Refinance of an Existing FHA-Insured Loan
FHA Section 223(a)(7) Program

Eligible Properties:	Multifamily Projects currently encumbered by FHA-insured mortgages.
Maximum Loan Amount:	The lesser of: i) The Project's original FHA-insured Loan Amount; ii) 100% of Eligible Refinance Cost (see below); iii) Debt Service Coverage of 1.11x on the new Loan. - 1.05x for Projects with 90% or more rental assistance (Section 8)
Eligible Refinance Cost:	Existing FHA-insured debt, prepayment penalties (if any), property improvements, and other eligible transaction costs. No equity take-out is permitted.
Loan Term:	The new Loan can be coterminous with the remaining term of the original Loan, however if necessary to ensure the economic viability of the project, term extensions are available up to the lesser of: i) the original mortgage term, ii) twelve (12) years beyond the existing maturity date, or iii) 75% of the remaining useful life.
Loan Amortization:	Fully amortizing over the term of the Loan.
Interest Rate:	Fixed for the term of the Loan. The interest rate is based upon market conditions at the time of rate lock. Government insurance ensures a low interest rate relative to other financing sources.
Prepayment Restrictions:	Determined by market conditions and borrower needs. The lowest interest rate is typically available with 10 total years of call protection in the following structure: no lock-out, with a prepayment penalty of 10%, then the prepayment penalty declines 1% per year thereafter; the Loan is open to prepayment without penalty after year 10.
Recourse:	The Loan is non-recourse with the exception of carve-out provisions to the project's identified sponsors.
Mortgage Insurance Premium:	Mortgage Insurance Premium (MIP) is collected at closing and monthly thereafter. Mortgage Insurance Premium (MIP) of 0.50% of the Loan Amount due annually for market rate transactions; 0.25% for Projects that qualify as Green/Energy Efficient; 0.25% for Projects with 90% or more affordable or rental assisted; 0.35% for all other affordable Projects . Such amounts are collected by EagleBank and then paid to HUD.
Loan Assumability:	Assumable with EagleBank and HUD approval.
Replacement Reserve Escrows:	The reserve for replacement account balance and annual deposits will be maintained at current levels, or re-evaluated if a PCNA is required (see "Third Party Reports" above).
Repair Escrows:	PCNA-identified and owner-elective repairs/improvements may be included in the Loan Amount; the Borrower must escrow in cash a contingency of 10% of the repair/improvements, to be released upon completion. Repairs identified as "critical" in the PCNA will need to be completed prior to closing.
Other Escrows:	Insurance, real estate taxes, MIP, and replacement reserves.

Fees and Expenses:

- FHA application fee – 0.15% (net of refund) of Loan Amount – payable to HUD.
- Mortgage Insurance Premium – see previous page – payable to HUD.
- Third Party Reports – Project Capital Needs Assessment (PCNA) is required for all multifamily projects.
- Lender financing fee.
- Good Faith Deposit – 0.50% paid to EagleBank at the time of rate lock and fully refunded after closing.

Other Considerations:

- The 223(a)(7) program is specifically designed to expedite interest rate reductions in HUD's insured loan portfolio.
- Borrowers may be required to comply with regulations implemented since the original approval.

For more information, please contact:

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