

## HUD 213

Mortgages financed under Section 213 of the National Housing Act are insured by the Federal Housing Administration (FHA) to facilitate the construction and rehabilitation, and purchase of cooperative housing facilities. Section 213 enables non-profit corporations, non-profit cooperative housing corporations, or trusts to develop housing projects to be operated as cooperatives by resident shareholders.

<b>Term</b>	Up to 40 years (plus up to 36-month construction period); Fully amortizing.
<b>Interest Rate*</b>	Fixed-rate at commitment for both construction and permanent loans, based on market conditions and risk.
<b>Maximum LTV</b>	Maximum loan amount is based on the lesser of: <ul style="list-style-type: none"> <li>• <u>98%</u> of HUD allowed replacement costs.</li> <li>• <u>100%</u> of net operating income.</li> <li>• The Statutory Limit based on the type of structure and location of the project.</li> </ul>
<b>Minimum DSCR</b>	1.00x minimum for cooperative properties .
<b>Prepayment Availability</b>	Lockout terms may vary (typically 2-year lockout with 8% penalty declining to 0% after year 10). No Yield Maintenance.
<b>Recourse</b>	Non-recourse. The mortgagor entity signs a "Section 50" certification ensuring compliance with project Regulatory Agreement.
<b>Escrows</b>	Replacement reserves, taxes, and insurance typically required. Working capital deposit equal to 2.0% of the mortgage amount. No operating deficit escrow is required. Sponsor must guarantee monthly charges on unsold units, and establish and maintain a General Operating Reserve account.
<b>Third Party Reports</b>	Market Study and Appraisal to determine rents, expenses and land value (if to be included in the HUD replacement cost total). Architecture and Cost Reviews are not needed. Borrower secures the required reports, not the lender.
<b>Mortgage Insurance</b>	Required during construction and permanent phase. 0.70% annually; first year's premium paid at loan closing.



### Eligibility

- New construction of cooperative housing properties
- Substantial rehabilitation of projects constructed either before September 1, 1959, or constructed with Davis Bacon Wage rates
- Given that most cooperatives financed under Section 213 are age-restricted, the head of household for buyers must be at least 62 years old
- Borrowing entity must be a non-profit cooperative housing corporation or a non-profit corporation
- Projects must be 60% pre-sold prior to loan closing

### Insurance

Please contact our affiliate Dougherty Insurance Agency to obtain competitive property and casualty insurance quotations to satisfy lending requirements.

### For More Information

Contact a Dougherty Mortgage representative or visit the Dougherty Mortgage website for details.

[www.doughertymortgage.com](http://www.doughertymortgage.com)

\*Please contact us for current rates and terms

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### *Requirements and Fees*

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<b>HUD Fee</b>	0.3% FHA exam fee (payable at application, may be reimbursed from mortgage proceeds).
<b>Inspection Fee</b>	0.50% for new construction (payable out of mortgage proceeds).
<b>Processing Fee</b>	Competitive – includes cost of lender due diligence. Borrower is responsible for legal fees and standard closing costs.
<b>Commitment Fees</b>	Competitive and negotiable.

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