



FHA/HUD Mortgage Insurance Program – Section 223(a)(7) - Streamlined Refinance of Existing HUD Loans

Purpose:	Provides streamlined refinance of existing FHA-insured loans to increase property cashflow by reducing the interest rate and extending loan maturity date.	
Eligible Properties:	Multifamily properties with existing FHA-insured loans.	
Borrower Type:	For-profit or not-for-profit single asset borrower entity.	
Guarantees:	Non-recourse.	
Loan Term:	Loan term may be extended up to 12 years beyond the maturity of the existing loan, not to exceed the original loan term of the existing HUD-insured loan.	
Amortization:	Fully amortizing over loan term.	
Interest Rate:	Determined by market conditions; fixed for the full term of the loan.	
Maximum Loan Amount:	Lesser of: (1) loan amount necessary to pay off unpaid principal balance on the existing HUD-insured loan, prepayment penalties, required repairs (not to exceed \$1,500/unit), and other eligible mortgageable costs; (2) loan amount based on minimum required debt service coverage ratio; and (3) the original loan amount of the existing HUD-insured loan.	
Minimum DSCR:	1.05x for projects with > 90% project-based rental assistance; 1.11x for all other projects.	
Pre-Payment:	Negotiable, but typically no lockout and an annual 10 step declining pre-payment penalty.	
Lender Financing Fee:	Deal specific, based on size and complexity of transaction.	
HUD Application Fee:	0.15% of the loan, non-refundable and due to HUD at HUD application submission.	
HUD Inspection Fee:	Not applicable.	
HUD MIP:	Market Rate:	0.5% due at closing and 0.5% annually
	Mixed Affordable:	0.35% due at closing and 0.35% annually
	Affordable (>90% LIHTC or rental assistance):	0.25% due at closing and 0.25% annually
	Green:	0.25% due at closing and 0.25% annually
Third-Party Reports:	Project Capital Needs Assessment (PCNA). HUD may accept an existing conforming PCNA completed within the last 5 years.	
Escrows/Reserves:	Standard tax and insurance escrows. Replacement Reserves: Initial deposit and minimum annual deposit of \$250/unit, subject to HUD Guidelines and PCNA recommendation.	
Timing:	Generally 3-5 months from engagement to closing. Timeframes may vary based on borrower responsiveness and HUD pipelines.	