

Refinancing of Properties with Existing FHA-Insured

Eligible Properties

Multifamily and healthcare properties that currently have FHA-insured loans.

Recourse

Non-recourse.

Interest Rate

Fixed for term of loan, determined by market conditions at time of rate lock. Rate lock deposit is 0.5%, refunded at closing.

Loan Parameters

Maximum loan amount will be the least of the original principal balance when first insured or parameters below; no equity takeout is permitted under Section 223(a)(7).

| Property Type | Minimum Debt Service Coverage | Maximum Loan to Refinance Cost ² | Cash-out |
|-------------------------|-------------------------------|---|---------------|
| Subsidized ¹ | 1.05x | 100% | Not Permitted |
| All other | 1.11x | 100% | Not Permitted |

¹ For Multifamily at least 90% of the units covered by a project-based Section 8 contract.

² Refinance cost includes satisfaction of existing debt (including penalties), repairs up to \$1,500 per unit, an initial deposit to capital needs reserve, due diligence and closing costs.

Repair Limitations

- Multifamily: Up to \$1,500 per unit plus required accessibility repairs.
- Healthcare: Up to 15% of as-completed value.

Term and Amortization

Up to 12 years extension of the original FHA insured loan maturity is permitted, not to exceed the maximum term for the existing loan program.

Prepayment and Assumption

Negotiable, with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable subject to HUD approval.

Refinancing of Properties with Existing FHA-Insured Debt

Escrows

- a) Taxes, insurance and mortgage insurance premium are escrowed monthly.
- b) Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis (minimum \$250/unit/year).

Mortgage Insurance Premium

- Multifamily: 0.5% due to HUD at closing and 0.5% annually thereafter (0.25%-0.35% for affordable and subsidized properties, 0.25% for properties with Green certification from a list of accepted Green standards).
- Healthcare: 0.5% due to HUD at closing and 0.55% annually thereafter.

HUD Application Fee

0.15% of estimated loan amount due with submission of application.

Third Party Reports

A capital needs assessment (CNA) will be required if more than 5 years have passed since construction or the last CNA.

Timing

Typical application is submitted within 30 days of engagement, followed by 45-60 days to issuance of HUD's commitment and 30 days to closing.