

FHA/HUD Section 223f Term Sheet



Acquisition and Refinancing of Multifamily Properties

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

Eligible Properties

Market rate, affordable, or 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 **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

85% for market rate

87% for affordable

90% for **90%** or greater rental assistance



Davis Bacon Wages

Not applicable for this program

Minimum Debt Service Requirements

1.176x for market rate

1.15x for affordable

1.11x for **90%** or greater rental assistance

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

Repairs can't exceed **\$15,536** per unit multiplied by the high cost factor for the area.

Repairs and replacements are limited to a maximum of one major building component.

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

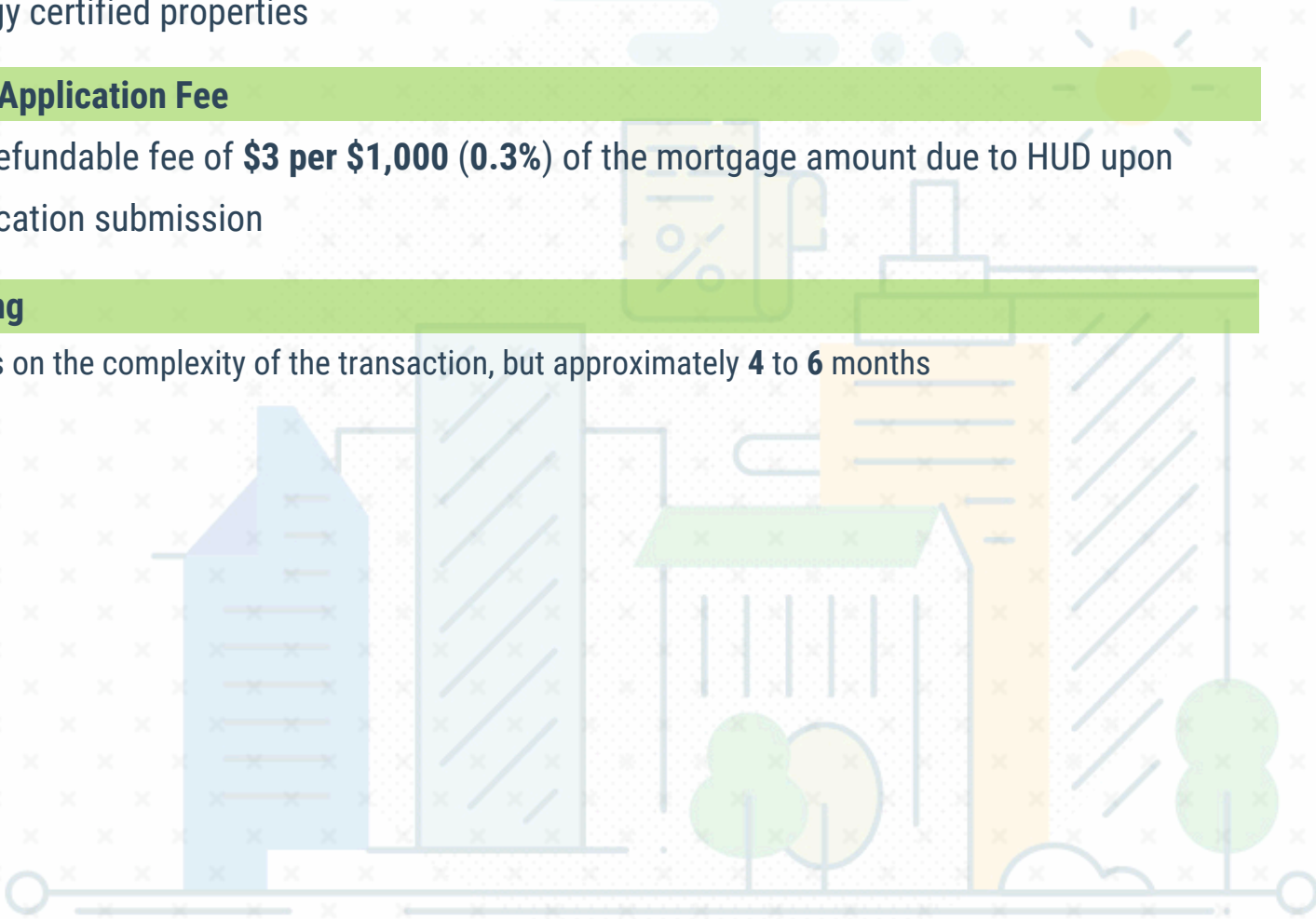
0.60% annually for market rate projects, **0.25% to 0.35%** for affordable, subsidized, and energy certified properties

HUD Application Fee

Nonrefundable fee of **\$3 per \$1,000 (0.3%)** of the mortgage amount due to HUD upon application submission

Timing

Varies on the complexity of the transaction, but approximately **4 to 6 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