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Warning: Any person who knowingly presents a false, fictitious, or fraudulent statement or claim in a matter within the jurisdiction of the U.S. Department of Housing and Urban Development is subject to criminal penalties, civil liability, and administrative sanctions.

Interest Rate Reduction (IRR) Executive Summary

Borrower Name:
Project Address:
FHA Number:
Lender Name:

Original Loan Closing Date: <i>(final endorsement or initial/final endorsement)</i>		Expected Date of Interest Rate Reducton (IRR) Closing:	
Original Loan Amount <i>(if previously modified, use numbers from the most recent modification)</i>	\$	Current Unpaid Principal Balance:	\$
Estimated Unpaid Principal Balance at Closing of IRR:		Proposed Modified Loan Amount	\$
Maturity Date of Existing Loan		Maturity Date of Modified Loan:	
Current Interest Rate:	%	Proposed Interest Rate:	%
Current Monthly P&I	\$	Proposed Monthly P&I	\$
Current Monthly MIP	\$	Proposed Monthly MIP	\$
Current MIP Rate:	%	Proposed MIP Rate	%
Current Monthly Payment including MIP:	\$	Proposed Monthly Payment including MIP:	\$
Current Net Income:		Resulting Net Income:	
Current DSC:		Proposed DSC:	
Lockout End Date (enter N/A or date):			
Prepayment Penalty (enter N/A or amount):			
		Hospital Cost-Based (Y/N)*	
		Total Annual Savings:	
		Total Savings (Over Life of the Loan):	
		Total Net Present Value (NPV) Savings Over Life of the Loan:	

If Hospital is cost-based reimbursement, all responses should be calculated utilizing a cost-based reimbursement model.

The executive summary should compare the current loan terms to the proposed loan terms after the modification.

Key Requirements for Interest Rate Reductions

- A. There must be no extension in the term of the insured mortgage.
- B. There must be no increase in the unpaid principal balance of the loan, and the refinancing amount must not exceed the current loan’s UPB at closing.
- C. The IRR must reduce the monthly payment of the loan.
- D. Closing fees must be paid by the Borrower and not increase the unpaid principal balance of the loan.
- E. The Borrower must not receive any cash proceeds from the interest rate reduction.
- F. The loan must have been finally endorsed.
- G. All required principals must have completed the Previous Participation (HUD form 2530) process, or complete documentation has been submitted to clear those principals
- H. The loan must not currently be in lockout, or will not be in lockout when the IRR closes.

Are each of these Requirements met by the proposed Interest Rate Reduction? Yes No

If one or more of the Key Requirements are not met, please describe how the the issue will be addressed. This may be descried in the Cover Letter (see Required Attachments below).

Sources & Uses

<<Provide a statement of **Sources and Uses** estimating the costs for the loan modification. Include all costs and sources of funds. Use the format provided; you may add or delete rows and change categories as needed.>>

SOURCES:	Modified HUD Insured Loan	\$
	Borrower Cash Contribution	\$
	Interest Rate Premium	\$
	Other: <<Describe>>	\$
	Other: <<Describe>>	\$
	TOTAL	\$
USES:	UPB of Loan Being Modified	\$
	Prepayment Penalty	\$
	GNMA Fee	\$
	Title & Recording	\$
	Borrower Legal	\$
	Lender Fees (Provide detail in “Other”)	\$
	Other: <<Describe>>	\$
	Other: <<Describe>>	\$
	TOTAL	\$

Required Attachments

Cover Letter acknowledging each of the Key Requirements are met.

- Letter from Mortgagor authorizing Mortgagee to submit request on behalf of the Borrower.
- Existing and proposed amortization tables.
- Monthly Gross and NPV Savings Analysis (summary and detail).
- GNMA Letter (if to-be-modified loan is GNMA loan).
- Electronic copy of the application

Signatures

Lender hereby certifies that the statements and representations of fact contained in this instrument and all documents submitted and executed by lender in connection with this transaction are, to the best of lender's knowledge, true, accurate, and complete. Lender further acknowledges that any material changes to this transaction subsequent to the submission date may void this transaction in its entirety. This instrument has been made, presented, and delivered for the purpose of influencing an official action of HUD and may be relied upon by HUD as a true statement of the facts contained therein.

Executed this _____ day of _____, _____.

Lender Name: _____

By

Signature

(Printed Name & Title of Authorized Representative)