

**HUD INSURED LOANS for  
REFINANCE of INSURED MULTIFAMILY PROJECTS  
Section 223(a)(7)**

**PROGRAM FEATURES**

- Fixed-rate, level pay
- Non-recourse
- Fully Assumable

**QUALIFYING PROPERTY**

- Any HUD-insured multifamily project including nursing homes.

**LOAN AMOUNT**

*Least of:*

- The original mortgage amount; or
- The unpaid balance of the original mortgage amount plus:
  - cost of improvements
  - additional debt used for betterments
  - loan closing charges; or
- The amount that can be amortized by the project's NOI at 95% for non-profit mortgagors and 90% for all others.

**LOAN TERM**

- May not exceed remaining term of existing mortgage, plus twelve years if required for project feasibility up to the maximum allowed under the original insuring program.

**INTEREST RATE**

- Interest rates are fixed rate, level-pay for the life of the loan, and set at the time the loan is purchased which occurs after a Firm Commitment is issued and before Closing. Prepayment penalties and discounts vary depending on market conditions.

**UNDERWRITING PROCESS**

- AGM prepares a preliminary mortgage calculation. If the preliminary mortgage calculation indicates that the project qualifies for an acceptable HUD-insured loan, AGM and the Borrower will prepare an application for a Firm Commitment.

**COMMITMENT**

- AGM receives an acceptable Firm Commitment from HUD. Borrower's closing attorney prepares HUD Closing package with HUD's and Lender's closing attorneys. Closing is scheduled by HUD.

**MORTGAGEABLE FEES**

- Application Fee 0.3% of the mortgage (50% refundable)
- Financing Fee 2.0% of the mortgage
- Mortgage Insurance Premium Reset annually by HUD

**ANNUAL FEES AND RESERVES** (Paid Monthly)

- Mortgage Insurance Premium Reset annually by HUD
- Taxes and Insurance
- Reserve for Replacement Continuation of existing contribution, unless inadequate (existing balance transfers)

**LETTERS OF CREDIT**

- 10% of the cost of repairs; posted at Endorsement and released after repairs are completed.

**OTHER PROGRAM FEATURES**

- Davis-Bacon (prevailing) wages are not applicable.
- Critical repairs, relating to ingress and egress, must be completed prior to endorsement. Non-critical repairs must be completed within twelve months of endorsement.
- Environmental review is oriented to lead-based paint.
- Maximum occupancy for underwriting is 97%.
- The application will include 3 years of audited financials plus an owner certified year-to-date statement if the latest audit is more than three months old.