



**MAP 223(a)(7) – Refinance
Term Sheet**

Documentation Needed for Initial Loan Analysis:

- Project details
- Resumes of principals (if any new principals not previously approved by HUD are anticipated)
- Resume of management agent (if a new management agent not previously approved by HUD is anticipated)
- Current and previous five months’ rent rolls
- Last three years and year-to-date financial statements for the property
- Detail of any renovation work recently completed at the project
- Detail of any repairs being included in the HUD finance

Loan Parameters:

Maximum loan amount will be the least of the original principal balance when first insured or parameters below; no equity takeout is permitted under Section 223(a)(7).

Property Type	Minimum Debt Service Coverage	Maximum Loan to Refinance Cost**	Cash Out
Subsidized*	1.05	100%	Not Permitted
All Other	1.11	100%	Not Permitted

*At least 90% of the units covered by a project-based Section 8 contract.

**Refinance costs includes 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.

Interest Rate - Subject to market conditions

Term:

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

Key General Program Requirements:

- All HUD loans are non-recourse, assumable with Lender and HUD approval.
- Proceeds can be used to retire existing pre-payment penalty.
- Prepayments are negotiable (combination of Lockout and/or penalty).
- MIP 0.50% of mortgage amount both at closing and annually thereafter (0.25% - 0.35% for affordable and subsidized properties, 0.25% for properties with Green Certification from a list of accepted Green standards).
- HUD Application Fee is 0.15% of the estimated loan amount which is due at the time of application submission.
- Escrows – Taxes, Insurance, MIP and Replacement Reserves (Minimum \$250/unit) escrowed monthly.
- Existing replacement reserves must be transferred at closing to new loan.
- Maximum \$1,500/unit in repairs, or needs to be 223(f) refinance.



- ESA I report not required.
- Typical timeline 4-5 months from application to closing.
- Third Party reports - CNA report and e-tool required.
- Lender must verify any changes in ownership since the endorsement of the existing loan have been properly documented through submission of Form 2530.
- If there is a change in ownership, principals or entities with 25% ownership, key decision makers and financial control will be subject to mortgage credit review.

Eligible Borrowers:

Profit motivated, no-profit owners and public owners are eligible. Foreign Nationals may participate as principals, the Single Asset Entity must be registered in the United States and in a state where its corporate office is located. At least one principal with operational decision-making authority must be a US citizen or Foreign National lawfully residing in the United States.