

ADROC | CAPITAL

FHA/HUD Mortgage Insurance Program – Section 223(f) Acquisition or Refinance of Multifamily Properties

PURPOSE:	Provides attractive FHA-insured financing for the acquisition, refinance and moderate rehabilitation of existing multifamily housing projects
ELIGIBLE PROPERTIES:	Market rate, affordable and subsidized multifamily housing projects with 5 or more rental units
COMMERICAL SPACE:	Limited to 25% of net rentable area and 20% of effective gross income
BORROWER TYPE:	For-profit or non-for-profit single borrower asset entity
GUARANTEES:	Non-recourse
LOAN TERM:	Up to 35 years or 75% of remaining economic life
AMORTIZATION:	Fully amortizing over loan term
INTEREST RATE:	Determined by market conditions (call for a quote), fixed for the full term of the loan

LOAN PARAMETERS:

Property Type	LTV/LTC	Minimum DSCR
Market Rate	85%	1.176x
Affordable (40% units @ 60% AMI or 20% units @ 50% AMI)	87%	1.15x
Subsidized (> 90% LIHTC or rental assistance)	90%	1.11x

**Cash-out transactions for all property types are limited to 80% LTV. More conservative loan parameters applied to large loans (\$120MM+); discuss with your originator if applicable.*

PREPAYMENT & ASSUMPTION:	Negotiable. Typical best pricing for 10-year call protection (lockout and/or prepayment penalty). Loans are fully assumable, subject to Lender & HUD approval.
LENDER FINANCING FEE:	To be determined, based on size and complexity of transaction, subject to HUD limitations
HUD APPLICATION FEE:	0.3% of the loan amount due at HUD application submission
HUD INSPECTION FEE:	\$1,500, \$30 per unit or 1% of repair cost, depending on level and scope or repairs

HUD MIP:

Property Type	MIP Year 1 (Due @ Closing)	Annual MIP (Due Thereafter)
Market Rate	1.00%	0.60%
Mixed Affordable (10% -90% LIHTC or rental assistance)	0.35%	0.35%
Affordable (> 90% LIHTC or rental assistance)	0.25%	0.25%
All "Green" Projects (Energy Star Certified or equivalent)	0.25%	0.25%

THIRD-PARTY REPORTS:	Appraisal, Project Capital Needs Assessment (PCNA), and Phase I ESA. Radon testing required on all properties. Asbestos and lead-based-paint testing required on older properties.
ESCROWS/RESERVES:	Typical tax and insurance escrows (including MIP). Replacement Reserves: Minimum initial and annual deposit of \$250/unit, subject to HUD Guidelines and PCNA recommendation
LABOR STANDARDS:	Davis-Bacon wage rates generally not required
TIMING:	Typically 5-7 months from engagement to closing. Timeframes may vary.

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