

HUD 223(f)

Mortgages financed under Section 223(f) of the National Housing Act are insured by the Federal Housing Administration (FHA) to facilitate acquisition or refinance of multifamily rental housing. Properties financed under Section 223(f) must be three years from construction completion or the last substantial rehabilitation. Section 223 (f) loans may include moderate rehabilitation work and/or repairs up to statutory limits. FHA insurance combined with a Ginnie Mae security provides “AAA” credit enhancement for bonds.



Term	Up to 35 years; Fully amortizing. Term not to exceed <u>75%</u> of remaining economic life.
Interest Rate*	Fixed-rate at commitment based on market conditions and risk.
Maximum LTV and Minimum DSCR	<p>Maximum loan amount is based on the lesser of:</p> <ul style="list-style-type: none"> • <u>85%</u> of value or <u>85%</u> of net operating income (1.176x DSCR) for market rate properties or tax credit properties with less than a 10% rent advantage (compared to market rents). • <u>87%</u> of value or <u>87%</u> of net operating income (1.15x DSCR) for affordable properties with at least a 10% rent advantage. • <u>90%</u> of value or <u>90%</u> of net operating income (1.11x DSCR) for properties with 90% or more of the units covered by project-based rental assistance.
Prepayment Availability	Lockout terms may vary (typically 2-year lock with 8% declining to 0% after year 10). No Yield Maintenance.
Recourse	Non-recourse. Principals sign a “Section 50” certification ensuring compliance with project Regulatory Agreement.
Escrows	Replacement reserves, taxes, and insurance typically required. Assurance of completion escrow (20% over and above repair total) for any required 1-year repairs.
Third Party Reports	Standard third party reports (including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment) are required. Properties older than 30 years may also need intrusive testing of important concealed components such as sewer lines.
Mortgage Insurance	<ul style="list-style-type: none"> • First year’s premium paid at loan closing, equivalent to annual rate. • Annual payments at the following rates (rate x loan balance): <ul style="list-style-type: none"> • 0.25% for broadly affordable (90%+ Section 8 or LIHTC) and green/energy efficient properties. • 0.35% for affordable/inclusionary properties (10% to 90% Section 8 or LIHTC). • 0.60% for market rate properties; 1.00% paid at closing for first year.

Eligibility

- Acquisition or refinance, with or without repairs, for existing multifamily housing properties
- Property must be three years from construction completion or last substantial rehabilitation
- Equity take-out allowed
- Market-rate and affordable properties
- Affordable projects must have a restriction of at least 20% at 50% AMI OR 40% at 60% AMI with economic rents no greater than LIHTC rents and a Regulatory Agreement in effect for at least 15 years after 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

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Requirements and Fees

HUD Fee	0.3% of loan amount; payable at application submission to HUD; may be reimbursed from mortgage proceeds.
Inspection Fee	Greater of 1.0% of repairs or \$30 per unit; with repairs below \$100,000, the fee is a flat \$1,500. Fee payable at initial closing; may be reimbursed from mortgage proceeds.
Processing Fee	Competitive – includes cost of Third Party Reports (previously discussed) and lender due diligence. Borrower is responsible for legal fees and standard closing costs.
Commitment Fees	Competitive and negotiable.