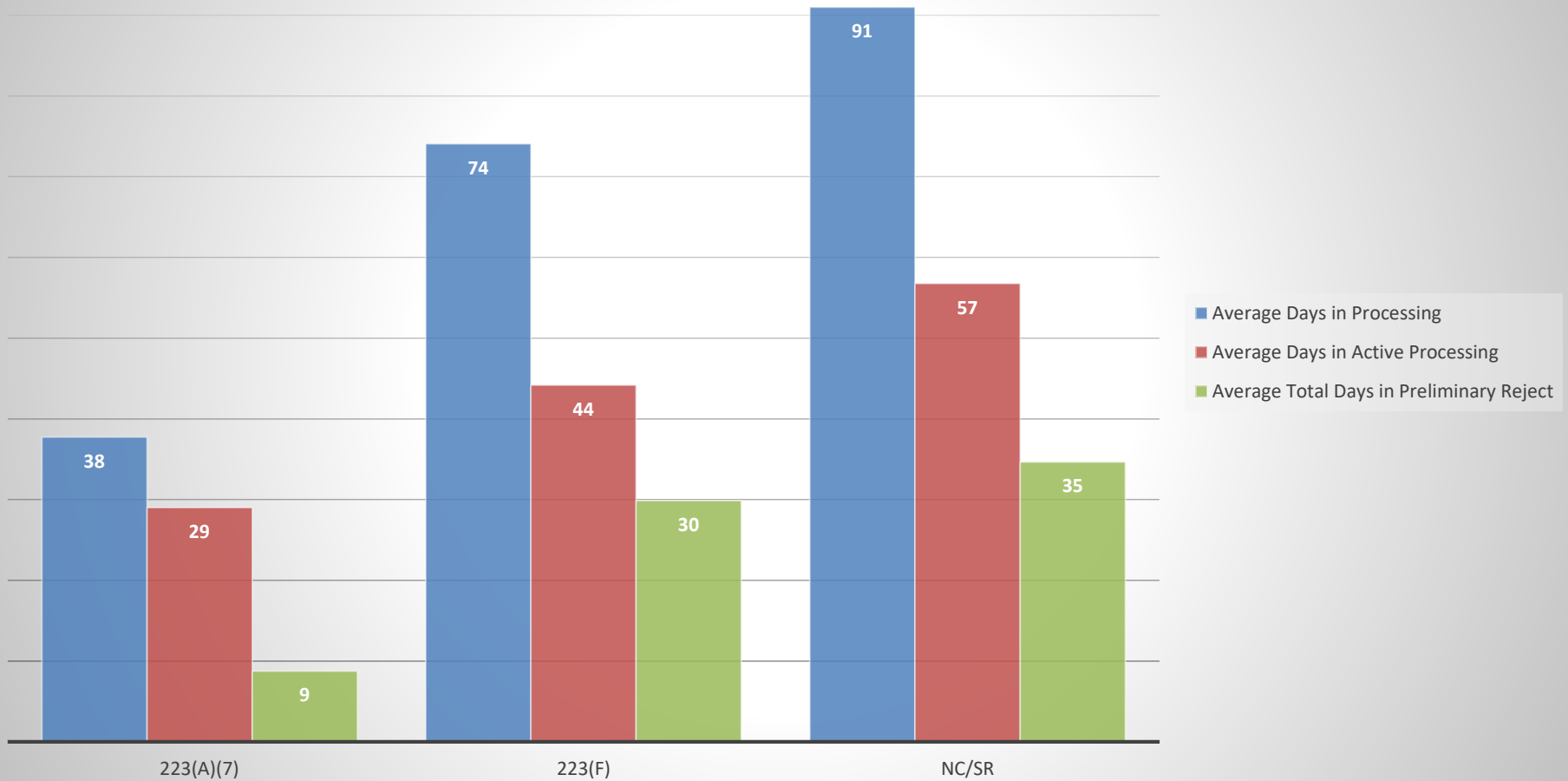
- Work with industry partners to ensure accuracy in terms of application characteristics
- Developing FHA Number Request Form to provide consistency

