



HUD 223(f)

Acquisition and Refinancing of Multifamily Properties

Eligible Properties

Market rate properties of any class, cooperatives, affordable or subsidized housing. Construction or any substantial rehabilitation must have been completed at least three years before application to HUD. Student housing is allowable, but cash flows cannot assume multiple rents from one unit and rents must be in line with market rate multifamily comparables.

Commercial Space Limitation

Limited to 25% of net rentable area and 20% of effective gross income.

Borrower

Single asset, special purpose entity, either for profit or non-profit.

Recourse

Non-recourse

Interest Rate

Fixed for term of loan, determined by market conditions at time of rate lock. Rate lock deposit is 0.5% and refunded at closing.

Loan Parameters

For loan amounts up to \$75 Million:

Subsidized ¹	Max. LTV 90%	Min. DSC 1.11x	90%	80%
Affordable ²	Max. LTV 87%	Min. DSC 1.15x	87%	80%
Market Rate	Max. LTV 85%	Min. DSC 1.18x	85%	80%

For loan amounts \$75 million and above, although HUD may impose more restrictive limits on loan amounts over \$100 Million:

Subsidized ¹ and Affordable ²	Max. LTV 80%	Min. DSC 1.25x	80%	70%
Market Rate	Max. LTV 75%	Min. DSC 1.30x	75%	70%

¹ At least 90% of the units covered by a project-based Section 8 contract.

² Regulatory Agreement in place with minimum set-aside (e.g., 40% of units at 60% AMI, or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes.

³ Refinance cost includes satisfaction of existing debt (including penalties), any needed repairs, an initial deposit to capital needs reserve, due diligence and closing costs.

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Repair and Rehab Limitations	Up to \$15,000 per unit times a local cost factor (typically 190%-270%); additionally, repairs may not replace more than 50% of any two building systems: electrical, plumbing, mechanical, building envelope, structural.
Term and Amortization	A maximum term of 35 years, fully amortizing.
Prepayment and Assumption	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable subject to HUD approval.
Escrows	<ul style="list-style-type: none"> a. Taxes, insurance and mortgage insurance premium are escrowed monthly; b. Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a propertyspecific basis (minimum \$250/unit/year).
Mortgage Insurance Premium	1% due to HUD at closing and 0.6% annually thereafter (0.25%-0.35% for affordable and subsidized properties, 0.25% for Energy Star certified properties).
HUD Application Fee	0.30% of estimated loan amount due with submission of application.
Lender Application Fee	Generally \$25,000 to cover third-party reports and due diligence.
Rate-Lock Deposit	Typically 0.5% of the loan amount, paid at the time of commitment and refunded at closing.
Other Costs	Lender's legal, title, and other standard borrower closing costs.
Third Party Reports	Appraisal, Environmental and Capital Needs Assessment
Timing	Typical application is submitted within 45-60 days of engagement, followed by 60-90 days to issuance of HUD's commitment and 30-45 days to closing.