HIGHLAND
COMMERCIAL MORTGAGE

Refinance or Acquisition
FHA Section 223(f)

Eligible Properties	Refinance or acquisition of market rate and/or affordable multifamily rental properties
Commercial Space	Limited to 25% of net rentable area and 20% of underwritten effective gross income
Eligible Borrowers	Single-asset entity; either for-profit or not-for-profit

Programatic Underwriting Parameters for loans < $130,000,000

Property Type	Loan to Value (Cash Out LTV 80%)	Minimum Debt Service Coverage	Statutory Limits
Subsidized/Affordable	90%	1.11x	Per unit limits adjusted by high cost factor
Middle Income	90%	1.11x	
Market-Rate	87%	1.15x	

Loan Term & Amortization	Up to 35 year loan term, fully-amortizing
Interest Rate	Interest rate is fixed for the term of the loan
Prepayment	Loan is open to prepayment with a sliding scale penalty through year 10 after which the loan may be prepaid without penalty
Recourse	Loan is non-recourse and assumable
Secondary Financing	Secondary financing is allowable within the programmatic limits - the maximum cumulative loan to value allowance is dependent on the funding source (private vs public)
Application Fees	HUD Exam Fee of 0.30%; application fee is reduced to 0.20% for Opportunity Zone Market-Rate, and 0.10% for Opportunity Zone Affordable
Third Party Reports	Appraisal, Environmental, Radon, and Capital Needs Assessment
Escrows	Typical escrows required include real estate taxes, property insurance, MIP, replacement reserves (minimum $250 per unit); escrow payments collected monthly
Repairs	Repairs are permitted, subject to programmatic limits
MIP	Mortgage Insurance Premium of 0.25% is payable to HUD annually throughout the life of the loan

If this programmatic overview is something that fits your needs, interests you, or that you would like to learn further detail on, please reach out to us at info@hcmd4.com. Additional program sheets and terms are available upon request.