



FHA Section 223(a)(7)

Refinance of existing HUD insured loans for multifamily and healthcare properties

Eligible Properties

All existing HUD insured loans for multifamily and healthcare properties

FHA SECTION 223(a)(7) AT A GLANCE	
Borrower	Single asset and single purpose entity, either for-profit or nonprofit
Recourse	Fully non-recourse
Maximum Mortgage Limits	The lesser of: a) The original principal amount of the existing insured mortgages b) Existing debt plus transaction costs; prepayment penalty is an eligible transaction cost c) DSCR between 1.05x and 1.11x depending on product type
Interest Rate	Fixed rate determined by market conditions at the time of rate lock
Amortization and Term	With HUD's approval, the term may be extended up to 12 years beyond its remaining term but no longer than original term
Mortgage Insurance Premium	Between 0.25% and 0.55% of loan amount
Escrows	Escrows for taxes, insurance and mortgage insurance premium continue to be required
Replacement Reserves	Initial (net of current balance) and monthly deposits required based on long-term physical needs
Repair Escrow	Cash or a letter of credit for up to 10% of the estimated cost of repairs
Financing Fee	Fees negotiable
Placement Fee	Fees negotiable
HUD Exam Fee	0.15% of the loan amount
HUD Inspection Fee	None
Rate Lock Deposit	Typically 0.5% of mortgage amount, refunded at closing
Third-Party Reports	Property Condition and Needs Assessment (PCNA) typically required if loan term is extended
Closing Expenses	Legal fees, title insurance and survey
HUD Review Time	Typically 60 days
Assumability	Fully assumable

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