

# HUD PROGRAM 223(F)

Eligible properties containing five or more rental units and have been completed or substantially rehabilitated for at least 3 years prior to the date of application for mortgage insurance.

<b>MAXIMUM LOAN IS THE LESSOR OF:</b>		<b>BENEFITS</b> <ul style="list-style-type: none"> <li>35 year fixed term or up to 75% of the building's remaining economic life (lesser of)</li> <li>Non-recourse loan</li> <li>Assumable if approved by HUD and Lender</li> <li>Fully amortizing loan</li> </ul>
<b>HUD APPRAISED VALUE OR ACQUISITION COST MULTIPLIED BY</b>	<ul style="list-style-type: none"> <li>90% LTV of projects with 90% project based rental assistance</li> <li>87% LTV of affordable housing transactions, with rents at least 10% below market.</li> <li>85% LTV for market rate deals, or tax credit transactions without a significant rent advantage.</li> </ul>	
<b>DEBT SERVICE COVERAGE</b>	<ul style="list-style-type: none"> <li>1.11 or 90% NOI for projects with 90% project based rental assistance</li> <li>1.15 or 87% NOI for affordable housing transactions, with rents at least 10% below market.</li> <li>1.1765x or 85% NOI for market rate deals, or tax credit transactions without a significant rent advantage.</li> </ul>	
<b>FHA PER UNIT STATUTORY LIMIT</b>	<ul style="list-style-type: none"> <li>Section 207 statutory per unit limits, adjusted by the local Field Office high cost percentage for the locality</li> </ul>	
<b>COST TO REFINANCE OR CASH-OUT</b>	<ul style="list-style-type: none"> <li>The greater of the cost to refinance or 80% of HUD appraised value</li> <li>If transaction provides cash-out, 50% of the cash out proceeds will be held in escrow and released upon completion of all identified critical and non-critical repairs</li> </ul>	
<b>HUD APPLICATION FEES</b> \$3 per thousand of requested mortgage amount		
<b>MORTGAGE INSURANCE PREMIUM</b> The MIP varies based on transaction type between 0.25% and 0.60%.		
<b>TYPICAL PROCESSING STEPS</b> <ul style="list-style-type: none"> <li>Concept meeting with HUD</li> <li>Firm Application submitted - will include, but not limited to: <ul style="list-style-type: none"> <li>Final appraisal</li> <li>Property capital needs assessment</li> <li>Phase I environmental site assessment</li> <li>Financials and/or credit information on sponsors and management company</li> <li>Three years of tax returns for the project or borrowing entity</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>Property financial statement that is reviewed by an independent third-party CPA. The multifamily hub director may grant a waiver of this requirement for acquisitions</li> <li>Past due accounts payable and outstanding liability</li> <li>Verified working capital sufficient to meet all closing requirements</li> <li>Management documents</li> <li>Evidence of site control/last arms length transaction</li> <li>Legal documents (organizational docs, title)</li> <li>Rent rolls (last 6 months with 85% or above occupancy)</li> </ul>
<b>ADDITIONAL REQUIREMENTS</b> <ul style="list-style-type: none"> <li>Project must comply with the specified HUD, state and local standards</li> <li>Loans in excess of \$75 million will be subject to additional underwriting criteria.</li> <li>Energy Audit and Utility Consumption data</li> </ul>		
<b>THIRD PARTY COSTS</b> <ul style="list-style-type: none"> <li>Lender collects initial deposit of \$25,000</li> <li>Borrower responsible for any additional third party costs</li> </ul>		