



FHA Section 223(a)(7)

Mortgage Insurance for Multifamily Projects Refinance of Existing FHA Insured Loans

The 223 (a)(7) Program is insured by the Federal Housing Administration (FHA) and provides multifamily and affordable housing properties a simplified, limited due diligence refinance for properties currently insured under an existing FHA Mortgage insurance program. This streamlined program is designed for borrowers to lower their interest rate and strengthen their debt service coverage through mortgage refinance. Includes multifamily financing for properties of 5 or more units; garden/mid-rise/high rise.

- Eligible Borrowers:** All borrowers with existing FHA mortgages may apply under this program.
- Loan Term:** HUD may approve a term of up to 12 years beyond the remaining term of the existing mortgage, not to exceed the original term. A term extension request must be supported by a determination of the remaining economic life of the property.
- Loan Amount:** The lesser of:
- Original principal amount of existing insured mortgage loan
 - Unpaid principal amount of the existing insured mortgage loan plus loan closing charges, prepayment penalties associated with refinancing the mortgage loan, and costs of repairs
 - Debt service coverage at 1.11 (1.05 for projects with greater than 90% Project-Based Rental Assistance)
- Interest Rate:** Fixed interest rate, subject to market conditions
- Funding:** Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.
- Timing:** Transaction typically can be completed within 90 days. Application is streamlined resulting in reduced requirements.
- Recourse:** FHA is non-recourse as to the mortgagor entity, but certain parties may be personally liable for losses arising from certain inappropriate acts and malfeasance.
- Fees:** FHA application fee, inspection fee, lenders fee and mortgage insurance premiums will be collected. Various third party reports may be required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.
- Other:**
- Replacement Reserve balance must be transferred in full at closing.
 - Condensed list of exhibits for application submission, less than regular HUD application.
 - Appraisal, Phase I Environmental Site Assessment and survey are NOT required in most instances.
 - CNA is required (waiver may be possible if one has not been completed within the past two years.)



This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this financing opportunity, please contact your MH Finance representative at info@MHFinanceLLC.com, or call (267) 629-6700.