

## FHA/HUD Section 223(a)7

### Refinancing of Properties with Existing HUD Insured Debt

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<b>QUALIFIED PROPERTIES</b>	Properties with existing FHA loans are eligible
<b>LOAN AMOUNT</b>	For refinancing, the maximum supportable loan is limited by the lesser of: a) Original principal amount for existing insured mortgage b) An amount that meets DSCR requirement of 1.11x (1.05x for non-profit borrowers) c) Eligible transaction costs No equity takeout is permitted
<b>TERM AND AMORTIZATION</b>	Term is shorter of (i) remaining term plus 12 years or (ii) original mortgage term; fully amortizing
<b>PREPAYMENT AND ASSUMPTION</b>	Prepayment terms are negotiable and are not subject to yield maintenance or defeasance; loan is assumable, subject to FHA approval
<b>INTEREST STRUCTURE</b>	Fixed rate, determined by market conditions at the time of rate lock
<b>PERSONAL LIABILITY</b>	Non-recourse with standard carve outs
<b>REPAIRS</b>	Funds to cover minor repairs, improvements and costs of the transaction can be included in the loan amount; Davis-Bacon prevailing wage not required
<b>ESCROWS AND RESERVES</b>	✓ Taxes and insurance are escrowed monthly ✓ Replacement reserve is required and the monthly deposit amount is determined in accordance with the Physical Condition and Needs Assessment and HUD guidelines
<b>HUD FEES</b>	✓ HUD Application Fee of 0.30% is due at the time of submission of the firm application; half of the HUD Application Fee is refunded to the borrower 30 days after closing ✓ HUD Inspection Fee of \$30/unit is due at closing ✓ HUD Mortgage Insurance Premium deposit is due at closing
<b>LENDER FEES</b>	Lender fees earned at borrower's acceptance of firm commitment and payable at closing
<b>THIRD PARTY REPORTS</b>	Property Condition and Needs Assessment is required
<b>TIMELINE</b>	Typically, firm application is submitted to HUD within 30 days of engagement; HUD targets a review period of 45 days for multifamily and 60 days for healthcare; after HUD issues firm commitment, rate lock and close within an additional 45 days on average

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