

HUD PROGRAM 223(A)(7)

To provide a vehicle to expeditiously refinance existing FHA insured multifamily and healthcare properties to reduce the interest rate and provide for minor repairs as required.

BENEFITS

- Expedited processing time
- No third-party reports required other than property condition needs assessment.
- Non-recourse loan
- Assumable if approved by HUD and Lender
- Risk Share, 202 HUD Direct & Co-Insurance loans are ineligible

MAXIMUM LOAN IS THE LESSOR OF:	<p>The original principal amount of the existing insured mortgage amount</p> <p>The unpaid principal balance of the existing insured mortgage amount plus:</p> <ul style="list-style-type: none"> (a) Transaction costs (b) Outstanding debt incurred in connection with capital improvements made to the property (c) All costs associated with the testing, abatement, or removal of lead-based paint (d) Repairs are limited to \$1,500 per unit, plus the cost of accessibility upgrades (non-waivable) <p>The amount that can be supported by 90% of the net income capitalized by the loan constant (1.11xDSC); 95% of NOI and 1.05x DSCR (90% or more units covered by project based section 8 contract)</p>
HUD APPLICATION FEES	<p>Borrower is responsible for the 0.15% application fee. This fee and all other closing costs are mortgagable.</p>
OTHER PROGRAM FEATURES	<p>FHA insurance provides credit enhancement for tax-exempt bond financing</p> <p>Simplified underwriting and processing procedures assure rapid commitment processing</p> <p>No equity takeout is permitted; existing reserves may only be used for CNA report and balance stays with project.</p> <p>110 percent repair escrow required for non-critical repairs as identified by PCNA</p> <p>Prepayment penalties and Defeasance costs which do not exceed 10% of the loan amount are financeable</p> <p>Past due accounts payable and outstanding liabilities for project operating expenses must be cleared and released, or otherwise fully satisfied, prior to or at loan closing.</p>
ADDITIONAL REQUIREMENTS	<p>Cash required at closing for the portion of the costs not covered by the new mortgage amount.</p> <p>Energy Audit and Utility Consumption data</p>
THIRD PARTY COSTS	<p>Lender collects initial deposit of \$2,500</p> <p>Borrower responsible for any additional third party costs</p>