



OVERVIEW OF THE PROGRAM:

Streamlined FHA program designed to allow borrowers in existing FHA insured loans to lower the interest rate, extend the term, fund project repairs and increase the replacement reserve. For-profit and not-for-profit borrowers may apply for FHA mortgage insurance under this program.

MAXIMUM LOAN

Lesser of:

- Original principal amount of existing insured mortgage;
- DSC of 1.11x (1.05x for non-profit borrowers);
- 100% of eligible transaction costs, including existing indebtedness, repairs, fees, third party costs and initial reserve deposit.

MAXIMUM TERM

HUD may approve a term of up to 12 years beyond the remaining term of the existing mortgage, but not exceed the original term. Term extension request must be supported by condition of property, replacement reserve balance and/or debt coverage ratio.

PERSONAL LIABILITY

FHA loan is non-recourse.

ASSUMABILITY

Yes, subject to FHA approval.

FEES AND EXPENSES

Borrower is responsible for the payment of the HUD application fee at submission. One half of the application fee is refunded after closing. Most other transaction costs are eligible for inclusion in the mortgage.

MORTGAGE INSURANCE PREMIUM

Annual Mortgage Insurance Premium (MIP) has historically been 0.50% of the outstanding loan amount.

QUALIFIED PROPERTIES

Properties with existing FHA insured loans are eligible.

OTHER FHA REQUIREMENTS

- Replacement reserve balance must be transferred in full at closing.
- The streamline nature of the underwriting does not require a new appraisal, market study, or environmental assessment; however, a new PCNA is required as part of the application if:
 - A term extension is being requested;
 - 10 years or more have passed since last HUD reviewed PCNA;
 - Medicare/Medicaid fire sprinkler requirements are not currently met.
- Funds to cover minor repairs, improvements and costs of the transaction can be included in the loan amount; Davis-Bacon prevailing wage requirements do not apply to any repairs.
- Outstanding debt incurred in connection with capital improvements already made to the property may also be included in the loan amount, subject to HUD approval.
- A PCNA is required every 10 years.