

FHA/HUD 223(f): REFINANCING, ACQUISITION, OR MODERATE REHABILITATION OF MULTIFAMILY PROPERTIES



GENERAL TERMS

Eligible Properties	Existing multifamily properties with at least five residential units
Eligible Borrowers	Single-asset, special purpose entity (for profit or not-for-profit)
Amortization	Fixed rate, fully amortizing
Term	Maximum of 35 years or 75% of the remaining economic life of the property
Maximum Loan Amount	For loans less than \$75 million, the lesser of statutory per unit limits or the following:

Property Type	Loan to value	Minimum Debt Coverage	Loan to Acquisition Cost	If cash out
Subsidized ¹	90%	1.11x	90%	80% LTV
Affordable ²	87%	1.15x	87%	80% LTV
Market Rate	85%	1.18x	85%	80% LTV

Prepayment Options	Negotiable with the best pricing for 10 years of call protection (can be a combination of lockout and/or penalty)
Assumability	Yes, subject to FHA approval
Personal Liability	Non-recourse loan subject to carve-outs for fraud and misrepresentation

ADDITIONAL PARAMETERS

Secondary Financing	Allowable up to 92.5% of value, subject to FHA criteria
Repair Limitations	Up to \$15,000 per dwelling unit adjusted by the applicable High-Cost Factor. The applicable factor is typically 270%, but 315% is permitted in certain regions and situations. All critical repairs must be completed prior to closing. All non-critical repairs must be completed within 12 months of closing.
Commercial Space	Limited to 25% of total net rentable area and 20% of effective gross project income
Equity Cash-Out	Allowable at a maximum loan amount of 80% loan-to-value
Third Party Reports	Appraisal, Phase I ESA, and Project Capital Needs Assessment (PCNA)
Escrows	Property taxes, insurance, HUD mortgage insurance premium and replacement reserves
HUD Application Fee	0.30% of the mortgage amount
HUD MIP	The initial mortgage insurance premium is 1.00%, 0.35%, or 0.25% of the mortgage amount for market rate, subsidized ¹ or affordable ² and green/energy efficient properties, respectively Thereafter, 0.60%, 0.35%, or 0.25% annually, payable in monthly installments for market rate, subsidized ¹ or affordable ² and green/energy efficient properties, respectively
HUD Inspection Fee	Equal to the following: <ul style="list-style-type: none"> • \$30/unit <u>IF</u> repairs are greater than \$100,000 in the total but the \$3,000 or less per unit • The greater of \$30/unit or 1% of the cost of repairs or \$1,500 if repairs are more than \$3,000 per unit

1 – Subsidized properties have 90% or greater rental assistance with program contract or regulatory agreement in place for at least 15 years.

2 – Affordable properties have 10%-90% set aside limited to 80% AMI, covered by Section 8 contract, or affordable use restriction.