

Refinance – Section 223(f) Refinance

LOAN SIZE	MARKET DSC	MARKET LTV WO/W CASH OUT	AFFORDABLE DSC	AFFORDABLE LTV WO/W CASH OUT	SECTION 202 DSC	>90% ASSIST DSC	>90% ASSIST LTV
<\$125M	1.176	85% / 80%	1.15	87% / 80%	1.11	1.11	90%
>\$125M	1.300	75% / 70%	1.25	80% / 70%	1.11	1.15	87%

Refinance - Section 223(a)7

	DSC
Market or Affordable	1.11
>90% Assist	1.05

Notes: For 223(a)7 - 0.15% application fee, potential to extend 12 years past original term with support, max. UW occupancy 97%, 110% non-critical repair escrow, no inspection fee, CNA required.

New Construction / Sub Rehab – Sections 220, 221(d)4, 231

LOAN SIZE	MARKET DSC	MARKET LTC	AFFORDABLE DSC	AFFORDABLE LTC	>90% ASSIST DSC	>90% ASSIST LTV
<\$125M	1.176	85%	1.15	87%	1.11	90%
>\$125M	1.300	75%	1.25	80%	1.15	87%

For new construction/substantial rehabilitation or refinancing loans >\$125M, based on HUD's analysis of the risks and the mitigants appropriate to the particular loan application, the required minimum DSC, LTCR or LTVs, and the minimum IOD or Debt Service reserve requirements for loans over \$125M may be increased.

- Definition of Affordable Housing - Affordable housing in the context of FHA multifamily mortgage insurance programs is defined as projects meeting both of the following requirements:
 - Rent and income restrictions must be imposed, monitored and enforced by a governmental agency for at least 15 years after Final Endorsement, and
 - Either (a) a recorded Regulatory Agreement requiring the project to meet at least the minimum LIHTC restrictions including income averaging as applicable of 20% of units at 50% of area median income (AMI), or 40% of units at 60% of AMI, with economic rents (i.e. the portion paid by the residents) on those units no greater than LIHTC rents, or (b) a Project-Based Section 8 contract for 90% of the units. Projects need not use LIHTCs to qualify for affordable underwriting so long as they meet the above requirements.
- Occupancy - For refinance transactions, Projects must have an average physical occupancy of 85%. Maximum UW Occupancy for Debt Service- 93% for Market Rate, 95% for Affordable (as defined above with attainable tax credit rents at least 10% below market), and 97% for Assisted (90%+ Rental Assisted projects with HAP remaining HAP contract term in excess of 15 years).

3. Operating Deficit Escrow (IOD)

LOAN SIZE	The minimum IOD reserve will be the greater of the amount calculated below or 3% of the mortgage amount, or the amount determined under Section 8.14.C.6 of the MAP Guide, Calculating Operating Deficits.
MINIMUM NUMBER OF MONTHS OF DEBT SERVICE	
<\$125M	4 – 6 months service debt
>\$125M	12 months debt service, unless a higher amount is identified through HUD analysis of the risks and the mitigants appropriate to the particular loan application.

Note, for Substantial rehabilitation projects with at least 90% Rental Assistance, the IOD will be solely based on the conclusions of the appraisal and underwriting analysis. For LIHTC projects with a funded IOD held by the partnership, the funded reserve will be credited towards the increased reserve requirements of 3% of the mortgage or 4 months of Debt Service

- Working Capital Escrow - New Construction - 4% of Mortgage, half of which used for construction contingency; Substantial Renovation

FHA MULTIFAMILY PROGRAM SUMMARY

- 2% of Mortgage

5. Repair Escrows - 223(f) Repair Escrow 120% for market rate projects; 110% for Affordable and Assisted projects.
6. Inspection fee –
 - i. \$1,500 when repairs are less than \$100,000 which fee may be waived by HUD,
 - ii. \$30 per unit, 1% of repair cost, or \$1,500 whichever is greater, when repairs exceed \$3,000/unit,
 - iii. \$30 per unit when repairs are greater than \$100,000 in total but \$3,000 or less per unit.
7. Cash out - 50% of any cash out, including the assurance of completion requirements, shall not be released until non- critical repairs are completed, Green Certification provided (if applicable for Green MIP) and HUD approves release. For New Construction, land equity can be used to fund LC and WC, but otherwise must be deferred until after 6 months of breakeven (1.0 DSC including P, I, & MIP).
8. For loans over \$125M regardless of program, Principals of Borrower must have, in aggregate, net worth equal to at least 20% of loan amount and liquidity equal to at least 7.5% of loan amount. This may be waived for sponsors of subsidized affordable housing properties.

Note: For 223(f) - Maximum term 75% of REUL not to exceed 35 years.

Fiscal YEAR 2016 MIP RATES (Federal Register, Volume 81, No. 18, January 28, 2016)

FHA APARTMENTS		FHA HEALTHCARE FACILITIES (NURSING HOMES, ALF, & B&C)	
221(d)4 NC/SR without LIHTC/Section 8	65	232 NC/SR without LIHTC/Section 8	77
221(d)4 NC/SR with LIHTC/Section 8	25	232 NC/SR ALF with LIHTC/Section 8	45
207/223(f) without LIHTC/Section 8	60*	232/223(f) without LIHTC/Section 8	65*
207/223(f) with LIHTC/Section 8	25	232/223(f) with LIHTC/Section 8	45**
223(a)7 without LIHTC/Section 8	50	223(a)7 without LIHTC/Section 8	55**
223(a)7 with LIHTC/Section 8	25	223(a)7 with LIHTC/Section 8	45
241(a) without LIHTC/Section 8	95	241(a) without LIHTC/Section 8	72
241(a) with LIHTC/Section 8	25	241(a) with LIHTC/Section 8	45
GREEN / ENERGY EFFICIENT HOUSING BELOW			
207 Multifamily NC/SR w Green	25	207/223(f) Refi of Purchase w Green	25
207 Manufactured Home Parks w Green	25	223(a)7 refi of Apts w Green	25
221(d)4 NC/SR w Green	25	231(f) Elderly Housing w Green	25
220 Urban Renewal Housing w Green	25	241(a) Supplemental Loans w Green	25
BROADLY AFFORDABLE HOUSING: 25 MIP			
AFFORDABLE: INCLUSIONARY / VOUCHERS: 35 MIP			

* The first year MIP for a Section 232/223(f) health care facility and MAP 223(f) remains at 100 basis points (one percent)

** The first year upfront MIP fee for loans under 223(a)7 for multifamily, health Care Facilities, and Hospital programs is 50 basis points. Note: LIHTC refers to NEW Low Income Housing Tax Credits and Section 8 refers to Project-Based section 8 contracts