HIGHLAND COMMERCIAL MORTGAGE

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

Tel. 205-250-9010 | Fax 205-991-8359
info@hcmd4.com
www.hcmd4.com

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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

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.

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