

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

[Docket No. FR-4679-N-12]

**Multifamily Mortgage Insurance Premiums
Withdrawal of Proposal to Increase MIPs for FY2007**

AGENCY: Office of the Assistant Secretary for Housing – Federal Housing Commissioner, HUD.

ACTION: Final Notice.

SUMMARY: HUD issued a notice on June 28, 2006, announcing for public comment, proposed changes in the mortgage insurance premiums (MIP) for Federal Housing Administration (FHA) multifamily mortgage insurance programs whose commitments will be issued or reissued in Fiscal Year (FY) 2007. The notice allowed 30 days for public comment. Approximately 359 comments were received by the comment due date, and the comments, including a letter signed by 121 members of the U.S. House of Representatives and 26 United States Senators, were overwhelmingly opposed to the MIP increases proposed for a number of HUD's multifamily housing mortgage insurance programs. Based on consideration of the concerns raised in the comments, HUD has decided not to proceed with implementation of the MIP increases for FY 2007 at this time. Instead, the FY 2006 MIPs, issued on August 30, 2005, will remain in effect. However, FHA will continue to evaluate alternative pricing strategies to maintain the integrity of the fund and achieve policy goals.

EFFECTIVE DATE: October 1, 2006

FOR FURTHER INFORMATION CONTACT: Eric Stevenson, Director, Policy Division, Office of Multifamily Development, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410-8000, Telephone: (202) 708-1142 (this is not a toll-free number). Hearing- or speech-impaired individuals may access these numbers through TTY by calling the Federal Information Relay Service at (800) 877-8339 (this is a toll-free number).

SUPPLEMENTARY INFORMATION:

Introduction

HUD's regulations at 24 CFR 207.252, 207.252a and 207.254 provide that instead of setting the MIP at one specific rate for all programs, the Secretary is permitted to change an MIP program by program within the full range of HUD's statutory authority of one fourth of one percent to one percent of the outstanding mortgage principal per annum through a notice, as provided in section 203(c)(1) of the National Housing Act (the Act) (12 U.S.C. 1709(c)(1)). The regulation states that HUD will provide a 30-day period for public comment on notices changing MIPs in multifamily insured housing programs.

Public Comments

The public comment period for the notice of proposed MIP changes for FY2006, published on June 28, 2006 (71 FR 36968) closed on July 28, 2006. By the close of the public comment period, approximately 359 public comments were received by the Department, of which the majority were in the nature of a form letter. In addition to the comments submitted by form letters, several organizations submitted comments, and 121 members of the U.S. House of Representatives and 26 U.S. Senators signed a comment letter opposing the increase in MIPs for FY2007. In addition to the opposition by Congressional members, virtually, all of the public comments were opposed to the MIP increases in a number multifamily housing programs, citing

a variety of problems that could occur within individual programs and raising questions about HUD's cost justification for the increases.

FY 2007 Mortgage Insurance Premiums

The Department has therefore decided that the MIPs will remain unchanged at this time from the FY2006 MIPs. The FY 2006 MIPs are published on August 30, 2005, at 70 FR 51539 and remain in effect.

Dated: _____

Brian D. Montgomery
Assistant Secretary for Housing –
Federal Housing Commissioner, H

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