



January 15, 2014

SPRAC Section 202 Prepayment Deadline Extension

HUD is officially extending the Section 202 prepayment application deadline for Section 202 property owners in receipt of a SPRAC Notification to Proceed letter. This extension supersedes the 60-day prepayment application deadline originally published in the [SPRAC Final Notice](#). Each selected Owner-Applicant must submit a complete Section 202 prepayment request to the [Multifamily Office of Affordable Housing Preservation \(OAHP\)](#) at HUD Headquarters in Washington, DC, on or before **COB (5:00 pm EST) on Friday, April 18**. Exceptions to this deadline that HUD will consider are described under the SPRAC Final Notice, including pending LIHTC applications and FHA mortgage financing. HUD will also consider other requests to extend the prepayment deadline beyond April 18 on a case-by-case basis. The Owner-Applicant's prepayment application must be prepared and submitted according to the criteria specified under [Housing Notice 2013-17](#) and the SPRAC Final Notice, respectively.

In addition to extending the SPRAC 202 prepayment application deadline, HUD announces that Owner-Applicants whose prepayment applications are approved by HUD must successfully close on the proposed refinancing and prepay the project's current 202 direct loan on or before **COB (5:00 pm EST), Friday, August 15, 2014**. This deadline also remains subject to certain possible exceptions as described further under the Final Notice, including pending LIHTC applications and FHA mortgage financing. HUD will also consider other requests to extend the August 15 deadline on a case-by-case basis; however HUD must also ensure that program funds are committed and expended in a timely manner.

Each of the following conditions will result in HUD's cancellation of the project's selection for a SPRAC award, and any corresponding program funds will be released:

- If the Owner-Applicant's prepayment application is not submitted on or before the **April 18, 2014**, deadline, or the revised deadline set forth under a HUD-approved extension; or
- If the Owner-Applicant does not successfully prepay the existing Section 202 loan and close the refinancing on or before **August 15, 2014**, or the revised deadline set forth under a HUD-approved extension; or
- If the Owner-Applicant's prepayment request is not approved by HUD; or
- The Owner-Applicant's prepayment request is submitted to HUD after the maturity date for the applicable Section 202 mortgage has expired; or
- The Owner-Applicant fails to successfully close on the prepayment and refinancing transactions prior to the expiration of the applicable Section 202 mortgage maturity date.

If a selected Owner-Applicant's loan refinance does not close before the mortgage maturity date, for whatever reason, HUD shall rescind the award of SPRAC funds to any such Owner-Applicant, in which case HUD, at its sole discretion, may award any such funds to another eligible Owner-Applicant who was not selected under the initial round of SPRAC awards. HUD staff are cognizant of the need to expedite the processing of prepayment applications for projects with impending mortgage maturity dates.

Please contact HUD with any questions you have about the SPRAC Program: SPRAC@hud.gov.