



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

ASSISTANT SECRETARY FOR HOUSING –
FEDERAL HOUSING COMMISSIONER

MEMORANDUM FOR: All Multifamily Regional Center Directors
All Multifamily Satellite Office Directors
All Multifamily Asset Management Division Directors
All Multifamily Operations Officers

FROM: Jennifer L. Larson, Director, Office of Asset Management and
Portfolio Oversight (OAMPO), HTG

SUBJECT: Requests for Waivers of Wind and Named Storm Deductible

Purpose

Effective immediately, this memorandum extends Section 3.9.2.4.A.3 of the *Multifamily Accelerated Processing (MAP) Guide*, as amended by Mortgage Letter 2024-05 (*Wind or Named Storm Insurance Coverage – Maximum Insurance Deductibles*), to owners of FHA-insured projects.

Background

On April 17, 2024, the Assistant Secretary for Housing – Federal Housing Commissioner published Mortgage Letter 2024-05, which amends Section 3.9.2.4.A.3 of the *MAP Guide* to establish a process by which a lender may request a waiver of the maximum deductible for wind and named-storm insurance coverage. The Mortgage Letter applies solely to “new mortgage insurance transactions that have not yet achieved final endorsement.”

The Office of Asset Management and Portfolio Oversight (OAMPO) has heard from owners of FHA-insured projects that the maximum deductible has made it infeasible in some cases for owners to retain or obtain adequate coverage at costs that projects can support. In response to this set of circumstances, OAMPO is extending Section 3.9.2.4.A.3, as amended, to owners of FHA-insured projects.

Waiver Process

An owner seeking a waiver of the maximum deductible must submit a request to the Regional Director for the Multifamily region in which the project is located. In order to be considered, the request must include the following:

1. Documentation of the owner’s unsuccessful attempt(s) to obtain insurance coverage with a deductible that does not exceed the maximum permitted amount.
2. Evidence that the owner is able to obtain insurance coverage with a deductible that exceeds the maximum permitted amount but that otherwise meets FHA requirements, at a cost that the project can support.
3. A letter from the lender consenting to the waiver request and the specific policy that the owner will purchase subject to HUD approval of the request.

The Regional Director will forward any request for a deductible that exceeds \$1,000,000 to Headquarters for review and consideration.