



## FHA<sup>®</sup> 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 AND AMORTIZATION</b>	Up to 35 years (fully amortizing)
<b>MINIMUM DSCR</b>	1.11x
<b>MAXIMUM LTV/ 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 nonprofit)
<b>DEVELOPER FEE</b>	Up to 15% of the acceptable development cost
<b>TAX AND INSURANCE ESCROWS</b>	Monthly deposits required
<b>RECOURSE</b>	Nonrecourse, 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 prepayment penalty; other prepayment options 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>	Nonrefundable 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



**REHABILITATION QUALIFICATIONS**

Repairs cannot exceed \$15,000 per unit (adjusted for local high-cost factor); repairs/replacements are also limited to one major building component

**DAVIS BACON**

Not applicable to this program

**HUD MORTGAGE INSURANCE PREMIUM (MIP)**

HUD sets the cost of the FHA insurance; 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; 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%