

FHA Acquisition or Refinance Multifamily Rental Housing (5+ Units)

Section 223(f) - For Profit and Non-Profit

This FHA mortgage insured financing is available for existing multifamily rental housing (market rate and affordable) HUD Section 202 projects. The program provides long-term, fixed-rate financing (up to 35 years) and allows securitization through GNMA Mortgage-Backed Securities.

Eligibility

Acquisition or refinance of existing multifamily rental properties at least three years old

Underwriting Guidelines

Project Type	Loan To Value Ratio	Loan To Cost Ratio	Debt Service
Market Rate	83.3%	83.3%	1.200x
Affordable	85.0%	85.0%	1.176x
>= 90% Rental Assistance	87.0%	87.0%	1.150x
Section 202 Property (Refi)	90.0%	90.0%	1.111x

Affordable Projects

Must have 1) Recorded Regulatory Agreement in effect for 15 years after Final Endorsement; 2) Meet the minimum Low-Income Housing Tax Credit restrictions of 20% at 50% AMI or 40% at 60% AMI; 3) Mixed-Income projects where the projects meet the above criteria.

Loan Structure

Loan Term – up to 35 years

Consistent with the above Underwriting Guidelines, the Loan Amount is determined by the lesser of:

- Applicable percentage of HUD appraised value
- HUD Statutory Per Unit Limits as adjusted by Local office high cost factor
- Amount supported by the maximum applicable percentage of NOI & minimum DSCR
- Refinance: the greater of the cost to refinance or 80% of the HUD appraised value
- Acquisition: maximum applicable percentage of acquisition cost
- Cash out permitted

Corporate Office: 915 Highland Pointe Dr. Ste. 250, Roseville, CA 95678

CA, OR & WA Premier Mortgage & Real Estate Brokerage

Phone: 800-385-3657 | Fax: 866-598-9987 | Email info@pmccanhelp.com | NMLS 266371 | BRE 01183898

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Prepayment

- No yield maintenance required
- Flexible lockout terms established at interest rate lock

Application fees

- 0.3% commitment fee to HUD (Non-refundable FHA exam fee)
- Third party reports, as applicable

Paid at closing

- 1% MIP for year one
- 100% cost of repairs (mortgage proceeds) escrow
- plus a 50% letter of credit or cash escrow for
- Assurance of Completion of Repairs
- HUD inspection fee equal to a minimum of \$30 per unit when repairs are less than \$3,000 per unit, otherwise an amount up to 1% of repair work
- Reserve for Replacement

Annual fees

- 0.45% MIP

Features

- Non-Recourse (HUD takes a first mortgage lien)
- 35 Year Term and Amortization (Refinance and Acquisition)
- 40 Year Term and Amortization (New Construction/Substantial Rehabilitation)
- Up to 83.3% LTV (Refinance and Acquisition) – Cash out allowed up to 80% LTV
- Up to 83.3% LTC (New Construction/Substantial Rehabilitation) – Up to 90% LTC for Non-Profit
- Construction and Permanent Financing both in one loan Assumable
- Multifamily Accelerated Processing (MAP) lender

Available To:

- For Profit, Non-Profit, and Joint Ventures
- New Construction/Substantial Rehabilitation projects must be approved by HUD prior to work commencing
- Refinance properties must be at least 3 years old

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