

FHA Mortgage Insurance Programs Section 223(a)(7) Refinance for FHA Insured Projects

Red Mortgage Capital, LLC is a leading FHA-approved Mortgagee and MAP/LEAN lender and actively provides financing utilizing FHA insurance programs nationwide pursuant to Multifamily Accelerated Processing (MAP) and LEAN underwriting methods.

Program Purpose:	Provides mortgage insurance to refinance projects currently insured by FHA in an expedited manner.
Potential Benefits:	Reduce debt service costs and generate proceeds for needed project repairs with minimal processing and underwriting requirements.
Eligible Borrowers:	Projects with existing FHA insured loans are eligible.
Maximum Term:	The term of the new mortgage may not exceed the remaining term of the existing mortgage, except in special cases where due to project feasibility, FHA may extend the new term up to 12 years beyond the term of the existing mortgage.
Maximum Loan:	The lesser of: <ol style="list-style-type: none">1. the original principal amount of the existing insured mortgage;2. the unpaid principal balance of the existing insured mortgage plus the cost of required repairs, improvements, outstanding debt incurred in connection with capital improvements (as approved by the HUD field office), prepayment penalties, and loan closing costs;3. the amount that can be supported by 90% of net operating income (95% if owner is non-profit).
Interest Rate:	Subject to market conditions.
Funding:	Qualifies for government guaranteed mortgage-backed securities or direct placement or may be used to credit enhance tax-exempt bonds.
Timing:	Section 223(a)(7) processing usually takes about 6 to 8 weeks.
Personal Liability:	None. The FHA loan is non-recourse.
Assumable:	Yes, subject to HUD and lender approval.
Prepayment:	Typically closed for 2 years then open to prepayment at 108% in year 3, declining 1% per year. Other variations are possible based on market conditions and borrower preferences.
FHA Application Fees:	0.3% of the loan amount. After endorsement of the new mortgage note, HUD will approve a request for a refund of up to one-half of the application fee.
Mortgage Insurance Premium:	The annual MIP has historically been 0.45% for multifamily (0.5% for health care) of the outstanding loan amount.
FHA Inspection Fee:	None.
Territory:	Nationwide.

The Program has the following additional parameters:

- Funds to cover minor repairs and costs of the transaction can be included in the mortgage loan. Outstanding debt incurred in connection with capital improvements already made to the property may also be included in the mortgage loan, subject to FHA approval.
- Davis-Bacon prevailing wage requirements do not apply to required repairs.
- Loans insured under Section 223(a)(7) assume program characteristics of the underlying mortgage insurance program.
- The streamlined nature of the underwriting does not require a new appraisal.

For additional information visit www.redcapitalgroup.com or contact:

Edward H. Tellings

Managing Director
Red Mortgage Capital, LLC
ehtellings@redcapitalgroup.com
800.837.5100

Kevin M. Korn

Director
Red Mortgage Capital, LLC
kmkorn@redcapitalgroup.com
800.837.5100

Scott L. Moore

Managing Director
Red Mortgage Capital, LLC
slmoore@redcapitalgroup.com
800.837.5100

In its prequalifying review, **Red Mortgage Capital, LLC** will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

RED CAPITAL GROUP Offices

Columbus, OH_Boston, MA_Chicago, IL_Charlotte, NC_Dallas, TX_Nashville, TN_Newport Beach, CA_Reston, VA_San Diego, CA

