



Multifamily Rental Housing

Refinance or Acquisition

FHA Section 223(f)-Affordable

ELIGIBLE PROPERTY TYPES

Refinance or Acquisition of Existing Broadly Affordable or Affordable multifamily rental properties (as defined below)

ELIGIBLE BORROWERS

Single asset entities (*i.e. Individuals, limited liability companies, partnerships, trusts, private corporations, non-profit corporations, public bodies and cooperatives*)

****Commercial Space is allowable up to 25% of Total Net Rentable Area and maximum of 20% of Effective Gross Income***

MAXIMUM LOAN AMOUNT

Refinance*

The lesser of:

- 1.11x Debt Service Coverage for Broadly Affordable properties; 1.15x for Affordable properties
- Loan-to-Value: 90% (Broadly Affordable) or 87% (Affordable)
- Greater of:
 - 100% Cost to Refinance
 - 80% of Value for Cash-Out
- FHA's statutory per unit mortgage limits

Acquisition*

The lesser of:

- 1.11x Debt Service Coverage for Broadly Affordable properties; 1.15x for Affordable properties
- Loan-to-Value: 90% (Broadly Affordable) or 87% (Affordable)
- 90% (Broadly Affordable) or 87% (Affordable) of Total Acquisition Cost
- FHA's statutory per unit mortgage limits



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GENERAL LOAN TERMS

- Up to 35 year loan term, fully amortizing
- Fixed interest rate for the term of the loan
- Typically a one or two-year lockout with a declining penalty through year 10 (negotiable); no yield maintenance
- Loan is non-recourse and assumable
- Secondary financing repayable from surplus cash is allowed within limits
- Program can be used as credit enhancement for bond financing

A debt service escrow may also be required for Section 223(f) proposals where analysis requires it or due to COVID provisions imposed by HUD. This escrow is not mortgageable and unused portions will be returned to the Borrower.

PROPERTY TYPES

Broadly Affordable – Property must have Section 8 assistance or another recorded affordability restriction, and/or Low Income Housing Tax Credits with at least 90% of its units covered by a Section 8 Project Based Rental Assistance

(PBRA) contract or other federal rental assistance program contract serving very low income residents, with a remaining term of at least 15 years; or at least 90% of its units covered by an affordability use restriction under the Low Income Housing Tax Credit (“LIHTC”) program or similar state or locally sponsored program and with a recorded regulatory agreement in effect for at least 15 years after final endorsement and monitored by a public entity.

Affordable – Property must provide a set-aside of affordable units as defined below, and agree to accept voucher holders with the project having between 10% and 90% of units covered by a Section 8 PBRA contract or other state or federal rental assistance program contract serving very low income residents, with a remaining term of at least 15 years; or between 10% and 90% of its units covered by an affordability use restriction under the LIHTC program or similar state or locally sponsored program with a recorded regulatory agreement in effect for at least 15 years after final endorsement and monitored by a public entity.