



FHA® 223(a)(7): REFINANCE OF EXISTING HUD-INSURED LOAN

Arbor provides streamlined refinancing of existing FHA-insured loans nationwide. Refinance costs, including prepayment, are included.

Loan Term & Amortization	Remaining term of the existing HUD loan plus up to 12 years (subject to HUD approval). Term cannot exceed the original term of the existing loan. The loan is fully self-amortizing.
Loan Amount	No cash out. New loan amount is the lowest of: <ol style="list-style-type: none"> 1. Original principal balance of existing loan 2. 100% of the costs to refinance (current principal balance plus transaction costs, repairs and deposits to replacement reserves) 3. Minimum debt service coverage of 1.11 (1.05 for Section 8 contracts on at least 90% of units).
Interest Rate	Fixed rate subject to market conditions at time of rate lock.
Eligible Properties	Multifamily projects or healthcare facilities currently insured under Sections 220, 221(d), 223(f), 232, 241 and 242.
Eligible Borrower	Single Asset Entity (for profit or non-profit).
Cash Out	Not allowed.
Tax & Insurance Escrows	Monthly deposits to the escrows are required for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums.
Recourse	Non-recourse, subject to HUD Regulatory Agreement.
Required Reports	New Property Condition Needs Assessment (PCNA) required if last report is over two years old.
Prepayment	Typically 10% year 1, declining 1% per year. Other pre-payment options available subject to market conditions.
Assumable	Subject to Arbor and HUD approval and payment of assumption fee.
Good Faith Deposit	Negotiable based on loan size.
Expense Escrow	Yes – sufficient to cover Arbor’s expenses and third-party report costs.
Origination Fee	Negotiable
HUD Application Fee	0.15% of the new loan amount paid to HUD with Firm Commitment Application.
HUD Inspection Fee	Not applicable.
Legal/Closing Fee	Borrower pays Arbor’s Counsel Fee and miscellaneous closing costs.
Repairs	Repairs approved by HUD can be funded by mortgage proceeds with 10% Completion Assurance escrow. Repairs are limited to \$1,500 per unit.
Davis Bacon	Not applicable to this program.



HUD Mortgage Insurance Premium HUD sets the cost of the FHA Insurance:

- Market Rate Properties: 0.50% upfront, 0.50% annually
- Affordable Properties: 0.35% upfront, 0.35% annually
- Broadly Affordable or Energy Efficient Properties: 0.25% upfront, 0.25% annually.