

# FHA/HUD SECTION 223(a)(7) REFINANCE OF EXISTING FHA-INSURED DEBT



**Eligibility** Multifamily and seniors/healthcare properties that currently have FHA-insured financing

**Loan Parameters** Up to the original principal balance. No cash out permitted with 223(a)(7) refinance.

**Mortgage Term** Shorter of the original loan term or the remaining term plus twelve years.

**Borrower** A single-asset, special purpose entity. Can be either for-profit or non-profit.

**Recourse** Non-recourse

**Debt Coverage** Subject to DSCR of 1.11X (1.05X for not-for-profit borrowers)

**Interest Rate** Interest rate typically locked upon issuance of Firm Commitment. Rate is subject to market conditions at the time of rate lock. The rate is fixed for the term of the loan.

Mortgage Insurance Premium (MIP)	Market Rate	Green / Energy Eff.*	Broadly Affordable*	Affordable*	Seniors / Healthcare (232)
	0.50%	0.25%	0.25%	0.35%	0.55%

Contact your Draper & Kramer HUD representative for green/affordable requirements.

**Prepayment** Fixed and negotiable; typically, the loan is structured with Year 1 prepayment at 10% and declining 1% per annum until open after Year 10.

**Assumption** Loan is fully assumable subject to HUD approval.

**Repairs** Maximum \$1,500 per unit plus accessibility and fire/life-safety repairs

**FHA Application Fee** - Multifamily requires a fee of 0.15% of the mortgage amount  
- Healthcare requires a fee of 0.30% of the mortgage amount (1/2 refunded after close)

**Third Party Report Costs** Typically, only a Project Capital Needs Assessment (PCNA) is required

**Timing** Expedited processing for 223(a)(7) transactions. Estimate 3 months engagement to close.

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For additional information on this or other lending products, please contact our experts:

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