



# Multifamily

## HUD Interest Rate Reduction

### Summary

HUD's Interest Rate Reduction (IRR) program provides for expedited, streamlined, refinancing of existing properties insured under Sections 221(d)(4), 223(f), 220, 231, 241(a), and 223(a)(7) of the National Housing Act strictly to reduce the existing interest rate to current market levels. The IRR is HUD's simplest refinance program, with the sole goal of reducing the interest rate while the remaining loan terms remain unchanged.

### Program Terms and Parameters

<b>Eligibility</b>	Any property that currently has a HUD-insured loan
<b>New Loan Amount</b>	Remaining principal balance of the existing HUD-insured loan at closing
<b>New Interest Rate</b>	Fixed for full remaining term of the loan
<b>Amortization Period and Loan Term</b>	Unchanged from existing HUD-insured loan
<b>DSCR Requirement</b>	Minimum 1.05x debt-service-coverage ratio
<b>Mortgage Insurance Premium (MIP)</b>	Unchanged from existing HUD-insured loan
<b>Assumable</b>	Fully assumable
<b>New Prepayment</b>	Customizable 10-year step down (typically 10% in first year, then 9%, 8%, etc.)
<b>Existing Prepayment</b>	Existing prepayment penalties may be paid from loan sale premium (derived from an above-market interest rate)
<b>HUD Fees</b>	None
<b>Third-party Reports</b>	Not required unless most recent Capital Needs Assessment (CNA) is more than 10 years old
<b>Closing Timeline</b>	Rate lock 15-45 days after engagement followed by 15-30 days to closing

