

# FHA Section 223(a)7

## Refinance of Existing FHA Insured Seniors Housing Properties

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**Cosmopolitan Capital Funding, LLC** is an FHA-approved Mortgagee and MAP/LEAN lender that actively arranges long-term, fixed rate, non-recourse financing for the refinance of existing Seniors Housing properties **currently insured** by FHA.

**Loan Features:**

- Nationwide Lending Territory
- Loan up to 100% of the cost of the refinance transaction
- Fully amortizing loan up to the remaining term of the original mortgage. In some cases 12 additional years can be added to the term to ensure long term viability of the property
- Mortgage is fully assumable subject to HUD and lender approval (.05% of the original loan amount)
- Low, fixed interest rates with negotiable prepayment options
- Non-recourse
- No rent control restrictions
- No limitations on owner's return
- Monthly escrows required for HUD Mortgage Insurance Premium (MIP), Replacement Reserves and Property Taxes and Insurance
- Loan proceeds may be used to pay for transaction costs including existing debt, financing costs, minor repairs, and initial deposit to the replacement reserve account

**Eligible Projects:**

Existing insured Seniors housing properties that are more than three years old. Three years is calculated from the date of issuance of the final certificate of occupancy to the date the firm commitment application is submitted for FHA mortgage insurance. Only minor repairs and replacements are allowed and are payable from mortgage proceeds. The program is intended to be a vehicle for a streamlined rate reduction that will lower debt service, improve cash flow and lower the risk of default for the borrower and lower the risk associated with FHA's insurance fund.

**Maximum Loan Amt:** The lesser of:

- 1) Original Principal Balance
- 2) The outstanding principal balance of the existing insured loan plus 100% of certifiable transaction costs (including the cost of required repairs, improvements, outstanding debt incurred in connection with capital improvements {as approved by HUD}, prepayment penalties, and loan closing costs);
- 3) 90% of net income (95% for non-profit owners) capitalized by the loan constant (minimum 1.11 debt service coverage)

**Timing:**

The streamlined nature of the Section 223(a)7 underwriting does not require a new appraisal, market study or environmental; however, a new Project Capital Needs Assessment ("PCNA") may be required as part of the application in some instances. Generally takes 3 -4 months to close (subject to deal specifics).

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