



## FHA® 223(f): Refinance of HUD Section 202 Properties

Arbor provides FHA-insured, long-term, fixed-rate financing for refinance or moderate renovation of existing Section 202 projects nationwide. Arbor uses the single-stage Multifamily Accelerated Processing (MAP) Program to expedite underwriting and approval.

<b>Loan Term &amp; Amortization</b>	Up to 35 years (Fully Amortizing).
<b>Minimum DSCR</b>	1.11x
<b>Maximum Loan to Value/ Purchase Price</b>	Up to 90%.
<b>Fixed Rate</b>	Yes
<b>Eligible Properties</b>	Existing Section 202 projects.
<b>Eligible Borrower</b>	Single Asset Entity (for profit or non-profit).
<b>Developer Fee</b>	Up to 15% of the acceptable development cost.
<b>Tax and Insurance Escrows</b>	Monthly deposits required.
<b>Recourse</b>	Non-recourse, subject to HUD Regulatory Agreement.
<b>Commercial Space</b>	Maximum 25% of net rentable area and maximum 20% of effective gross income. 10% vacancy applied
<b>Required Reports</b>	Appraisal, Project Capital Needs Assessment (PCNA) & Phase I Environmental.
<b>Prepayment</b>	Negotiable. Generally two-year lockout with a 10% to 1% declining pre-payment penalty. Other pre-payment options are available.
<b>Assumable</b>	Subject to Arbor and HUD approval and payment of assumption fee.
<b>Good Faith Deposit</b>	Based on project type and 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>	Non-refundable fee of \$3 per \$1,000 (0.3%) of the mortgage amount due to HUD upon application submission.
<b>HUD Inspection Fee</b>	\$30 per unit when repairs are less than \$3,000 per unit. If above \$3,000 per unit, 1% of the total cost of the repairs.
<b>Legal/Closing Fee</b>	Borrower pays Arbor’s Counsel Fee and miscellaneous closing costs.
<b>Rehabilitation Qualifications</b>	Repairs cannot exceed \$15,000 per unit (adjusted for local high-cost factor), Repairs/replacements are also limited to one major building component.
<b>Davis Bacon</b>	Not applicable to this program.
<b>HUD Mortgage Insurance Premium (MIP)</b>	HUD sets the cost of the FHA Insurance. The initial MIP is due to HUD at closing, and the MIP is escrowed monthly thereafter.



## **Prepayment of Section 202 Loan**

HUD's Housing Notice 2013-17 provides guidance for the prepayment approval process.

## **HUD Mortgage Insurance Premium**

HUD sets the cost of the FHA Insurance. The initial MIP is 1% of the loan amount due to HUD at closing. Annual MIP rates:

- Market Rate Properties: 0.60%
- Affordable Properties: 0.35%
- Broadly Affordable or Energy Efficient Properties: 0.25%