

INTEREST RATE REDUCTION

LOAN MODIFICATIONS FOR HUD-INSURED PROPERTIES

PROGRAM OVERVIEW

This program permits the modification of an existing loan only for the purpose of reducing the interest rate. The existing prepayment penalty must be paid in full

QUALIFIED PROPERTIES Properties with existing FHA insured loans are eligible. Must be out of lock-out before the request is submitted

LOAN AMOUNT No increase in loan proceeds available; however, a minimum DSC of 1.11x is required based on T-12 operating financials and the new interest rate

MAXIMUM TERM No term extension available

FEES AND EXPENSES Minimal fees and expenses. No financing fees. Prepayment penalties, lender legal fees and title/recording can all be paid through premium generated by the interest rate. Borrower legal, if any, must be paid out of pocket at closing

TIMING

- 30 - 45 days
- No underwriting required
- HUD asset management approval required

OTHER FHA REQUIREMENTS

- Replacement reserve escrow remains in place
- No third party reports required
- MIP remains at existing level