

Refinancing of Properties with Existing FHA-Insured Debt

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 |

¹For Multifamily: at least 90% of the units covered by a project-based Section 8 contract for at least 15 years after a new loan closes.

²Refinance cost includes satisfaction of existing debt (including penalties), repairs, 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, limited in scope to repair or replacement of existing property components.
- 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 original 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.

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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 Building certification from a list of accepted 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 for all healthcare properties, and for multifamily properties if more than three 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.