

FHA / HUD Section 223(a)(7)

Refinancing of Properties with Existing FHA-Insured Debt

Qualifying Properties

Healthcare properties that currently have FHA-insured loans.

Loan Framework	<p>The new loan amount will be equal to the unpaid principal balance of the existing mortgage as of the closing date of the modification.</p> <p>The loan term and maturity will remain unchanged from the existing mortgage, and a debt service coverage ratio (DSCR) of at least 1.05x is required.</p>
Recourse	<p>The loan is fully non-recourse.</p>
Loan Term & Amortization	<p>Up to 12-year extension of the original loan maturity, not to exceed the original program's maximum term and fully amortizing.</p>
Interest Rate	<p>Interest rate is fixed for the loan term and determined by market conditions at the time of rate lock. A 0.5% rate lock deposit is required, which will be refunded at closing.</p>
Prepayment & Assumption	<p>Best rate is secured with a 10-year prepayment structure.</p> <p>The loan is fully assumable, subject to approval from HUD.</p>
Required Escrows	<p>Monthly escrow payments include insurance, taxes, and mortgage insurance premiums.</p> <p>Capital needs reserve is maintained with monthly deposits (minimum \$250 per unit per year).</p>
Mortgage Insurance Premium	<p>A 0.5% fee is payable to HUD at closing, followed by an additional 0.55% annually.</p>
HUD Application Fee	<p>A fee equal to 0.30% of the estimated loan amount is due upon the application's submission.</p>

Required Third-Party Reports	Appraisal, Environmental, and Capital Needs Assessment (CNA). Additional reports may be required based on review.
Repair Limitations	Repairs are capped at 15% of the property's value after repairs are completed.
Application Timing	Typical application submission occurs within 30 days of the engagement. This is followed by approximately 45-60 days until the issuance of HUD's commitment, and then an additional 30 days to closing.
