

Apartments - Refinance Existing FHA Insured Projects **Section 223(a)(7)**

DESCRIPTION

First Housing Development Corporation provides competitive financing for the refinance of an existing FHA insured multifamily or healthcare project and it is possible to finance 100% of all transaction costs.

BENEFITS / FEATURES

- Ability to extend loan term of existing mortgage plus 12 years, not to exceed original term.
- Straight interest reduction refinance on existing HUD-insured projects.

ELIGIBILITY

- Must be an existing multifamily or healthcare project with an FHA insured mortgage.
- No rehabilitation permitted but repairs up to \$1,500 per unit allowed.
- Initial capital replacement reserve escrow must be established with monthly payments into an escrow.

LOAN STRUCTURE

LOAN AMOUNT:	Lessor of: (i) Original principal balance; (ii) amount supported by 90% of NOI (95% for projects with greater than 90% Project-Based Rental Assistance); (iii) outstanding mortgage plus closing costs and repairs.
DEBT SERVICE COVERAGE:	1.11 or 1.05
AMORTIZATION:	Remaining term of existing mortgage plus 12 years, not to exceed original term.
RECOURSE:	Loan is nonrecourse.
RATES:	Fixed rate determined by market rates at the time of rate lock.
MIP:	The first year's Mortgage Insurance Premium is payable in advance of closing based on a rate established by FHA. Thereafter, the MIP is escrowed monthly.

OPTIONAL FEATURES

PREPAYMENT:	Any prepayment lock-out or penalty periods negotiable with Investor.
ASSUMABILITY:	Fully assumable with HUD's and Lender's consent.

REQUIREMENTS

- Single-asset Borrower entity.
- Survey and appraisal requirements vary by office. Typical transaction does not require an appraisal.
- HUD Application Fee
 - An application fee of 0.3% of the mortgage amount is payable to FHA at the time of application. At the time of closing, FHA can refund half of the application fee.
- Paid at Closing
 - Financing and Placement fees are negotiable. Additional costs vary and include legal, third party reports and other underwriting costs.
 - Mortgage Insurance Premium for the 1st year payable to HUD.
 - 100% of the cost of repairs (mortgage proceeds) must be set aside in an escrow account plus a 10% Letter of Credit or Cash for Assurance of Completion of Repairs.
- Latent Defect Guarantee of 2.5% of repair costs is due at completion of repairs.
- Initial Deposit to the Replacement Reserve can be included in the mortgage; monthly deposits required.
- Annual Fees
 - Mortgage Insurance Premium
 - 0.25% to 0.50% Annual GNMA Guarantee/Servicing Fees (included in the interest rate quote)

This is a summary of general program terms, which are subject to change. This is not a commitment to lend.