



FHA / HUD Section 223(a)(7)

Long-term, fixed-rate refinance of existing HUD-insured multifamily rental communities (minimum 5 units)

LOAN PARAMETERS			
Property Type	Minimum Debt Service Coverage	Maximum Loan to Refinance Cost ⁽²⁾	Maximum Cash-Out
Subsidized ⁽¹⁾	1.05x	100%	Not Permitted
Market Rate/All Other	1.11x	100%	Not Permitted

⁽¹⁾ At least 90% of the units are covered by a project-based Section 8 contract

⁽²⁾ Refinance costs include satisfaction of existing debt (including penalties), repairs up to \$1,500 per unit, an initial deposit to capital needs reserve, due diligence and closing costs

Eligible Properties Subsidized, affordable, or market rate multifamily properties which are currently HUD-insured projects

Eligible Borrowers Single-asset entity; either for-profit or not-for-profit

Loan Term Most transactions processed with a lower interest rate, and re-amortized either with remaining term or with an extension of up to 12 years (not to exceed original term or 75% remaining useful life)

Interest Rate Fixed interest for life of loan; Determined at rate lock based on prevailing market conditions

Mortgage Insurance (MIP) First year: .5%
Thereafter .5% annually (affordable, subsidized, and green certified properties eligible for lower MIP of 0.25% to 0.35%)

Loan Fees HUD Application fee: 0.15% of the estimated loan amount

Prepayment Prepayment provisions negotiable, generally subject to lockout period and declining penalties

Recourse Non-Recourse and assumable with HUD approval

Timing Four to five months from engagement to closing; (1) 45-60 days to submit application, (2) 30-45 days to Firm Commitment, (3) 30-45 days to closing

Escrows Real estate taxes, property insurance, MIP, replacement reserves (minimum \$250 per unit); escrow payments collected monthly. Existing replacement reserves must be transferred to new loan

Third Party Reports Capital Needs Assessment

Repairs Repairs are permitted, subject to regional program limits – Maximum of \$1,500 per unit

Change of Ownership If there is a change in ownership, principals or entities with 25% ownership, key decision makers and financial control, a mortgage credit review will be required

For more information, please contact at.
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This term sheet details an overview of the program guidelines and is not a summary of every term or requirement, which are subject to change without notice. This summary is not an offer or commitment to lend, and any such offer shall only be set forth in a signed, written commitment letter from lender. All transactions are contingent on satisfactory due diligence review and approval including evaluation of borrower credit and the loan collateral. Hudson is an Equal Opportunity Lender.