



FHA Section 241(a)

Mortgage Insurance for Multifamily Projects Supplemental Loan Program of Existing FHA Insured or HUD-Held Mortgages

The Section 241(a) Program insures mortgage loans to finance repairs, additions, and improvements to multifamily rental housing with FHA insured first mortgages or HUD-held mortgages. The program is intended to keep the project competitive, extend its economic life, and to finance the replacement of obsolete equipment. 241(a) may be used to finance additions and improvements of properties already subject to HUD/FHA insured mortgages. Projects may also obtain FHA insurance on loans to preserve, expand, or improve housing opportunities, to provide fire and safety equipment, or to finance energy conservation improvements to conventionally financed projects.

Eligible Borrowers:	Single Asset Entity with existing FHA Insured Mortgages
Loan Term:	Coterminous with the existing loan
Loan Amount:	Amount limited to lesser of: (1) 90% of the value of improvements, additions, and equipment or; (2) Sec 207 per unit limits, HUD-adjusted locally or; (3) 90% of net income (1.11 DSR).
Interest Rate:	Fixed interest rate, subject to market conditions
Funding:	Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.
Timing:	HUD's processing involves a two-step application progression: pre-application and firm application.
Recourse:	FHA is non-recourse as to the mortgagor entity, but certain parties may be personally liable for losses arising from certain inappropriate acts and malfeasance.
Fees:	FHA application fee, inspection fee, lenders fee and mortgage insurance premiums will be collected. Various third party reports are required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.
Other:	<ul style="list-style-type: none">• Compliance with Davis Bacon wage rates is consistent with original FHA loan program requirements. For multifamily projects, a pre-application conference is required with the local HUD Multifamily Hub or Program Center to confirm the feasibility of proposed improvements before submitting a pre-application.• Client pays for all third party reports which include a market study, full appraisal, engineering report, architectural report, a seismic report, if applicable, and environmental studies, as well as, legal and organizational costs.

This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this financing opportunity, please contact your MH Finance representative at info@MHFinanceLLC.com, or call (267) 629-6700.