



ARMSTRONG MORTGAGE COMPANY

SERVING THE REAL ESTATE INDUSTRY FOR OVER 40 YEARS

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FHA MORTGAGE INSURANCE PROGRAMS Section 223(a)(7) Refinance for FHA Insured Projects

Armstrong Mortgage Company is an FHA-approved Mortgagee and MAP/LEAN lender and actively provides financing utilizing FHA insurance programs pursuant to Multifamily Accelerated Processing (MAP) and LEAN underwriting methods.

Program Purpose:	Provides for refinancing of current FHA insured properties by reducing debt service costs and generating proceeds for needed repairs with minimal processing and underwriting.
Eligible Borrowers:	Properties with existing FHA insured loans.
Maximum Term:	The term of the new loan may not exceed the remaining term of the existing mortgage, however, HUD may approve a term of up to 12 years beyond the remaining term if it is determined that the longer term is beneficial to maintain the economic viability of the property.
Maximum Loan:	The lesser of: <ol style="list-style-type: none">1. The original principal amount of the existing insured loan.2. The outstanding principal balance of the existing insured loan plus the cost of required repairs, improvements, outstanding debt incurred in connection with capital improvements (as approved by HUD), prepayment penalties, and loan closing costs.
Personal Liability:	None. The FHA loan is non-recourse.
Interest Rate:	Subject to market conditions.
Assumable:	Yes, subject to HUD and Lender approval. Assumption fee of .05% of original loan amount applies.
Mortgage Insurance Premium:	The annual MIP is .50% of the outstanding loan amount for apartments (.45% for LIHTC deals).
Prepayment:	Locked for 2 years then open to prepayment at 108% in year 3, declining 1% per year. Other variations are possible based on market conditions and borrower preferences.
Funding:	Qualifies for Ginnie Mae insured mortgage-backed securities, direct placement or may be used to credit-enhance tax-exempt bonds.
FHA Application Fees:	0.30% of the loan amount (non-refundable). After endorsement of new mortgage note, HUD will approve a request for a refund of one-half of the application fee.
FHA Inspection Fees:	The greater of: \$30 per unit, or 1% of the cost of repairs.
Timing:	Section 223(a)(7) processing usually takes about 4-5 months.

The program has the following additional parameters:

- a. Funds to cover minor repairs and costs of the transaction can be included in the loan amount.
- b. Davis-Bacon prevailing wage requirements do not apply.
- c. Loans insured under this program assume qualities of underlying mortgage insurance program.
- d. A new appraisal, market study or environmental assessment is not required.
- e. A Project Capital Needs Assessment will be required every 10 years and if a term extension is requested.

For further information please contact:

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