



MULTIFAMILY HOUSING

STREAMLINE REFINANCE OF EXISTING HUD LOAN - SECTION 223(A)(7)

ELIGIBILITY

- ❖ Property must currently have a HUD insured loan.
- ❖ Mortgagor entity may be either for-profit or non-for-profit.
- ❖ Property must not be in need of substantial rehabilitation. Minor rehabilitation, including specific capital improvements, modernization, utility conversion, or other value enhancement repairs, is allowed and included in the property valuation.
- ❖ A Replacement Reserve account must be established at closing and is made available for replacement of depreciable capital items.
- ❖ If the loan includes repairs or capital improvements to be completed after closing, an additional 20% repair escrow must be funded at closing with cash or a letter of credit.

REQUIREMENTS

- ❖ A new PCNA will be required if it has been more than 10 years from the time of completion of a PCNA.
- ❖ Critical repairs must be completed prior to closing.
- ❖ Non-critical repairs must be completed within 12 months of closing.
- ❖ This is a non-recourse loan.
- ❖ Extended loan term – up to an additional 12 years past original maturity date.
- ❖ Low, fixed interest rates, fully amortizing.
- ❖ Most affirmative and negative loan covenants typically found in conventional loan agreements are eliminated.
- ❖ Fully assumable, subject to HUD and CMI approval.

ESCROWS

- ❖ Full escrows for property taxes, all applicable insurance, and any special assessments are funded at closing.
- ❖ Debt service coverage ratio of 1.11 for market rate properties and 1.05 for affordable and/or subsidized projects held by Non-profit owner.
- ❖ No appraisal, market study or environmental reports typically required and minimal documentation is required.

For Additional Information Contact: