

HUD Section 223(a)(7)

Expedited Multifamily Refinancing

This program provides expedited non-recourse, assumable financing for the refinance of existing HUD-insured multifamily properties.

ELIGIBLE PROPERTIES

- Multifamily properties with existing HUD-insured loans.

MAXIMUM LOAN

- Lower of:
 - (1) The unpaid principal balance on the existing HUD-insured loan, prepayment penalties, required repairs, and other eligible loan transaction costs;
 - (2) The loan amount supported based on the minimum required debt service coverage ratio (see below); and
 - (3) The original loan amount of the existing HUD-insured loan.

MINIMUM DSCR

- Project Based Section 8 - When there is a Section 8 HAP Contract in place for 90% or more of the units (with at least 15 years remaining on HAP contract), the minimum debt service ratio is 1.05x.
- Minimum debt service ratio of 1.11x.

TERM/AMORTIZATION

- Loan term may be extended up to 12 years beyond the maturity of the existing loan, not to exceed the original loan term of the existing HUD-insured loan.
- Fully amortizing over loan term.

INTEREST RATE / PREPAYMENT

- Fixed for term of loan; locked at receipt of Firm Commitment; based on market conditions at time of rate lock. A 0.50% rate lock deposit is required but credited at closing.
- Prepayment based on lockout and penalty provisions associated with rate lock for 10 years of call protection (can be a combination of lockout and/or penalty).

RECOURSE

- Non-Recourse with standard carve-outs for Key Principals

ASSUMPTION

- Fully assumable subject to HUD approval

ESCROWS

- Monthly for Real Estate Taxes, Insurance, and Replacement Reserves

THIRD PARTY REPORTS

- Limited Environmental Review (HEROS) and Project Capital Needs Assessment (PCNA). HUD considers waivers for projects which completed new construction, substantial rehabilitation, or a prior PCNA within past 5 years.



LENDER FEES

- Forbright charges a Financing Fee as a percentage of the Loan Amount and fees associated with the cost of Lender's legal counsel.

APPLICATION FEE

- HUD requires an Application Fee of 0.15% be submitted with the submission of the Firm Application.

MORTGAGE INSURANCE PREMIUM (MIP) PROGRAMS

- Broadly Affordable - MIP of 25 bps upfront and ongoing
- Affordable - MIP of 35 bps upfront and ongoing
- Green and Energy Efficient - MIP of 25 bps upfront and ongoing
- Market Rate - MIP of 50 bps upfront and ongoing

For more information please contact:

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HUD Section 223(f) - Multifamily Acquisition & Refinancing