➤ Construction Monitoring

- CPR Team continues to monitor significantly delayed projects
- HUD and Lenders partnering to resolve construction issues

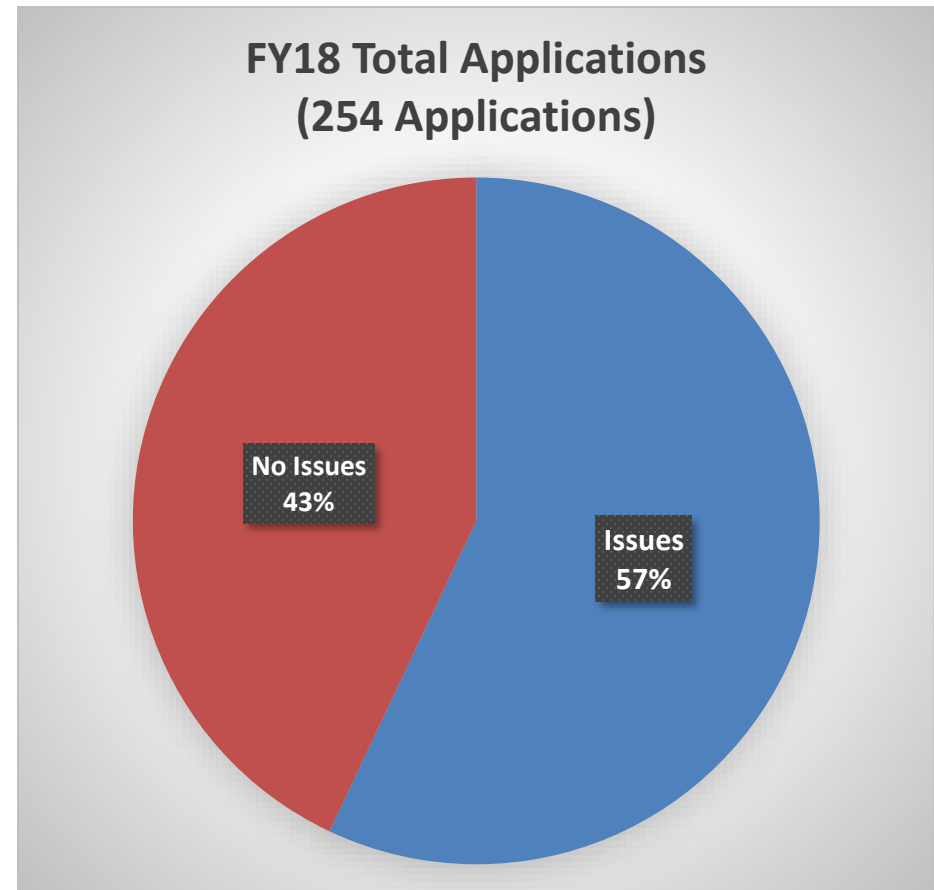
Lender Performance Metrics FY2018

Average Days in Processing - All Lenders



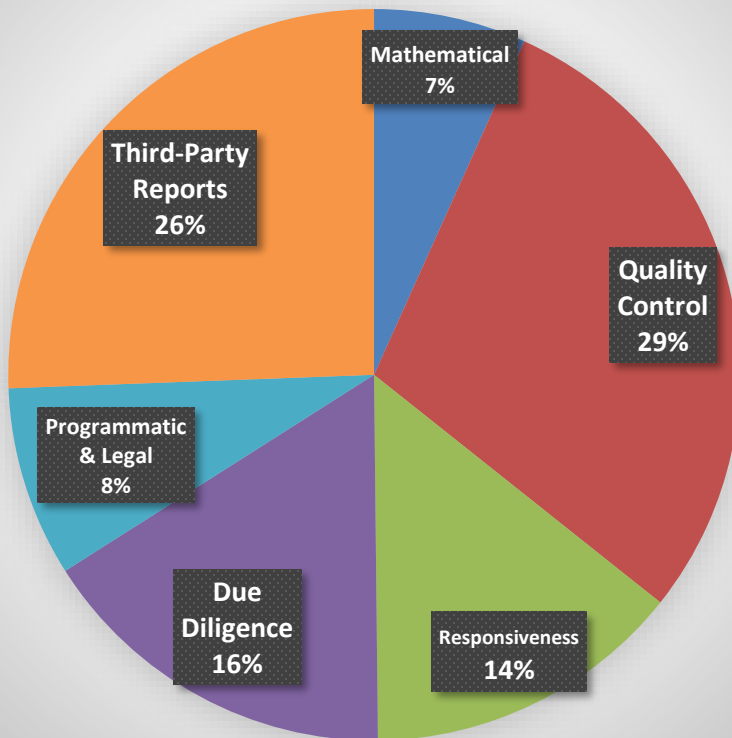
Lender Performance Metrics FY2018

- Over half of applications reviewed last year using Lender Metrics had significant issues.
- Metrics were collected on pre-applications and firm applications.
- These issues caused delays in processing which contributed to long processing timelines and suspensions in processing.
- To receive a copy of your individual metrics, please contact Lisa Campfield at Lisa.K.Campfield@hud.gov



Lender Performance Metrics FY2018

FY18 Breakdown of Issues



- Most common issues are Quality Control and Third-Party Reports
- Quality Control:
 - HUD recommends having a fresh set of eyes review your application for accuracy and completeness package prior to submission
 - Ensure risks are thoroughly addressed and mitigated
- Third-Party Reports:
 - HUD recommends a thorough review of the third-party reports
 - Ensure that all repairs are included in the CNA e-tool

Southwest Region Staffing Update

FY17

- Production – 11 External Hires
- Asset Management – 14 External Hires

FY18

- Production – 4 External Hires
- Asset Management – 7 External Hires

FY19

- Production – 0 External Hires
- Asset Management – 4 External Hires



Guest Suites

- Memo issued November 9, 2018 clarifies rules on guest suites:
 - Rental charges cannot be imposed, except for costs of cleaning and/or laundering services which are provided after the conclusion of the guest's stay
