



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-8000

OFFICE OF MULTIFAMILY HOUSING  
ASSISTANCE RESTRUCTURING

MEMORANDUM FOR: Ira G. Peppercorn, Director, Office of Multifamily Housing Assistance Restructuring, Y

FROM: William Apgar, Assistant Secretary for Housing-Federal Housing Commissioner, H

SUBJECT: Delegation of Authority to OMHAR

Over the years, the cost to the federal government of assisting affordable, rental housing has increased rapidly. Under their assistance contracts, many projects have been charging rents that far exceed those charged for comparable units in unassisted housing in the local market. To preserve the low-income housing affordability and availability of these units, while reducing the long-term costs of project based assistance, Congress enacted the Multifamily Assisted Housing Reform and Affordability Act, Title V of Pub. L. 105-65 (approved October 27, 1997), 42 U.S.C. 1437 (MAHRA).

MAHRA seeks to ensure the long-term viability of multifamily projects that (1) receive project-based rental assistance from HUD (primarily through the section 8 program) and (2) have HUD-held or HUD-insured mortgage financing. MAHRA establishes a new Office within HUD, referred to as the Office of Multifamily Housing Assistance Restructuring (OMHAR), that is responsible for carrying out the purposes of the Act, and enables OMHAR to restructure the mortgage financing of the HUD-held or HUD-insured projects as well as the project-based assistance.

Section 571 of MAHRA establishes OMHAR within the Department of Housing and Urban Development. Section 572 states that the Office shall be under the management of the Director. In addition, the organization of OMHAR comprises both a Headquarters and a Field Office structure. It is anticipated that many of the mortgage and/or assistance restructurings will be undertaken by Field Offices as well as Headquarters.

Section 573 of MAHRA, entitled "Authority of Director," provides, in part, that "the Secretary shall, acting through the Director, administer the program of mortgage and rental assistance restructuring [and that] the Director may delegate to officers and employees of the Office (but not to contractors, subcontractors, or consultants) any of the functions, powers, and duties, of the Director, as the Director considers appropriate."

Accordingly, to make determinations, under MAHRA, that are binding upon the Department of Housing and Urban Development, in the conduct of any mortgage and/or assistance restructuring transaction, the following authority of the Assistant Secretary of Housing is delegated to the Director of OMHAR, and which authority the Director may re-delegate to his principal staff including his Deputy Directors and Regional Office Directors but which may not be re-delegated further:

- Modify the principal balance, payments, interest rate and amortization period and other terms of existing FHA insured and HUD-held mortgages.
- Approve a partial or full pre-payment of an insured mortgage note pursuant to Section 517(b)(1) of MAHRA.
- Determine the type of rental assistance and the Section 8 contract rent levels, pursuant to Sections 514 and 515 of MAHRA.
- Determine the Section 8 contract rent levels for eligible projects referred to OMHAR whose debt is not restructured pursuant to 524(a)(1) of MAHRA.
- Issue a firm commitment for FHA mortgage insurance and endorse the mortgage note for FHA mortgage insurance under Section 542(c) HFA Risk-Sharing.
- Issue a firm commitment for FHA mortgage insurance and endorse the mortgage note for FHA mortgage insurance under Section 542(b) GSE Risk-Sharing.
- Issue HUD Forms 92264 and 92264A upon approval of a restructuring plan.
- Approve Transfers of Physical Assets in accordance with chapter 13 of the Multifamily Asset Management and Project Servicing Handbook, 4350.1 REV-1.
- Approve Environmental Assessment and Compliance Findings for Related Laws report, HUD Form 4128.1