

HUD 223(f) – Purchase or Refinance of Apartments

ELIGIBLE PROPERTIES:	Existing multifamily (5 unit) structures <i>Note: Affordable means a recorded Regulatory Agreement requiring the project to meet at least the minimum Low Income Housing Tax Credits (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 (ie. the portion paid by the residents) on those units no greater than LIHTC rents, or a project based Section 8 contract for 90% of the units.</i>
BORROWER:	Single asset and single purpose entity, either for-profit or non-profit
RECOURSE:	Fully non-recourse
LOAN AMOUNT:	< \$125M ¹
MAXIMUM MORTGAGE LIMITS:	For a purchase or refinance transaction, the lesser of: <ul style="list-style-type: none"> a) 85% LTV for market rate, 87% for affordable, 90% for projects with 90% or greater rental assistance b) 100% transaction costs (refinance); 85% transaction costs (purchase) for market rate, 87% for affordable, 90% for rental assistance c) 1.176 DSCR² for market rate, 1.15 for affordable, 1.11 for projects with 90% or greater rental assistance d) HUD statutory limits e) 80% LTV cash out refinance available³
INTEREST RATE:	Fixed rate determined by market conditions at the time of rate lock
AMORTIZATION AND TERM:	A maximum of 35 years fully amortizing
MORTGAGE INSURANCE PREMIUM:	Market Rate: <ul style="list-style-type: none"> 1.00% at closing 0.60% annually Green/energy efficient and broadly affordable: <ul style="list-style-type: none"> 0.25% at closing 0.25% annually Affordable Inclusionary/vouchers: <ul style="list-style-type: none"> 0.35% at closing 0.35% annually
ESCROWS:	Escrows for taxes, insurance and mortgage insurance premium are required
REPLACEMENT RESERVES:	Initial and monthly deposits required based on long term physical needs
REPAIR ESCROW:	Cash or a letter of credit for up to 20% of the estimated cost of repairs
SECONDARY FINANCING:	Permitted up to 100% LTV under certain conditions
COMMERCIAL SPACE:	Permitted up to 25% of total net rentable area and commercial income to up to 20% of EGI
HUD EXAM FEE:	\$3 per \$1,000 of requested mortgage. Opportunity Zone & Broadly Affordable exam fees reduced to \$1 per \$1,000. All other Opportunity Zone projects exam fees reduced to \$2 per \$1,000.
HUD INSPECTION FEE:	1% of the estimated cost of repairs or \$30 per unit
RATE LOCK DEPOSIT:	Typically 0.5% of mortgage amount
THIRD PARTY REPORTS:	Appraisal, PCNA, Phase 1 ESA, Accountant's Report, Zoning, Insurance
ASSUMABILITY:	Fully assumable

¹ For loans greater than \$125M see 223(f) Large Loan sheet

² Property must have an average physical occupancy of 85% for six months prior to submission of application to HUD

³ 50% of cash out funded at cash out; remainder upon completion of non-critical repairs