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April 26, 2023

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New Decision Circuit

The Office of Residential Care Facilities (ORCF) has been testing a new version of the Decision Circuit (DC), a tool used in appraisal review and underwriting. This version is essentially a data transfer device. The fundamental difference between the new and former DC is that instead of entering the data in the various worksheets, all the data will be put into one of two worksheets, “Appraisal Inputs” and “Lender Inputs”. The skeleton of the inputs is protected so the form can’t change significantly and the location of entries can’t move. We’ve included the traditional charts and tables used in Lender Narratives.

To facilitate faster reviews, lenders typically fill the DC out for us as part of their application package. This is not a requirement as the DC is not a published form. Because data can easily be transferred, lenders can use it with any suite of worksheets desired. The new DC can be found online [here](https://www.hud.gov/sites/dfiles/Housing/documents/Decision%2520Circuit%25202.0.xlsx). ORCF welcomes comments.

***Keywords:*** Decision Circuit, Appraisal Review

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Proposed Rule: Floodplain Management and Protection of Wetlands – 24 CFR Part 55

On March 24, 2023, HUD announced the publication of the Notice of Proposed Rulemaking (NPRM) for the proposed rule *Floodplain Management and Protection of Wetlands; Minimum Property Standards for Flood Hazard Exposure; Building to the Federal Flood Risk Management Standard*, and the associated opening of the public comment period through May 23, 2023. With this NPRM, HUD takes a major step in addressing future flood risk and ensuring the safety of HUD-assisted residents and federal investments.

The proposed rule implements the Federal Flood Risk Management Standard (FFRMS). The FFRMS addresses requirements of Executive Order (E.O.) 13690, *Establishing a Federal Flood Risk Management Standard and a Process for Further Soliciting and Considering Stakeholder Input.*

HUD’s proposed rule affects projects receiving HUD assistance, financing, or mortgage insurance. The FFRMS floodplain expands the 1-percent-annual-chance (100-year) floodplain both vertically (based on projections of increased flood height) and horizontally (to reflect the vertical increase depending on the topography of a site). The proposed rule establishes that, when possible, a Climate Informed Science Approach (CISA) should be used to determine the FFRMS floodplain, utilizing the best-available, actionable hydrologic and hydraulic data. Where this data is unavailable, the rule provides for alternate approaches to determine the FFRMS floodplain based on the best available data/information. HUD also anticipates that over time, additional data will increase the capability of a CISA application nationwide.

The proposed rule requires that newly constructed or substantially improved structures within the FFRMS floodplain be elevated or, for certain non-critical actions, floodproofed to the FFRMS floodplain elevation. This proposed rule expands the applicability of the longstanding 8-step process to areas based on both current and anticipated future flood risk.

Interested parties are encouraged to submit any comments they have on the proposed rule. More information about the proposed rule, as well as answers to frequently asked questions, can be found on the proposed rules webpage found [here](https://www.hud.gov/program_offices/comm_planning/environment_energy/ffrms). Information on how and where to submit comments can be found in the Federal Register notice announcing the draft policy and comment period at this [link](https://www.federalregister.gov/documents/2023/03/24/2023-05699/floodplain-management-and-protection-of-wetlands-minimum-property-standards-for-flood-hazard).

Additionally, HUD will be hosting live listening sessions where interested members of the public and stakeholder groups may provide comments on May 2nd and May 15th. Each session will be hosted from 3:00-4:30 PM EST. Registration information for the sessions can be found at the links below. All content presented across all sessions will remain the same; however, to maximize attendance we encourage your participation at the appropriate session. The purpose of the listening sessions is to seek individual opinions of the participants, and not a request for participants to come to a consensus.

* [**FFRMS Listening Session 2 – Federally Recognized Tribes, Native Hawaiian Organizations, and Alaskan Native Attendees- Registration Link (May 2, 2023)**](https://www.zoomgov.com/meeting/register/vJIsf-usrzMpEhhraDxvaPX00RBGu8BcPZg)
* [**FFRMS Listening Session 3 – Open Public Forum - Registration Link (May 15, 2023)**](https://www.zoomgov.com/meeting/register/vJItdeCgqz4vHw23XrxxzFJvpgcQxIpERSc)

***Keywords:***Floodplain, Flood, Wetlands, FFRMS

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Cash Flow Stress Test No Longer Required

The Cash Flow Stress Test has been a very useful tool during the COVID Pandemic. However, in light of the fact that COVID-19 National Emergency is expiring on May 11, 2023, ORCF has determined that the stress test with monthly financial metrics will no longer be required. We do, however, continue to expect the lender to include the Lender Narrative Appendix, which requires the lender to address a number of COVID-related impacts, including potential staffing impacts.

***Keywords:*** Cash Flow Stress Test

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| Past Lean 232 Updates are [available online](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDEsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDQuMzI3OTIyMzEiLCJ1cmwiOiJodHRwczovL3d3dy5odWQuZ292L2ZlZGVyYWxfaG91c2luZ19hZG1pbmlzdHJhdGlvbi9oZWFsdGhjYXJlX2ZhY2lsaXRpZXMvcmVzaWRlbnRpYWxfY2FyZS9tYWlsX2JsYXN0X2luZGV4P3V0bV9tZWRpdW09ZW1haWwmdXRtX3NvdXJjZT1nb3ZkZWxpdmVyeSJ9.wD_kyOelsVj0O18oGZ6vB1qZQYtIH2lojk5kd633DYc/s/1356292409/br/92636915983-l).  Have questions about the Lean 232 Program? Please contact [LeanThinking@hud.gov](mailto:LeanThinking@hud.gov).  For more information on the Lean 232 Program, check out: [http://www.hud.gov/healthcare](https://lnks.gd/l/eyJhbGciOiJIUzI1NiJ9.eyJidWxsZXRpbl9saW5rX2lkIjoxMDIsInVyaSI6ImJwMjpjbGljayIsImJ1bGxldGluX2lkIjoiMjAyMTAxMDQuMzI3OTIyMzEiLCJ1cmwiOiJodHRwOi8vd3d3Lmh1ZC5nb3YvaGVhbHRoY2FyZT91dG1fbWVkaXVtPWVtYWlsJnV0bV9zb3VyY2U9Z292ZGVsaXZlcnkifQ.1u0SLtDtXsU62834yVCK0A042fLMrX4ZfmVsijRPzQI/s/1356292409/br/92636915983-l).    Stay Connected with the Office of Housing and the Federal Housing Administration: |
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