

For more information on
Hunt Real Estate Capital,
please call:

(212) 588-2015

HUD PROGRAM 223(F)

Eligible properties contain 5 or more residential units and have been completed or substantially rehabilitated for at least 3 years prior to the date of application for mortgage insurance.

APARTMENT ■ REFINANCE ■ ACQUISITION

- 35 year fixed term or up to 75% of the building's remaining economic life (lesser of)
- Non-recourse loan
- Assumable if approved by HUD and lender

■ Maximum loan is the lesser of

HUD appraised value or acquisition cost multiplied by

- 90% of projects with 90% rental assistance
 - 87% of affordable housing transactions (tax credits)
 - 85% of market rate deals
 - 80% of cash out transactions
- 50% of cash out at closing will be held in escrow and will be released upon completion of all identified immediate repairs

Debt Service Coverage

- 1.11 or 90% NOI for projects with 90% rental assistance
- 1.115 or 87% NOI for affordable housing transactions (tax credits)
- 1.176 or 85% NOI for market rate deals

FHA per Unit Statutory Limit

- Section 207 statutory per unit limits, adjusted by the local Field Office high cost percentage for the locality

Cost to Refinance or Cash-out

- The greater of the cost to refinance or 80% of HUD appraised value
- If transaction provides cash-out, 50% of the cash out proceeds will be held in escrow and released upon completion of all identified immediate repairs

■ Non-mortgageable Costs

- 20% of estimated repairs (LOC or cash) – held until repairs are complete
- Tax and insurance escrow

■ Typical Processing Steps

- Concept meeting with HUD
- Firm Application submitted – will include:
 - Final appraisal
 - Property capital needs assessment
 - Phase I environmental site assessment
 - Financials and/or credit information on sponsors and management company
 - Three years of tax returns for the project or borrowing entity
 - Property financial statement that is reviewed by an independent third-party CPA. The multifamily hub director may grant a waiver of this requirement for acquisitions
 - Past due accounts payable and outstanding liability
 - Verified working capital sufficient to meet all closing requirements
 - Management documents
 - Evidence of site control/last arms length transaction
 - Legal documents (organizational docs, title)
 - Rent rolls (last 6 months with 85% or above occupancy)

CONTINUED

HUD PROGRAM – 223(F) - CONTINUED

- **HUD Application Fees**
 - \$3 per thousand of requested mortgage amount
- **Mortgage Insurance Premium**
 - 1% of mortgage amount is payable at closing for market rate. 0.25% of mortgage amount is payable at closing for affordable properties. Thereafter, an annual premium of .25% paid monthly on the average outstanding principal balance for affordable properties and .60% for market rate.
- **Green Building Standards/Energy Efficiency**
 - If a property will meet these standards, the MIP rate can be reduced to 0.25%
- **Additional Requirements**
 - Project must comply with the specified HUD, state, and local standards
 - Owner must execute a HUD regulatory agreement governing the projects operations
 - Loans in excess of \$50 million will be subject to additional underwriting criteria