



MASON JOSEPH, LLC

HUD Section 223(a)(7) Loan Program

Streamlined Refinancing for Existing FHA-Insured Multifamily Properties

The purpose of the HUD 223(a)(7) program is to provide long-term, fixed-rate refinancing of existing FHA-insured multifamily properties. Refinance costs, repairs, and prepayment penalties can be included.

BASIC LOAN FEATURES

Property Type	FHA-insured multifamily properties
Loan Amount Calculation:	The lesser of: <ol style="list-style-type: none">1. The original principal balance of the FHA-insured loan,2. 100% of the cost to refinance¹,3. Minimum Debt Service Coverage Ratio of 1.11x (1.05x for non-profit owners)
Term and Amortization	Loan may be extended up to 12 years, as long as the new term does not exceed the initial loan term.
Interest Rate	Fixed Rate established upon issuance of Firm Commitment. The interest rate can be sold at a premium over the par rate to fund any prepayment penalty on the original loan.
MIP	Equal to the MIP of the original loan
Personal Liability	Non-recourse Standard carve-outs required for “bad acts” such as fraud and bankruptcy.
Assumption	Fully assumable
Repairs	Necessary repairs can be funded by mortgage proceeds with a 10% Completion Assurance escrow.
Pre-Payment	Pre-payment is negotiable. Typically, prepayment is closed for 1-2 years, then open to pre-payment with a penalty of 8% of the outstanding principal balance, declining 1% per year thereafter. Pre-payment is par after year 10.
Third-Party Reports	Property Condition Assessment

¹ Cost to refinance includes the current principal balance plus transaction costs, prepayment penalties, repairs, fees, third-party reports, and deposits to replacement reserves.



**Additional
Costs**

Additional costs which are considered mortgageable include:

- HUD Application Fee of 0.3% of the new loan amount
- Lender legal
- Lender Financing Fee

These are basic terms of the HUD 223(a)(7) program and are not considered exhaustive. Please contact Mason Joseph Company for full loan details and conditions.