

mortgage proceeds and the rate on the tax exempt bonds

Contact: Michael McCullough, Director, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-7000; telephone: (202) 708-1142.

- *Regulation:* 24 CFR 200.54(a).

Project/Activity: Paul Brown Building, St. Louis, MO; Project Number: 085-32017.

Nature of Requirement: Section 200.54(a) establishes the procedures for a pro-rata disbursement of the mortgagor's front money escrow funds and Federal Housing Administration (FHA) insured mortgage proceeds for the subject property.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: September 16, 2002.

Reason Waived: The regulation was waived because the front money escrow is so large, the insured proceeds would not be disbursed for several months, resulting in the payment of extension fees to the investors who purchased the GNMA mortgage-backed securities. Providing a waiver of 24 CFR 200.54(a) permitted the Kansas City Multifamily Hub to approve a pro-rata disbursement of front money and mortgage proceeds, thereby allowing the mortgagee not to pay GNMA extension fees.

Contact: Michael McCullough, Director, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-7000; telephone: (202) 708-1142.

- *Regulation:* 24 CFR 200.54(a).

Project/Activity: Laurel House Apartments, Nashville, TN; Project Number: 086-32005.

Nature of Requirement: Section 200.54(a) establishes the procedures for a pro-rata disbursement of the mortgagor's front money escrow funds and Federal Housing Administration (FHA) insured mortgage proceeds for the subject property.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: September 27, 2002.

Reason Waived: The regulation was waived because the front money escrow is so large, the insured proceeds would not be disbursed for several months after initial endorsement, resulting in payment of extension fees to the investors who purchased the GNMA mortgage-backed securities. Providing a waiver of 24 CFR 200.54(a) permitted the Nashville Multifamily Program Center to approve a pro-rata

disbursement of front money and mortgage proceeds, thereby allowing the mortgagee not to pay GNMA extension fees.

Contact: Michael McCullough, Director, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street, SW., Washington, DC 20410-7000; telephone: (202) 708-1142.

- *Regulation:* 24 CFR 202.3(c)(2)(iii).

Project/Activity: Credit Watch Termination Threshold; Washington, DC.

Nature of Requirement: Section 202.3(c)(2)(iii) establishes the threshold for placing a HUD/FHA approved lender on Credit Watch status when its default and claim rate exceeds the field office default and claim rate.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: August 8, 2002.

Reason Waived: Waiver of the regulation permits HUD/FHA to initially focus on those lenders originating the worst performing loans. The waiver allows for adjustment of the Credit Watch Termination threshold from a range of 150 percent to 200.9 percent of the HUD field office default and claim rate to a range of 201 percent to 300.9 percent of that rate. This waiver gradually reduces the threshold to the regulated 200 percent; the reduction occurs in quarterly increments through Fiscal Year 2003.

Contact: Joy L. Hadley, Director, Quality Assurance Division, U. S. Department of Housing and Urban Development, 451 Seventh Street, SW., Room B133-P3214, Washington, DC 20410-7000; telephone (202) 708-2830.

- *Regulation:* 24 CFR 236.725.

Project/Activity: Brookside Terrace, Newton, NJ; Project Number: 031-059NI.

Nature of Requirement: Section 236.725 requires that a rental assistance contract shall be limited to the term of the mortgage or 40 years from the date of the first payment made under the contract, whichever is the lesser.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: July 30, 2002.

Reason Waived: The non-insured Section 236 mortgage has exceeded its 20th year; therefore, the mortgagor could unilaterally prepay the mortgage and turn the project into a higher income, market rate property. The project will be maintained as an affordable housing resource to the maturity date of the non-insured Section 236 mortgage plus an additional 5 years,

through the execution and recording of a "Decoupling Use Agreement." This permits the rental assistance payments subsidy to continue until the maturity date of the original non-insured Section 236 mortgage.

Contact: Beverly J. Miller, Director, Office of Asset Management, Department of Housing and Urban Development, 451 Seventh Street, SW., Room 6160, Washington, DC 20410-7000; telephone (202) 708-3730.

- *Regulation:* 24 CFR 266.626.

Project/Activity: Legacy at Lowery, Denver, CO; Project Number: 101-98041.

Nature of Requirement: Section 266.626 specifies the procedures for notice of default (when a mortgagor fails to make any payment due under the mortgage) and filing an insurance claim.

Granted by: John C. Weicher, Assistant Secretary for Housing—Federal Housing Commissioner.

Date Granted: September 4, 2002.

Reason Waived: The Colorado Housing and Finance Authority (CHFA) requested a waiver for the subject project because the current occupancy level will not support the project. The project experienced substantial delays in lease up and the borrower was unable to commence amortization of the permanent loan. The borrower requested the CHFA to restructure the loan to provide a 2-year deferral of payments on the mortgage to provide the borrower time to reach a sufficient occupancy level. The CHFA believed it could accomplish that goal by filing a partial payment of claim (PPC). HUD encouraged the lender to accept a PPC in lieu of a full claim, which caused a delay in the lender's filing of the application within the required period. The time frame for filing an application for initial claim was extended.

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- *Regulations:* 24 CFR 401.600.

Project/Activity: The following projects requested waivers to the 12-month limit at above-market rents (24 CFR 401.600):

FHA No.	Project Name	State
04535170	Baughman Towers.	WV
04635548	Belle Vista Estates.	OH
05235335	Bishop's Garth Apartments.	MD
01335105	Brandegee Gardens.	NY