



## 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
<b>Market Rate</b>	85%	1.18	80%
<b>Affordable*</b>	87%	1.15	80%
<b>Subsidized**</b>	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 \$18,000/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.