

COOPERATIVE HOUSING

New Construction, Sub-Rehab, Conversion

HUD Section 213



Features

- 40 year loan term plus the construction period not to exceed 75% of the remaining useful life.
- Debt Coverage ratio of 1.00 of net operating income.
- 98% Loan to Cost (development costs plus as-is value).
- Loan is subject to statutory limits as published in Federal Register under Section 213
- The loan is non-recourse.
- Low fixed interest rates, fully amortizing.
- FF&E may be included as a mortgageable project cost.
- Developer fee and marketing costs are mortgageable project costs.

Eligibility

- New Construction cooperatives using the management style, pre-sale model are eligible where the cooperative corporation is formed up-front and development agent develops the property on behalf of the cooperative. Cooperative shares are pre-sold to resident members.
- Investor model and non-profit model may be used with HUD approval.
- Age restricted cooperatives are eligible provided the primary occupant is age 62 years or older.
- Conversion of existing multifamily properties to cooperative ownership is eligible under this program.
- Davis-Bacon guidelines are applicable to this program.
- 213 is not eligible for accelerated processing.
- Sponsor/Development Agent must guarantee carrying charges on any unsold shares for 5 years.

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