

FHA SECTION 223(f)

MULTIFAMILY ACQUISITION OR REFINANCE LOAN

PROGRAM OVERVIEW

This loan provides non-recourse, assumable financing for the purchase or refinance of existing multifamily, affordable or age-restricted properties

QUALIFIED PROPERTIES

Stabilized multifamily properties.

For multifamily properties that have not yet reached the three year anniversary from the issuance of final Certificate of Occupancy, the following conditions apply (or must be met) prior to submission of an application to HUD:

- Construction must be complete
- Minimum DSCR of 1.11x for 90% or greater rental assistance and 1.176x for all other properties for a period of three consecutive months prior to closing
- Loan will be underwritten to actual revenue collected less normalized operating expenses to determine if required DSCR has been achieved
- If transaction involves cash out, 50% of the cash out will be held back until property achieves minimum applicable DSCR for each of six consecutive months, inclusive of the months of minimum DSCR required prior to closing

MAXIMUM LOAN

For refinancing, the maximum supportable loan is limited by the lesser of:

- 85% LTV for market rate, 87% LTV for affordable, and 90% LTV for 90% or greater rental assistance;
- DSCR of 1.176x for market rate, 1.15x for affordable and 1.11x for 90% or greater rental assistance;
- Greater of 100% of eligible costs or, if cash out, 80% of market value. Eligible costs include existing indebtedness, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs

For a purchase transaction, the loan amount is limited by the lesser of:

- 85% LTV of value for market rate, 87% LTV for affordable, and 90% LTV for 90% or greater rental assistance;
- DSCR of 1.176x for market rate, 1.15x for affordable and 1.11x for 90% or greater rental assistance;
- 85% of eligible transaction costs for market rate, 87% for affordable, and 90% for 90% or greater rental assistance. Eligible costs include purchase price, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs

MAXIMUM TERM

Lesser of 35 years or 75% of the remaining economic life, but no less than 10 years

PERSONAL LIABILITY

FHA loan is non-recourse

ASSUMABILITY	Yes, subject to FHA approval
COMMERCIAL LIMITATIONS	25% of total net rentable area; 20% of effective gross income
REPAIRS/ REPLACEMENTS	Repairs cannot exceed \$15,000 per unit multiplied by the High Cost Factor for the area. Repairs/replacements are limited to a maximum of one major building component replacement
FEES AND EXPENSES	Nominal processing fee due to Love Funding at engagement. The client must pay for all third party reports, which include a Phase I environmental site assessment, full appraisal, PCNA (Property Capital Needs Assessment), evaluation of utility consumption, and conformance to energy conservation measures. Funds must be remitted to Love Funding, and these contractors are engaged and paid by Love Funding directly. Financing and permanent placement fees not to exceed 3.5% are based on final loan amount, earned upon commitment and payable from mortgage proceeds at closing
MORTGAGE INSURANCE PREMIUM	Annual Mortgage Insurance Premium (MIP) is 0.25% to 1.00% at closing (one year pre-paid) and 0.25% to 0.60% annually thereafter (based on outstanding principal balance)
OTHER FHA REQUIREMENTS	<ul style="list-style-type: none"> • HUD application fee is 0.3% of mortgage amount due at the time of submission of the Firm Application • Large loan sizes are subject to more conservative underwriting • Age-restricted properties can be financed under this program, so long as the head of household is 62 or older, and occupancy is not restricted to any remaining occupants