

## FHA/HUD Section 223(a)(7)

### Refinancing of Properties with Existing HUD Insured Debt

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Eligible Properties	All properties that currently have HUD insured loans
Loan Amount	Loan may be increased to original principal balance when first insured; No equity takeout is permitted under Section 223(a)(7)
Recourse	Non-recourse
Interest Rate	Fixed for term of loan, determined by market conditions at time of rate lock (Rate lock deposit is 1% and refunded at closing)
Loan Parameters	Maximum loan amount will be the <i>lesser</i> of: <ul style="list-style-type: none"> <li>a) the original principal balance of the loan;</li> <li>b) the unpaid principal balance of the exiting loan plus transaction costs and funds requested for repairs; or</li> <li>c) the amount that achieves a 1.11 times debt service coverage ratio</li> </ul>
Term and Amortization	Shorter of: remaining term plus 12 years or original mortgage term
Prepayment and Assumption	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); Loan is fully assumable subject to HUD approval
Escrows	<ul style="list-style-type: none"> <li>a) Taxes and insurance are escrowed monthly;</li> <li>b) Replacement reserve required and the monthly deposit amount determined in accordance with HUD guidelines; The minimum reserve for replacement deposit is \$250 per unit per year or such higher amount as determined by the PCNA</li> </ul>
Mortgage Insurance Premium	Multifamily: .45% due to HUD at closing and .45% annually thereafter, escrowed monthly Healthcare: .50% due to HUD at closing and .50% annually thereafter, escrowed monthly.
HUD Application Fee	30 basis points (\$3 per \$1,000) on requested loan amount but 15 basis points will be refunded to borrower by HUD post closing
Third Party Reports	PCNA
Timeline	Typical firm application is submitted within 30 days of engagement; On average, HUD issues a Firm Commitment within 45 days for multifamily and within 60 days for healthcare

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