

FHA/HUD Section 223(f)

Acquisition and Refinancing of Multifamily Properties

Term and Amortization	Up to 35 years, fully amortizing
Commercial Space	Limited to 25% of net rentable area and 20% of effective gross income
Borrower	Single asset, special purpose entity, either for profit or non-profit
Recourse	Non-recourse
Interest Rate	Fixed for term of loan, determined by market conditions at time of rate lock. Rate lock deposit is 0.5% and refunded at closing.

Eligibility

- Market rate properties of any class, cooperatives, affordable or subsidized housing.
- New construction properties eligible as of March 3, 2020

For loan amounts up to \$75 million

Property Type	Maximum LTV	Minimum Debt Service Coverage	Acquisition Loan to Cost	Refinance Loan to Cost
Broadly Affordable/ Subsidized ¹	90%	1.11x	90%	
Affordable ²	87%	1.15x	87%	80%
Market Rate	85%	1.18x	85%	

Loan Parameters

For loan amounts \$75 million and above, although HUD may impose more restrictive limits on loan amounts over \$100 million

Property Type	Maximum LTV	Minimum Debt Service Coverage	Acquisition Loan to Cost	Refinance Loan to Cost
Broadly Affordable/ Subsidized	80%	1.25x	80%	70%
Market Rate	75%	1.30x	75%	

In addition, loan cannot exceed the programmatic per-unit maximum as adjusted by HUD for property location (local cost factor).

For More Information:

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Underwritten Occupancy	Up to 35 years, fully amortizing
Payment and Assumption	Limited to 25% of net rentable area and 20% of effective gross income
Escrows	<ul style="list-style-type: none"> A. Taxes, insurance and mortgage insurance premium are escrowed monthly; B. Replacement reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis (minimum \$250/unit/year). C. Initial Deposit to Reserves is required at closing and determined by a Project Capital Needs Assessment (PCNA).
Mortgage Insurance Premium	1% due to HUD at closing and 0.6% annually thereafter (0.25%-0.35% for qualifying affordable properties, 0.25% for Green certified properties).
HUD Application Fee	0.30% of estimated loan amount due with submission of application. HUD Application Fee is reduced to 0.20% total for qualified opportunity zone properties (and 0.10% for Broadly Affordable).
Third Party Reports	Appraisal, Environmental and Property Capital Needs Assessment (PCNA)
Timing	Varies by transaction; typically 6-9 months from due diligence to closing.
New Construction Eligibility	<ul style="list-style-type: none"> • DSCR 1.17X (for market rate)/1.11X (for subsidized) or 1 month to apply and 3 consecutive months to close • Cash out is available, with 50% holdback until 6 months of DSCR is achieved (including 3 months prior to close) • Provide current rent roll and leasing history, including any concessions • Provide income and expense from initial occupancy to current and projected for 12 months • Underwritten to actual revenue collected less normalized expenses to meet DSCR test

¹ At least 90% of the units covered by a project-based Section 8 contract or LIHTC.

² Regulatory Agreement with a minimum set-aside (e.g., 40% of units at 60% AMI, or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes.

³ The greater of (a) this % of the value of (b) 100% of the "Cost to Refinance", which includes satisfaction of existing debt (including penalties), any needed repairs, an initial deposit to capital needs reserve, due diligence and closing costs.