

## FHA<sup>®</sup> 241(a)

# Supplemental Loan for Repairs, Additions, or Improvements to HUD First Mortgage Properties

HUD-Insured second mortgage provided by Arbor to finance repairs, additions, and improvements to multifamily properties and healthcare facilities with an existing HUD-insured first mortgage.

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|---|---|
| <b>Loan Term</b>                            | Generally co-terminus with the HUD first mortgage   |
| <b>Amortization</b>                         | Fully amortizing  |
| <b>Maximum Loan Amount</b>                  | Will be the lesser of: <ul style="list-style-type: none"><li>• 90% loan to cost;</li><li>• 90% loan to value; or</li><li>• 1.11 debt service coverage ratio (combined first and second)</li></ul> If combination of existing first mortgage and the new supplemental loan exceeds the large loan threshold, then large loan parameters would apply. |
| <b>Rates</b>                                | Fixed rate  |
| <b>Eligible Properties</b>                  | Apartment properties and healthcare facilities with an existing HUD-insured first mortgage  |
| <b>Eligible Borrower</b>                    | The same single-asset entity as the existing HUD-insured first mortgage (non-profit entities eligible)  |
| <b>Recourse</b>                             | Non-recourse, subject to HUD Regulatory Agreement   |
| <b>Prepayment</b>                           | Typically, 10% year one, 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>HUD Mortgage Insurance Premium (MIP)</b> | MIP rate: 0.25% upfront and 0.25% annually  |
| <b>Davis-Bacon</b>                          | Not applicable, unless the original underlying HUD-insured first mortgage was subject to Davis-Bacon  |