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HUD 232/223(a)(7) | Term sheet

Healthcare streamlined refinance

LEAN PROGRAM REFERENCE | SEPTEMBER 2026

Purpose	Streamlined refinancing of an eligible existing FHA-insured healthcare mortgage. Conventional debt, acquisitions, cash-out and major redevelopment require a different program analysis.
Maximum mortgage	Lowest applicable requested amount, original insured principal, debt-service support and eligible cost-to-refinance calculation. The proceeds are not based simply on the facility's current appraised value.
Debt-service coverage	LEAN Handbook standard minimum: 1.11x DSCR, including MIP. Underwritten operations and any special HUD conditions still control available proceeds.
Term & extensions	Generally the existing remaining term. HUD may approve an extension, limited by remaining term plus 12 years, the original program's statutory maximum and the original loan's term when first insured. An extension is not automatic.
Eligible costs	Eligible existing insured debt, approved transaction costs, repairs and reserve requirements may be included, subject to the maximum mortgage calculation and required deductions. No equity cash-out.
Reserves	Existing replacement reserves and residual receipts carry forward rather than being distributed to ownership. HUD may require additional deposits or higher annual reserve funding.
HUD fees & MIP	Application fee: 0.15% of requested mortgage under the LEAN Handbook. No HUD inspection fee or cost certification under this streamlined program. MIP must be confirmed under the applicable healthcare premium schedule.
Interest rate & prepayment	Fixed rate established at rate lock. Prepayment lockouts, declining premiums and any buydown are negotiated for the transaction; they are not a HUD-guaranteed rate or universal schedule.
Recourse & transfer	Nonrecourse, subject to loan-document carve-outs and applicable completion obligations. Transfers and assumptions require lender/HUD approval.

General program information, not a loan commitment. Proceeds, pricing and requirements depend on underwriting, HUD approval and applicable guidance.

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Requirements & application

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Physical condition	A streamlined application still addresses the condition of the facility, capital needs, repairs and reserve adequacy. A term extension can require greater support for remaining life and future capital needs.
Operating review	Recent operating results, occupancy trends, operator performance and applicable inspection/licensing history are relevant. Lower interest expense alone does not establish that a refinance benefits the property or FHA fund.
Repairs & escrows	Required repairs and any borrower-elected work must meet the streamlined program’s requirements. Reserve funds used for repairs are controlled through the applicable escrow structure; this is not a substantial-rehabilitation program.
Transaction economics	Compare the existing payment and remaining amortization with the new debt service, MIP, lender/legal costs, prepayment premium and any required cash contribution. Evaluate total costs and payback, not only the note rate.
Ownership & operator	The insured facility and its regulatory obligations continue. Disclose proposed organizational, management, operator and secondary-debt changes early; streamlined refinancing does not itself approve those changes.
Financial reporting	Borrower/operator financial reporting, insurance, reserve deposits, regulatory agreements and distribution restrictions continue after refinance. Maintain compliance throughout application and closing.
Initial information	Provide the original HUD note, current balance, amortization and prepayment schedule, reserve balances, recent financial statements, occupancy information and proposed repairs. Include previous refinance history when evaluating the maximum term.
Process & timing	Bedford evaluates benefit and eligibility, assembles the required exhibits and submits for HUD review. After commitment, rate lock and closing are coordinated with payoff and reserve transfers. Fewer exhibits do not guarantee a fixed closing date.

General program information, not a loan commitment. Proceeds, pricing and requirements depend on underwriting, HUD approval and applicable guidance.

Sources: HUD Handbook 4232.1, Section II, Chapter 2 (program requirements); Chapter 3 (loan sizing and eligible costs); Current ORCF guidance and program resources.