



Acquisition and Refinancing of Multifamily Properties

FHA MORTGAGE INSURANCE SECTION 223(f)

ELIGIBLE PROPERTIES Market-rate, affordable, and subsidized multifamily housing that are at least three years old and have physical occupancy of at least 85% eligible. Multifamily for seniors may qualify.

INTEREST RATE Fixed-rate – determined by market conditions

BORROWER For-profit or not-for-profit single-asset entity

PERSONAL LIABILITY Non-recourse, subject to standard carve-outs

MAXIMUM LOAN

PROPERTY TYPE	MAX LOAN TO VALUE	MIN. DEBT SERVICE
Subsidized ¹	90%	1.11x
Affordable ²	87%	1.15x
Market-Rate	85%	1.18x

¹ At least 90% of units supported by a project-based rental assistance contract

² Regulatory agreement that at least meets the minimum Low-Income Housing Tax Credit restrictions of 40% of units at 60% AMI or 20% of units at 50% AMI in effect for at least 15 years

TERM AND AMORTIZATION Maximum of 35 years, but no less than 10 years, and is fully amortizing

COMMERCIAL SPACE Limited to 25% of net rental area and 20% of effective gross income

PREPAYMENT AND ASSUMPTION Flexible – best execution typically has a combination of lockout and prepayment penalty for 10 years, and is fully assumable, subject to HUD approval

REPLACEMENT RESERVES 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

MORTGAGE INSURANCE PREMIUM .25% to 1.00% due at closing and .25% to .60% annually thereafter

HUD APPLICATION FEES .30% of requested loan amount

HUD INSPECTION FEE Dependent on repairs/improvements cost; minimum of \$1,500

THIRD-PARTY REPORTS Appraisal, Phase I and PCNA are required; market study may be required

TIMELINE Deal dependent; typically four to five months after submission of firm application