



MASON JOSEPH COMPANY, INC.

**STREAMLINED REFINANCING FOR EXISTING FHA-INSURED MULTIFAMILY PROPERTIES
SECTION 223(a)(7)**

The purpose of the program is to provide long term, fixed rate financing for the refinancing of existing FHA insured multifamily projects. Refinance costs, repairs, and prepayment penalty are included.

BASIC FEATURES:

- A. Personal Liability:** Loans are nonrecourse to the owner and secured solely by the property.
- B. Amortization:** Up to 40 years (fully amortizing) or the term of the original mortgage.
- C. Term:** Up to 40 years or the term of the original mortgage.
- D. Loan Amount:** The maximum insurable mortgage is the lesser of:
1. Original principal balance of existing loan.
 2. 100% of the costs to refinance (current principal balance plus transactions costs, repairs and deposits to replacement reserves).
 3. Minimum debt service coverage of 1.11 (1.05 for non-profit owners)
- E. Interest Rate:** Low, fixed-rate set via Ginnie Mae MBS. The interest rate is established upon the issuance of the commitment. The interest rate can be sold at a premium over the par rate to fund any prepayment penalty.
- F. Repairs:** Repairs can be funded by mortgage proceeds with a 10% Completion Assurance escrow required from the owner.
- G. HUD MIP:** HUD sets the cost of the FHA Mortgage Insurance Premium every fiscal year. The initial MIP is due to HUD at closing (mortgagable cost), and the MIP is escrowed monthly thereafter.
- H. Required Reports:** Property Condition Assessment
- J. Assumability:** Fully assumable.
- K. Pre-Payment:** Negotiable, but typically closed for 1-2 years then open to pre-payment at with a penalty of 8% of the outstanding loan balance , declining 1% per year to 0% in year 11.
- L. Additional Costs:** HUD Application Fee (0.3% of the new loan amount, refunded at closing), Lender Legal, Financing Fee (negotiable).

