

HUD PROGRAM 223(F)

Eligible properties containing five or more rental units.

Newly constructed or rehabbed properties are also eligible but must have at least one month of required NOI/DSCR at the time of application submission and three consecutive months at closing.

MAXIMUM LOAN IS THE LESSOR OF:		BENEFITS
HUD APPRAISED VALUE OR ACQUISITION COST MULTIPLIED BY	<ul style="list-style-type: none">90% LTV of projects with 90% project based rental assistance87% LTV of affordable housing transactions, with rents at least 10% below market85% LTV for market rate deals, or tax credit transactions without a significant rent advantage	<ul style="list-style-type: none">35 year fixed term or up to 75% of the building’s remaining economic life (lesser of)Non-recourse loanAssumable if approved by HUD and LenderFully amortizing loan
DEBT SERVICE COVERAGE	<ul style="list-style-type: none">1.11 or 90% NOI for projects with 90% project based rental assistance1.15 or 87% NOI for affordable housing transactions, with rents at least 10% below market1.1765x or 85% NOI for market rate deals, or tax credit transactions without a significant rent advantage	
FHA PER UNIT STATUTORY LIMIT	<ul style="list-style-type: none">Section 207 statutory per unit limits, adjusted by the local Field Office high cost percentage for the locality	
COST TO REFINANCE OR CASH-OUT	<ul style="list-style-type: none">The greater of the cost to refinance or 80% of HUD appraised value; 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 repairsNewly constructed or substantially rehabbed properties must show six consecutive months of required NOI/DSCR for cash out proceeds	

MORTGAGE INSURANCE PREMIUM

The MIP varies based on transaction type between 0.25% and 0.60%.

TYPICAL PROCESSING STEPS

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| <ul style="list-style-type: none"> Concept meeting with HUD (if applicable) Firm Application submitted - will include, but not limited to: <ul style="list-style-type: none"> Final appraisal Property capital needs assessment Phase I environmental site assessment Financials and/or credit information on sponsors and management company Three years of tax returns for the project or borrowing entity 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 | <ul style="list-style-type: none"> Past due accounts payable and outstanding liability Verified working capital sufficient to meet all closing requirements Management documents Evidence of site control/last arms length transaction Legal documents (organizational docs, title) Rent rolls (last 6 months with 85% or above occupancy) Newly completed projects must provide actual and projected income and expense, rent roll, and lease up |
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ADDITIONAL REQUIREMENTS

- Project must comply with the specified HUD, state and local standards
- Loans in excess of \$75 million will be subject to additional underwriting criteria
- Energy Audit and Utility Consumption data

THIRD PARTY COSTS

- Lender collects initial deposit of \$25,000
- Borrower responsible for any additional third party costs