FHA/HUD Section 223(a)(7) Term Sheet

Refinancing of Multifamily Properties and Healthcare Facilities with Existing FHA/HUD Insured Debt

Eligible Properties

Multifamily apartments or healthcare facilities currently insured under Sections 221(d)(4), 223(f), 232, 232/223(f), 241,242, and 220

Eligible Borrowers

Borrowers that currently have a HUD insured loan.

Interest Rate

Fixed rate fully amortized for the loan term. Rate lock deposit of 0.5% that is refunded at closing.

Recourse

The HUD mortgage note will contain a non-recourse provision as to the mortgagor entity. Notwithstanding this provision, certain parties may be held personally liable to the extent of losses arising from certain “bad acts” and malfeasance, as set forth in the Regulatory Agreement. Such parties will be identified in the Firm Commitment.

Cash Out

Not allowed under this program.

HUD Application Fee

0.15% to **0.30%** of the requested loan amount that will be refunded shortly after the closing.

Term and Amortization

Up to **12 years** beyond the current term, not to exceed the original loan term.

Repairs and Replacements

Up to **$1,500** per unit plus required life-safety and accessibility repairs.

Timing

Approximately **2** to **3** months.

10.2026

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Replacement Reserves

Annual deposits of a minimum of **$250** per unit per year or higher as identified by the Physical Capital Needs Assessment (PCNA). Full replacement reserve balance on the current loan will be transferred at closing.

Prepayment and Assumption

2-year lockout followed by 8 years of declining pre-pay of 8%, 7%, 6%, 5%, 4%, 3%, 2%, and 1% (other terms may be negotiated). Loan is fully assumable subject to HUD approval.

Rate Lock Deposit

0.50% of mortgage amount collected at the time of client's acceptance of the Firm Commitment. The rate lock deposit will be fully refunded at the transaction closing.

Third Party Reports

PCNA is required if the last one was not completed in the last **5** years

Mortgage Insurance Premium

Multifamily **0.25%** due to HUD at closing and **0.25%** annually thereafter.
Healthcare **0.50%** due to HUD at closing and **0.55%** annually thereafter

LSG Lending Advisors is a private company and not a government agency. We are a capital markets advisory firm with expertise and relationships with lenders that are licensed to provide HUD-insured and agency financing for apartment buildings and multifamily developments. These terms and requirements are subject to change.

Contact us today for a free phone consultation: **216.645.9816**