 - Properties cannot provide cleaning, linens, or other customary hotel services during the guest's stay in the guest suite
 - Guest suites are limited to residents' friends and family
 - Guest suites are not available to the public
 - Only property residents are permitted to reserve the guest suite – the property does not independently rent the guest suite
 - Residents are limited to two reservations within a one year period, and up to a maximum of seven days per resident
 - The number of guest suites are no more than 2% of the total number of units in the project.
- Borrowers are reminded that violations of the transient or hotel prohibition will be subject to the standard sanctions for violations of the Regulatory Agreement and Borrower's Oath.

Revised Concentration of Principal Risk Housing Notice 2018-09

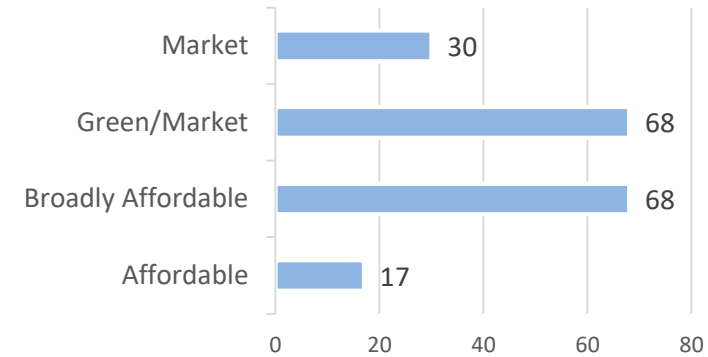
- Review Threshold and Term of Approval
 - Risk review threshold increased from \$250 million to \$500 million
 - Term of approval increased from one to two years – unless circumstances direct a lesser term
 - Circumstances that would cause a lesser term:
 - Loan portfolios with imbalance of pending new construction projects in process or in lease-up
 - Poor REAC scores
 - Mortgage credit issues deemed to create risk
- Reviews below \$800 million will be conducted by the Technical Support Division (TSD)
- Reviews >\$800 million but less than \$1.2 billion will be jointly reviewed by the TSD and MACOD
- Reviews >\$1.2 billion will be jointly reviewed by the TSD, MACOD, and ORM
- Reviews exceeding \$2.4 billion will be subject to additional levels of review
- This Housing Notice is effective immediately

