



## FHA<sup>®</sup> 223(a)(7): REFINANCE OF EXISTING HUD-INSURED LOAN

Arbor provides streamlined refinancing of existing FHA-insured loans nationwide. Refinance costs, such as prepayment, are included.

<b>LOAN TERM AND AMORTIZATION</b>	Remaining term of the existing HUD loan plus up to 12 years (subject to HUD approval); term cannot exceed the original term of the existing loan; loan is fully self-amortizing
<b>LOAN AMOUNT</b>	No cash-out; new loan amount is the lowest of: <ol style="list-style-type: none"> <li>1. Original principal balance of existing loan</li> <li>2. 100% of the costs to refinance (current principal balance plus transaction costs, repairs and deposits to replacement reserves)</li> <li>3. Minimum debt service coverage of 1.11 (1.05 for Section 8 contracts on at least 90% of units)</li> </ol>
<b>INTEREST RATE</b>	Fixed rate subject to market conditions at time of rate lock
<b>ELIGIBLE PROPERTIES</b>	Multifamily projects or healthcare facilities currently insured under Sections 220, 221(d), 223(f), 232, 241 and 242
<b>ELIGIBLE BORROWER</b>	Single asset entity (for profit or nonprofit)
<b>CASH-OUT</b>	Not allowed
<b>TAX AND INSURANCE ESCROWS</b>	Monthly deposits to the escrows are required for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums
<b>RECOURSE</b>	Nonrecourse, subject to HUD Regulatory Agreement
<b>REQUIRED REPORTS</b>	New Property Condition Needs Assessment (PCNA) required if last report is over two years old
<b>PREPAYMENT</b>	Typically 10% year 1, declining 1% per year; other prepayment options available subject to market conditions
<b>ASSUMABLE</b>	Subject to Arbor and HUD approval and payment of assumption fee
<b>GOOD FAITH DEPOSIT</b>	Negotiable based on loan size
<b>EXPENSE ESCROW</b>	Yes – sufficient to cover Arbor’s expenses and third-party report costs
<b>ORIGINATION FEE</b>	Negotiable
<b>HUD APPLICATION FEE</b>	0.15% of the new loan amount paid to HUD with Firm Commitment Application
<b>HUD INSPECTION FEE</b>	Not applicable
<b>LEGAL/CLOSING FEE</b>	Borrower pays Arbor’s counsel fee and miscellaneous closing costs



## REPAIRS

Repairs approved by HUD can be funded by mortgage proceeds with 10% completion assurance escrow; repairs are limited to \$1,500 per unit

## DAVIS BACON

Not applicable to this program

## HUD MORTGAGE INSURANCE PREMIUM (MIP)

HUD sets the cost of the FHA Insurance

- Market rate properties: 0.50% upfront, 0.50% annually
- Affordable properties: 0.35% upfront, 0.35% annually
- Broadly affordable or energy efficient properties: 0.25% upfront, 0.25% annually