FHA/HUD Section 223(f) Term Sheet

Acquisition and Refinancing of Multifamily Properties

The FHA/HUD 223(f) program offers long-term fixed-rate financing for the refinance, purchase, or moderate renovation of multifamily projects nationwide.

Eligible Properties

Market rate, affordable, and subsidized multifamily properties.

Eligible Borrowers

Single asset entities, either nonprofit or for profit.

Interest Rate

Fixed rate fully amortized for the loan term. Rate lock deposit of 0.5% that is refunded at closing.

Recourse

The HUD mortgage note will contain a non-recourse provision as to the mortgagor entity. Notwithstanding this provision, certain parties may be held personally liable to the extent of losses arising from certain "bad acts" and malfeasance, as set forth in the Regulatory Agreement. Such parties will be identified in the Firm Commitment.

Loan to Value

87% for market rate
90% for affordable
90% for **90%** or greater rental assistance

Davis Bacon Wages

Not applicable for this program.

Minimum Debt Service Requirements

1.15x for market rate
1.11x for affordable
1.11x for **90%** or greater rental assistance

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Commercial Limitations

25% of total net rentable area; and **20%** of the effective underwritten gross income.

Term and Amortization

Maximum Loan Term up to **35 years** fully amortizing, not to exceed **75%** of the remaining economic life.

Repairs and Replacements

Up to **$15,000** per unit (adjusted for inflation) times a local cost factor, typically **190%-270%.** In addition, no expansion of residential footprints to include new conditioned space permitted.

Prepayment and Assumption

2-year lockout followed by 8 years of declining pre-pay of 8%, 7%, 6%, 5%, 4%, 3%, 2%, and 1% (other terms may be negotiated). Loan is fully assumable subject to HUD approval.

Rate Lock Deposit

0.50% of mortgage amount collected at the time of client's acceptance of the Firm Commitment. The rate lock deposit will be fully refunded at the transaction closing.

Third Party Reports

Appraisal, Phase I Environmental Assessment, Physical Capital Needs Assessment (PCNA)

Mortgage Insurance Premium

0.25% each year during construction and **0.25%** annually.

HUD Application Fee

0.30% application fee

Timing

Varies on the complexity of the transaction, but approximately **5** to **7** months.

LSG Lending Advisors is a private company and not a government agency. We are a capital markets advisory firm with expertise and relationships with lenders that are licensed to provide HUD-insured and agency financing for apartment buildings and multifamily developments. These terms and requirements are subject to change.

Contact us today for a free phone consultation: **216.645.9816**