



# Multifamily Section 223(f) Purchase or Refinancing

<b>Term</b>	35 years, fully amortizing
<b>Interest Rate</b>	Locked before closing and fixed for full term of loan
<b>Assumable</b>	Fully assumable
<b>Recourse</b>	Non-recourse
<b>Prepayment</b>	Customizable 10-year step-down (typically 10% Year 1, then 9%, 8%, etc.)
<b>Third-party Reports</b>	Appraisal, Phase I Environmental, Capital Needs Assessment
<b>Time to Close</b>	Approximately 6 months
<b>Borrower</b>	Single-asset entity

## For loan amounts below \$125MM:

Multifamily Property Type	Maximum LTV Ratio	Minimum DSC Ratio	Mortgage Insurance Premium
Section 8*	90% / 80% on cash out	1.11	0.25%
Affordable**	87% / 80% on cash out	1.15	0.35% / 0.25%
Market Rate / Green	85% / 80% on cash out	1.176	0.60% / 0.25%

## For loan amounts at or above \$125MM:

Section 8*	87% / 80% on cash out	1.15	0.25%
Affordable**	80% / 70% on cash out	1.25	0.35% / 0.25%
Market Rate / Green	75% / 70% on cash out	1.30	0.60% / 0.25%

\* Requires at least a 15-year project-based Section 8 HAP contract on 90% of the units.

\*\* Rent and income restrictions must be imposed, monitored, and enforced by a governmental agency for at least 15 years after Final Endorsement; there must be a recorded Regulatory Agreement requiring the project to meet the minimum LIHTC restrictions of 20% of units at 50% of area median income (AMI), or 40% of units at 60% of AMI, with economic rents (i.e., the portion paid by the residents) on those units no greater than LIHTC rents; and achievable tax credit rents must be at least 10% below market rents.

## Important to note:

- Value for Section 8 and affordable properties is determined using market rents, not restricted rents.
- Commercial space must not exceed 25% of rentable area or 20% of effective gross income.
- Total repairs are limited to approximately \$52,000 per unit.
- HUD application fee of 0.30% of loan amount is due when submitting the application. This is reduced for projects located in qualified Opportunity Zones.
- Escrows required for taxes, insurance, HUD mortgage insurance premium, and replacement reserves.

