

FHA/HUD 202/223(f): REFINANCE, ACQUISITION, OR MODERATE REHABILITATION OF SECTION 202 DIRECT LOAN



GENERAL TERMS

Eligible Properties	Housing properties with existing Section 202 Direct Loans
Eligible Borrowers	Single-asset, special purpose entity (for profit or not-for-profit)
Amortization	Fixed rate, fully amortizing
Term	Maximum of 35 years or 75% of the remaining economic life of the property
Maximum Loan Amount	For loans less than \$75 million, the lesser of: <ol style="list-style-type: none">1. 90% of value;2. Statutory per unit limits; or3. 1.11x debt service coverage.
Prepayment Options	Negotiable with the best pricing for 10 years of call protection (can be a combination of lockout and/or penalty)
Assumability	Yes, subject to FHA/HUD approval
Personal Liability	Non-recourse loan subject to carve-outs for fraud and misrepresentation

ADDITIONAL PARAMETERS

Secondary Financing	Allowable up to 92.5% of value, subject to FHA/HUD criteria
Repair Limitations	Up to \$16,993 per dwelling unit adjusted by the applicable High-Cost Factor All critical repairs must be completed prior to closing. All non-critical repairs must be completed within 12 months of closing
Developer's Fee	Up to 15% of the HUD-eligible development cost
Commercial Space	Limited to 25% of total net rentable area and 20% of effective gross project income
Equity Cash-Out	Allowable at a maximum loan amount of 80% loan-to-value
Third Party Reports	Appraisal, Phase I ESA, and Project Capital Needs Assessment (PCNA)
Escrows	Property taxes, insurance, HUD mortgage insurance premium and replacement reserves
HUD Application Fee	0.30% of the mortgage amount
HUD MIP	The initial mortgage insurance premium is 0.25% of the mortgage amount for subsidized properties. Thereafter, 0.25% annually, payable in monthly installments
Meal Service Exceptions	HUD may approve refinancing transactions for properties with meal services under certain conditions
HUD Inspection Fee	Equal to: <ul style="list-style-type: none">• \$30 per bed if repairs are less than or equal to \$3,000 per bed• 1% of the cost of repairs, if repairs exceed \$3,000 per bed