

Refinance of Existing HUD-Insured Loan

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

Loan Term and Amortization	Remaining term of the existing HUD loan plus up to 12 years (subject to HUD approval); term cannot exceed the lesser of original term of the existing loan or 75% of the remaining useful life of the project; loan is fully self-amortizing.
Loan Amount	No cash-out; new loan amount is the lowest of: <ol style="list-style-type: none"> 1. Original principal balance of existing loan; 2. 100% of the costs to refinance (current principal balance plus transaction costs, repairs, and deposits to replacement reserves); or 3. Minimum debt service coverage of 1.11x (1.05x for Section 8 contracts on at least 90% of units).
Interest Rate	Fixed rate subject to market conditions at time of rate lock
Eligible Properties	Multifamily projects or healthcare facilities currently insured under Sections 220, 221(d), 223(f), 232, 241, and 242
Ineligible Properties	<ul style="list-style-type: none"> • Risk Share Mortgages • Co-insured Mortgages • Section 202 Loans and other HUD-held mortgages (other than those subject to debt restructuring under MAHRA)
Eligible Borrower	Single asset entity (for-profit or non-profit)
Cash-Out	Not allowed
Escrows	Monthly deposits to the escrows are required for property insurance, real estate taxes, reserves for replacement (minimum \$250 / unit / year), and mortgage insurance premiums
Recourse	Non-recourse
Required Reports	New Property Condition Needs Assessment (PCNA) required if last report is over three years old; HUD Environmental Assessment (HEROS) report
Prepayment	Typically 10% year 1, declining 1% per year; other prepayment options available subject to market conditions
Assumable	Subject to Arbor and HUD approval and payment of assumption fee
Good Faith Deposit	Negotiable based on loan size
Expense Escrow	Yes, sufficient to cover Arbor's expenses and third-party report costs
Origination Fee	Negotiable
HUD Application Fee	0.15% of the new loan amount paid to HUD with Firm Commitment Application
HUD Inspection Fee	Not applicable
Legal/Closing Fee	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: 0.25% upfront and 0.25% annually