Southwest Region

Firm Commitments Issued

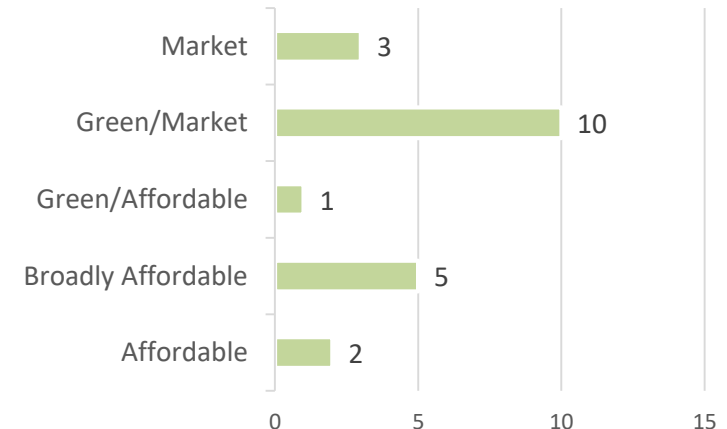
FY2018		#	UNITS	MORTGAGE
	NC/SR	82	17,785	\$2.2 B
	223(f) Refi/Purch	95	14,785	\$1.2 B
	223(a)(7)	6	921	\$54 M
	TOTAL	183	33,491	\$3.4 B

FY18 Firm Commitments by MIP



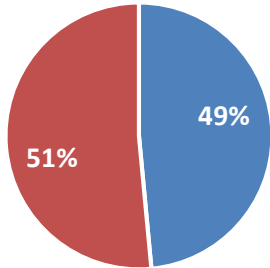
FY19 YTD		#	UNITS	MORTGAGE
	NC/SR	10	1,838	\$195.5 M
	223(f) Refi/Purch	11	1,674	\$142.2 M
	223(a)(7)	0	0	\$0
	TOTAL	21	3,512	\$338.2 M

FY19 Firm Commitments by MIP



Southwest Region Closings

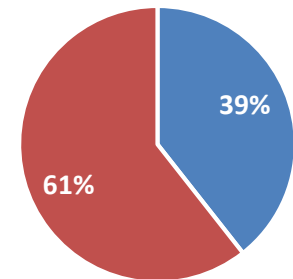
Affordable vs. Market Rate
FY 2018



■ Affordable ■ Market Rate

		#	UNITS	MORTGAGE
FY 2018	NC/SR	132	26,075	\$3 B
	223(f) Refi/Purch	97	15,653	\$1.08 B
	223(a)(7)	6	899	\$66.7 M
	TOTAL	235	42,627	\$4.1 B


Affordable vs. Market Rate
FY 2019





■ Affordable ■ Market Rate


		#	UNITS	MORTGAGE
FY 2019	NC/SR	25	4,724	\$549.9 M
	223(f) Refi/Purch	8	1,303	\$107.4 M
	223(a)(7)	0	0	\$0
	TOTAL	33	6,027	\$657.3 M


