



# HUD 223(a)(7)

Prepared by Bedford Lending

# Bedford Lending Corp.

- Company formed in 1991
- Approved to finance both Apartments and Healthcare Loans
- Management averaged 30 years commercial experience
- Maintain highest designation –MAP and LEAN Approved
- Direct FHA and USDA Lender
- Certified to underwrite HUD loans Nationwide
- HUD Consultants
- Have closed over \$3 billion in loans

# Description

- The 223(a)(7) program allows borrowers with existing FHA insured loans to lower their interest rate, extend the term of the loan, fund repairs, and increase reserves.

# Loan Features

- Term: HUD will allow up to 12 years beyond the remaining term – but it cannot exceed the original term of the loan. Allowable extension to be determined based on property condition, reserve balance, and DCR.
- Non-Recourse
- Repairs: Not required to use Davis Bacon wages (limited to \$1,500 per unit)
- Typically takes 90 days to process.

# Underwriting Requirements

- No market study, appraisal, or environmental report required.
- New PCNA report required.
- Costs associated with capital improvements already made to property may be included in loan amount per HUD approval.
- Application fee due to HUD of 0.15% of loan amount.
- DCR:
  - Properties with 90% or greater rental assistance – 1.05x
  - Market rate/affordable – 1.11x

## Underwriting Requirements (con't)

- Maximum loan is less of:
- 1) Original principal amount of existing insured mortgage.
- 2) DSC of 1.11x for market rate/affordable and 1.05x for projects with 90%+ project-based rental assistance
- 3) 100% of eligible transaction costs (existing indebtedness, repairs, fees, third parties, initial deposit to reserve, etc)

# Contact Information

- We invite you to call and discuss prospective loans so we can complete a free evaluation of the loan opportunity. Our extensive experience in HUD and tax credits allows us to develop creative finance strategies.

# Contact

[www.bedfordlending.com](http://www.bedfordlending.com)

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