

# HUD 223(a)(7) & HUD 232/223(a)(7) – Streamline Refinance of Existing HUD Loans

WALKER &  
DUNLOP

ELIGIBLE PROPERTIES:	All existing HUD insured loans for market rate, affordable, elderly housing, nursing homes, assisted living, and housing cooperatives
BORROWER:	Single asset and single purpose entity, either for-profit or non-profit
RECOURSE:	Fully non-recourse
LOAN AMOUNT:	No limits and fully cash out
MAXIMUM MORTGAGE LIMITS:	The lesser of: <ul style="list-style-type: none"> <li>• The original principal amount of the existing insured mortgages</li> <li>• Existing debt plus transaction costs</li> <li>• 1.111 DSCR (1.053 for projects with greater than 90% units assisted by project-based section 8 and cooperative housing insured under section 213)</li> </ul>
INTEREST RATE:	Fixed rate determined by market conditions at the time of rate lock
AMORTIZATION AND TERM:	For MAP, the term may be extended up to 12 years from the maturity date of the originally insured loan. Note, if an a7 of an a7, some of those 12 years may have already been used. For Lean, the extended loan term cannot be greater than the remaining term of the existing loan plus 12 years.
MORTGAGE INSURANCE PREMIUM:	Multifamily: <ul style="list-style-type: none"> <li>• 0.25% at closing, 0.25% annually</li> </ul> Section 232 (Healthcare): <ul style="list-style-type: none"> <li>• 0.50% at closing, 0.55% annually (0.45% for projects with LIHTC)</li> </ul>
ESCROWS:	Escrows for taxes, insurance and mortgage insurance premium continue to be required
REPLACEMENT RESERVES:	Initial (net of current balance) and monthly deposits required based on long term physical needs
REPAIR ESCROW:	Cash or a letter of credit for up to 10% of the estimated cost of repairs. Repairs cannot exceed \$1,500 per unit (exclusive of accessibility repairs). Allowable repairs are inclusive of routine maintenance only.
HUD EXAM FEE:	0.15% of the requested mortgage for Section 223(a)(7)
RATE LOCK DEPOSIT:	Typically, 0.5% of mortgage amount, refunded at closing
THIRD PARTY REPORT:	CNA
ASSUMABILITY:	Fully assumable