Southwest Region Construction Activity Snapshot

 **221d4 NC/SR**
\$3.6B
26,643 units

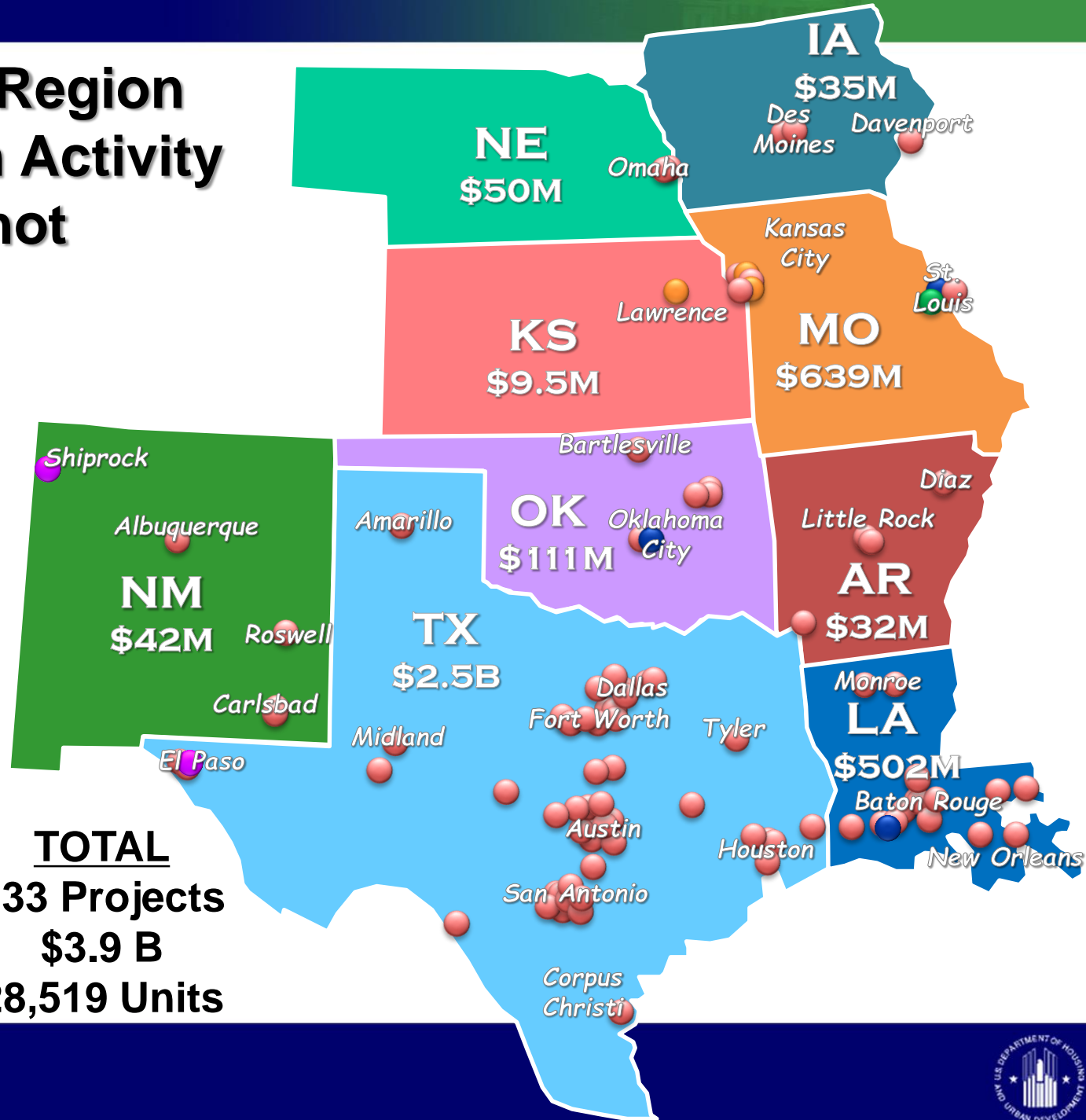
 **220 NC/SR**
\$220.5M
913 units

 **241a NC/SR**
\$17.8M
229 units

 **213 Coop**
\$30.3M
158 units

 **223f Refi**
\$27.3M
576 units

TOTAL
133 Projects
\$3.9 B
28,519 Units

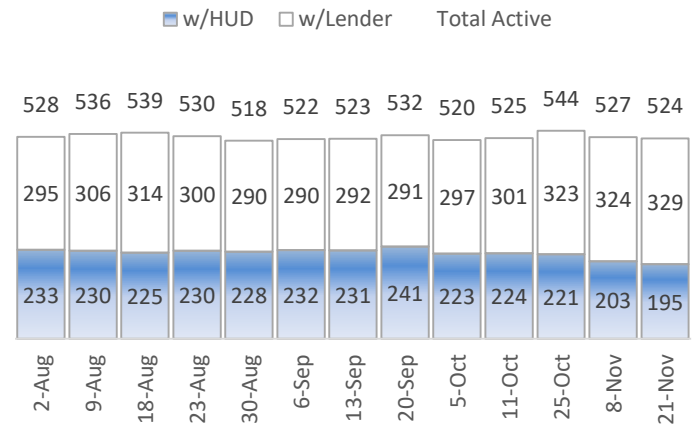


National Workload Snapshot – November 21, 2018

Active Pipeline

Processing Office	# w/ HUD	# w/ Lender	Total # Active	SAMA - apps pending
Midwest	23	66	89	60
Northeast	37	56	93	72
Southeast	54	86	140	97
Southwest	52	78	130	131
West	29	43	72	67
Total	195	329	524	427

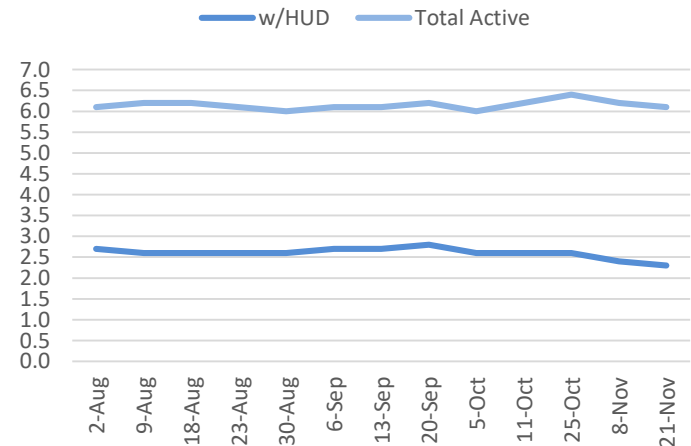
Active Pipeline - Past 3 months



Underwriter Workload

Processing Office	# WLS deals for other offices	# Available UWs	# w/ HUD per UW	Total # Active per UW
Midwest	23	18	1.3	4.9
Northeast		15	2.5	6.2
Southeast		17	3.2	8.2
Southwest	4	22	2.4	5.9
West		13.5	2.1	5.3
Total	27	85.5	2.3	6.1

Underwriter Capacity - Past 3 months



Connect with the Southwest

SWProduction@hud.gov

- Email requests for FHA Numbers, Pipeline Requests, or other general questions to this mailbox

NEW

MFSWProductionAppeals@hud.gov

- E-mail all appeals to this mailbox.

SWConstruction@hud.gov

- E-mail requests for PTO, Change Orders, Draw Requests, Non-critical Repair Escrow Release, etc. to this mailbox.

MFSouthwestMARS@hud.gov

- E-mail all Monthly Accounting Reports to this mailbox

MFSouthwest@hud.gov

- E-mail all other asset management requests (i.e. Reserve for Replacement, Annual Financial Statements, tenant requests, etc.) to this mailbox.