

HUD 223(a)(7) Program Guide

CLIENT GUIDE | UPDATED SEPTEMBER 15, 2026

At a glance

Term: Re-amortize with up to 12 additional years, subject to HUD approval and prior extensions.

Interest: Fixed for the loan term.

Loan limits: Original mortgage amount, eligible refinance costs and debt-service limits each apply.

Debt coverage (DSCR): Generally 1.11x; 1.05x for qualifying assisted or cooperative projects.

Cash-out: Not available.

Recourse: Nonrecourse, with standard carve-outs.

Annual MIP: 0.25% under the current multifamily schedule.

The lowest applicable sizing result sets the loan amount. Debt coverage compares underwritten income with loan payments, including mortgage insurance.

How it works

HUD 223(a)(7) refinances an existing FHA-insured apartment loan. It may reduce debt service, cover eligible transaction costs and replenish reserves. We'll compare the proposed payment with the current loan, including prepayment costs, closing expenses and any change in amortization.

The existing mortgage must already be FHA-insured, and cash-out is not available. If you have a conventional loan or want to take equity out of the property, we can review HUD 223(f) instead.

The new loan can be re-amortized over the remaining term or an approved extension. The ordinary extension limit is 12 years beyond the originally insured mortgage's maturity, including extensions already used. The new term is also limited by the original program's maximum term and 75% of remaining economic life. For example, 20 years remaining may support a new 32-year amortization if the other limits are met; a second refinance does not automatically restart the 12-year allowance.

Loan proceeds are limited by the original insured principal, eligible existing debt and transaction costs, and debt-service support. The usual test uses 90% of underwritten net operating income (about 1.11x coverage). Qualifying projects with more than 90% project-based Section 8 assistance and qualifying Section 213 cooperatives may use 95% (about 1.05x); assistance-term conditions must also be met. No equity cash-out is available.

What to consider

This is not a cash-out program. Savings are transaction-specific, and any term extension, eligible costs and required reports remain subject to program requirements.

General program information, not a loan commitment. Eligibility, proceeds and requirements depend on the transaction, applicable guidance and HUD approval.

References: [Program guidance](#).