

FHA/HUD 223(a)(7): STREAMLINED REFINANCING OF EXISTING FHA-INSURED MORTGAGES



GENERAL TERMS

Eligible Properties	Existing FHA/HUD-insured multifamily properties
Eligible Borrowers	Single-asset, special purpose entity (for profit or not-for-profit)
Amortization	Fixed rate, fully amortizing
Term	Maximum of 12 years beyond remaining term of existing FHA/HUD mortgage
Maximum Loan Amount	The lesser of: <ol style="list-style-type: none">1. Original principal balance;2. Existing indebtedness plus transaction costs; or3. 1.11x debt service coverage for market rate and 1.05x for subsidized¹ properties
Prepayment Options	Negotiable with the best pricing for 10 years of call protection (can be a combination of lockout and/or penalty)
Assumability	Yes, subject to FHA/HUD approval
Personal Liability	Non-recourse loan subject to carve-outs for fraud and misrepresentation

ADDITIONAL PARAMETERS

Repair Limitations	Up to \$1,500 per unit
Third Party Reports	Project Capital Needs Assessment (PCNA) if most recent PCNA is over 10 years old
Equity Cash-Out	Not permitted
Escrows	Property taxes, insurance, HUD mortgage insurance premium and replacement reserves
HUD Application Fee	0.15% of the mortgage amount
HUD MIP	The initial mortgage insurance premium is 1.00%, 0.35%, or 0.25% of the mortgage amount for market rate, affordable ² , and subsidized ¹ or green/energy efficient properties, respectively Thereafter, 0.60%, 0.35%, or 0.25% annually, payable in monthly installments for market rate, affordable ² , and subsidized ¹ or green/energy efficient properties, respectively

1 – Subsidized properties have 90% or greater rental assistance with program contract or regulatory agreement in place for at least 15 years.

2 – Affordable properties have 10%-90% units set aside limited to 80% AMI, covered by Section 8 contract, or affordable use restriction.