

SECTION 223(f) FHA INSURED FINANCING

Multifamily Rental Housing: Refinance or Acquisition

This program provides long term financing (up to 35 years) for multifamily rental housing.

Eligible Projects	Multifamily housing, including apartments and independent living projects (62 years of age and older with no services). The properties include market rate, affordable or properties with rental assistance.
Loan Features (Refinance)	Long term financing: up to 35 years - fully amortizing. Based on the lesser of: <ul style="list-style-type: none">• 85% LTV. Higher LTV for affordable and projects receiving rental assistance.• 80% LTV for cash-out transactions.• 1.176x DSC. Lower for affordable properties and projects receiving rental assistance.• 100% cost to refinance (existing debt and transaction costs, including proposed repairs).• Statutory Limits established by the program.
Loan Features (Acquisition)	Long term financing: up to 35 years - fully amortizing. Based on the lesser of: <ul style="list-style-type: none">• 85% of acquisition cost (total cost to close). Higher for affordable and projects receiving rental assistance.• 85% LTV. Higher LTV for affordable and projects receiving rental assistance.• 1.176x DSC. Lower for affordable properties and projects receiving rental assistance.• Statutory Limits established by the program.
Maximum Term	35 years (fully amortizing), but not to exceed 75% of the remaining economic life.
Occupancy Requirements	Average physical occupancy of 85% for a period of 6 months and maintain stable occupancy until the endorsement of the loan. Maximum underwritten occupancy for market rate project is 93%, higher for affordable and projects receiving rental assistance.
Miscellaneous	<ul style="list-style-type: none">• Personal Liability: None. There are carve-outs for wrongful conduct.• Location Restrictions: none.• Borrower Entity: All organizational types and may be profit or non-profit. Must be a single asset entity upon closing.• Newer Properties: must be at least 3 years from the date of the last certificate of occupancy.• Repairs up to \$40,000 per unit adjusted for area high cost factor. Repairs exceeding \$15,000 per unit on an adjusted basis are subject to additional design and construction requirements (but are not subject to Davis Bacon wages).• Funding: GNMA mortgage backed security. Direct placement or may be used to credit enhance tax-exempt bonds.• Mortgage Insurance Premium: Upfront and ongoing fees may be reduced for “green” or affordable properties.• Assumable Loan: Yes. Subject to Lender and FHA approval.• Early Payment Restrictions: lockout period followed by a prepayment penalty period.• Secondary Financing: May not exceed total 92.5% LTV, unless from government source.• Commercial Space and Income: allowed, but restricted.• Distributions of Surplus Cash: subject to a Regulatory Agreement and made up to twice annually.• Financial Statements: annual or semi-annual audited financial statements required.• Processing Times: varies based on project complexity.
Preliminary Review Information	<ul style="list-style-type: none">• General description of the project (name, location, size, age, number of units, rent restrictions, etc.)• Existing debt or purchase contract.• Financial Statements: last 3 years (if available).• Current Rent Roll• Capital expenditures incurred over the past 2 years and any repairs proposed.• General information on the ownership and management, including experience and past history.