LMD
CAPITAL PARTNERS

FHA / HUD

FHA HUD Section 223(a)(7) - Refinancing of FHA-Insured Debt

A streamlined refinance available only to multifamily and healthcare properties that already carry FHA-insured debt. There is no new appraisal and no LTV test, and the term may be extended up to 12 years beyond the original maturity.

Indicative Terms

LOAN PARAMETERS	Subsidized: 1.05x minimum DSCR, up to 100% loan-to-refinance-cost, no cash-out permitted. All other: 1.11x minimum DSCR, up to 100% loan-to-refinance-cost, no cash-out permitted. There is no LTV test.
SUBSIDIZED CONDITION	At least 90% of multifamily units must be covered by a project-based Section 8 contract for 15 or more years after closing, with no equity takeout.
RECOURSE	Non-recourse.
INTEREST RATE	Fixed for the full term, set at rate lock against market conditions. Rate lock deposit of 0.5%, refunded at closing.
TERM AND AMORTIZATION	The maturity of the existing FHA-insured loan may be extended by up to 12 years, subject to the maximum term of the original loan program.
REPAIR LIMITATIONS	Multifamily: up to $1,500 per unit plus any required accessibility repairs. Healthcare: up to 15% of as-completed value.
PREPAYMENT AND ASSUMPTION	Negotiable, with best pricing at 10 years of call protection through a combination of lockout and penalty. Fully assumable subject to HUD approval.
ESCROWS	Monthly escrows for taxes, insurance and mortgage insurance premium. Capital needs reserve at a minimum of $250 per unit per year under HUD guidelines.
MORTGAGE INSURANCE PREMIUM	Multifamily: 0.25% at closing and 0.25% annually. Healthcare: 0.50% at closing and 0.55% annually.
HUD APPLICATION FEE	0.15% of the estimated loan amount, due with the application.
THIRD PARTY REPORTS	A capital needs assessment is required on all healthcare properties, and on multifamily properties where three or more years have passed since construction or the last assessment.
APPLICATION FEE	Quoted per transaction.

Indicative Terms (continued)

ORIGINATION FEE	Quoted per transaction.
LEGAL FEES	Quoted per transaction.
TIMING	Application within 30 days of engagement, 45 to 60 days to HUD commitment, then 30 days to closing.

Eligible Properties & Sponsors

Multifamily and healthcare properties currently financed with an FHA-insured loan. Where the transaction is treated as subsidized, at least 90% of the multifamily units must be covered by a project-based Section 8 contract running 15 or more years past closing, and no equity takeout is permitted.

Miami, FL | Amy Miller, Marketing Director | amy.miller@lmdcap.com