



## Refinancing or Acquisition of Market Rate, Affordable and Subsidized Multifamily Projects FHA Insurance Program Section 223(f)

**Eligible Properties:** Existing market rate, affordable or subsidized multifamily and mixed use properties with 5 or more units, nationwide

**NOTE:** The “**3-Year Rule**” has been revised as of March 2, 2020. Newly constructed or rehabilitated properties which have achieved the applicable Debt Service Coverage Ratio (see table below) for at least **one full month** are now eligible for refinance

**Borrower:** Single asset, special purpose entity; for-profit or non-profit

**Commercial Space:** Up to 25% of net rentable area and 20% of Effective Gross Income

**Term:** Up to 35 years based on 75% of remaining useful life

**Interest Rate and Amortization:** Fixed rate, fully amortizing over term

**Personal Liability:** Non-recourse subject to fraud and misrepresentation carve-outs

**Max Loan Amount:** The least of:

1. Loan-to-Value (LTV)
2. Debt service coverage ratio
3. Statutory mortgage limit
4. Refinance: greater of (a) 100% of eligible costs, or, (b) LTV
5. Acquisition: applicable percentage of eligible transaction costs

Factors:	Max LTV: <i>Rate&amp;Term</i>	Max LTV: <i>Cash Out</i>	Refi LTC	Acquisition LTC	Minimum DSCR	Maximum Repairs	Minimum Vacancy
<b>Market Rate &lt;\$75M</b>	85%	80%	Greater of 100% of Cost or Cash Out LTV	85%	1.176	Up to \$40,500 per unit, depending on location	7%
<b>Market Rate \$75M+</b>	75%	70%		85%	1.30		7%
<b>Affordable &lt;\$75M</b>	87%	80%		87%	1.149		5%
<b>Affordable \$75M+</b>	80%	70%		87%	1.25		5%
<b>Subsidized</b>	90%	80%		90%	1.11		3%

Fees:	Market Rate	Green	Affordable	Subsidized
<b>Annual MIP</b>	0.60%	0.25%	0.35%	0.25%
<b>HUD Inspection Fee</b>	varies: \$30/unit, \$1,500/unit, 1% of repairs			
<b>HUD Exam Fee</b>	0.30%			

**Third Party Reports:** Appraisal, Phase I, Capital Needs Assessment  
when applicable: Utility consumption, Radon, Asbestos & Lead Based Paint

**Escrows:** (1) Taxes and insurances; (2) Replacement reserves

**Assumability:** FHA mortgage is assumable, subject to Lender and HUD approval

**Prepayment:** Flexible, based on market conditions

**Secondary Financing:** Allowable, subject to FHA criteria