



**Multifamily Rental Housing**  
**Refinance or Acquisition**  
**FHA Section 223(f)**

**Highland Commercial Mortgage** is a HUD MAP approved lender and is a national leader offering underwriting, loan origination and servicing for affordable multifamily mortgages and assisted living facilities. Our team is recognized nationally for its work with HUD 221(d)(4) new construction and substantial rehabilitation projects, HUD 223(f) refinance, HUD 223(a)(7) refinance of existing HUD insured properties, and LIHT projects utilizing Tax Exempt Bond Financing. Highland works closely with developers, non-profit housing organizations, and large property managers across the United States. The Highland team has also developed long-standing and strategic relationships within FHA and has a deep and thorough understanding of FHA/HUD underwriting guidelines.

For additional information contact:

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**ELIGIBLE PROPERTY TYPES**

Refinance or Acquisition of Existing Market Rate and/or Affordable multifamily rental properties

**ELIGIBLE BORROWERS**

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

**MAXIMUM LOAN AMOUNT**

**Refinance\***

**The lesser of:**

- 1.176x Debt Service Coverage for market rate properties; 1.11 – 1.15x for qualified subsidized and/or affordable properties
- Loan-to-Value: 85% (market rate) or 87%-90% (affordable properties)
- Greater of:
  - 100% Cost to Refinance
  - 80% of Value for Cash-Out
- FHA's statutory per unit mortgage limits



## Multifamily Rental Housing

### Refinance or Acquisition

#### FHA Section 223(f)

#### Acquisition\*

##### The lesser of:

- 1.176x Debt Service Coverage for market rate properties; 1.11 – 1.15x for qualified subsidized and/or affordable properties
- Loan-to-Value: 85% (market rate) or 87%-90% (affordable properties)
- 85% of Total Acquisition Cost for market rate properties or 87%-90% for affordable properties
- FHA's statutory per unit mortgage limits

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

- 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.***

#### 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