

## Acquisition and Refinancing of Multifamily Properties

### FHA MORTGAGE INSURANCE SECTION 223(a)(7)

<u>ELIGIBLE PROPERTIES</u>	Only properties with existing FHA multifamily insured loans
<u>INTEREST RATE</u>	Fixed-rate – determined by market conditions
<u>BORROWER</u>	For-profit or not-for-profit single asset entity
<u>PERSONAL LIABILITY</u>	Non-recourse, subject to standard carve-outs
<u>MAXIMUM LOAN</u>	The lesser of: <ol style="list-style-type: none"> <li>1) 100% of cost to refinance</li> <li>2) debt service coverage of 95% NOI for broadly affordable<sup>1</sup>; 90% of NOI for all others</li> <li>3) the original principal balance</li> </ol>
<u>TERM AND AMORTIZATION</u>	Maximum of 12 years beyond in-place financing term, and is fully amortizing
<u>COMMERCIAL SPACE</u>	Limited to 25% of net rental area and 20% of effective gross income
<u>PREPAYMENT AND ASSUMPTION</u>	Flexible – best execution typically has a combination of lockout and prepayment penalty for 10 years and is fully assumable subject to HUD approval
<u>REPLACEMENT RESERVES</u>	Minimum of \$250 per unit per year or as determined by a Project Capital Needs Assessment (PCNA); initial deposit, if warranted, will be required at closing
<u>MORTGAGE INSURANCE PREMIUM</u>	.25% to .50% due at closing and .25% to .50% annually thereafter
<u>HUD APPLICATION FEE</u>	.15% of requested loan amount due with submission of application
<u>THIRD-PARTY REPORTS</u>	HUD Environmental Review Online (HEROS) is required PCNA may be waived on a case-by-case basis
<u>TIMELINE</u>	Firm commitment issued 30 calendar days after HUD's receipt of complete application; closing 45-60 days

