HUD 223(a)(7) Multifamily and Healthcare Refinance of FHA Insured Loans

Eligible Properties
All properties with HUD insured loans

Recourse
Non-recourse

Loan amount:
No cash out permitted. Loan may include the principle amount of existing debt and 100% of the transaction costs, including

a) Fees
b) Repairs
c) Prepayment penalties
d) Third party reports
e) Initial reserves deposit

Interest Rate
Fixed for the term of the loan and determined based on market conditions at the time of rate lock

Mortgage Conditions
Loan must meet a minimum of 1.11x debt service coverage ratio

Term and Amortization
Existing term with the option to extend to the lesser of

a) Additional 12 years
b) Term of the original mortgage

Prepayment
Ten-year step down (10,9,8,7,6,5,4,3,2,1)

Assumability
Fully assumable

Mortgage Insurance Premium (MIP)

a) Market rate – 0.5%
b) Green certified – 0.25%
c) Affordable (10-90%) – 0.35%
d) Affordable (90-100%) – 0.25%
e) Healthcare – 0.55%

Third Party Reports
Only PCNA, if applicable

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Fees and Deposits

a) Rate lock deposit – 0.5% refunded at closing
b) Multifamily application fee – 0.15% credited back at closing
c) Healthcare application fee – 0.30%
   - ½ credited back at closing
   - ½ refunded 1-2 months after closing

Timeline for HUD 223(a)(7)

Engagement of Lender and Energy Star vendor	1 week
Submission of Firm Application into HUD	1 week
Issuance of Firm Commitment and Rate Lock	5 weeks
Closing	4 weeks
Engagement until Closing	2-3 months

* This timeline does not include a PCNA report. If the owner has not received one within the last five years then it will be required, which will extend the timeline by 1-2 weeks.

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