



FHA/HUD Mortgage Insurance Program – Section 223(f) – Multifamily Refinance or Acquisition

Purpose: Long-term, low, fixed interest rate financing for the acquisition or refinancing of existing multifamily properties. Fully assumable, subject to lender & HUD approvals.

Eligible Properties: Market rate, affordable, and subsidized multifamily properties.

Borrower Type: For-profit or not-for-profit single asset borrower entity.

Guarantees: Non-recourse.

Loan Term & Amortization: Maximum of 35 years, fully amortizing.

Interest Rate: Determined by market conditions; fixed for the full term of the loan.

Loan Parameters:

Property Type	Max LTV/LTC	Min DSCR	Cash-Out LTV
Market Rate	85%	1.18	80%
Affordable*	87%	1.15	80%
Subsidized**	90%	1.11	80%

*Generally defined as 40% of units at 60% AMI or 20% of units at 50% AMI for at least 15 years

** At least 90% of units covered by project-based Section 8 contract for at least 15 years

Repair Limitations: Up to \$15,000/unit times the local cost factor (typically 190%-270%)

Pre-Payment: Negotiable, but typically no lockout and an annual 10 step declining pre-payment penalty.

Lender Financing Fee: Deal specific, based on size and complexity of transaction.

HUD Application Fee: 0.3% of the loan amount due to HUD at HUD application submission.

HUD Inspection Fee: Varies based upon scope of repairs. \$1,500, \$30/unit, or 1% of repair cost.

HUD MIP:

Market Rate:	1% due at closing and 0.6% annually
Mixed Affordable:	0.35% due at closing and 0.35% annually
Affordable (>90% LIHTC or rental assistance):	0.25% due at closing and 0.25% annually
Green:	0.25% due at closing and 0.25% annually

Third-Party Reports: Appraisal, PCNA, Phase I ESA (including radon testing)

Escrows/Reserves: Standard tax and insurance escrows;
Replacement Reserves: Initial deposit and minimum annual deposit of \$250/unit, subject to HUD Guidelines and PCNA recommendation.

Timing: Generally ~6 months from engagement to closing. Timeframes may vary based on borrower responsiveness and HUD pipelines.