



MULTIFAMILY | FHA/HUD Section 223(f)
Acquisition and Refinancing of Multifamily Properties

This program provides for permanent financing for the purchase or refinance of market rate multifamily properties, affordable or rental assisted properties.

Eligible Properties	Multifamily properties including market rate, affordable or rental assisted properties.
Term	Up to 35 years.
Interest Rate	Locked before closing and fixed for the duration of the term. (Subject to market conditions.)
Guarantees	Non-recourse for the duration of the term.
Prepayment	Customizable, typically a 10-year step down, based on market conditions and borrower preferences.
Assumable	Subject to FHA/HUD and lender approval.

Loan Parameters

Maximum loan amount will be the lessor of parameters below. Large loans (currently > \$130MM) carry more conservative VW numbers. *Max LTV for cash out refinance is 80%.

Property Type	Max Loan-to-Cost (Acquisition Only)	Max Loan-to-Value Ratio	Min Debt Service Coverage Ratio
Market Rate	87%	87%	1.15
Eligible Affordable	90%	90%	1.11
Subsidized	90%	90%	1.11

HUD Fees and Expenses

- The annual Mortgage Insurance Premium (MIP) is 0.60% of the outstanding loan amount for market rate transactions. Reduced MIP rates as low as 0.25% for affordable projects or projects that qualify for Green/Energy Efficient Housing.
- FHA Application Fee of 0.30% of loan amount.
- FHA Inspection Fee based on level of repairs.
- Replacement Reserves determined by a 20-year capital needs analysis, minimum of \$250 per annum, with initial deposit based upon CNA.

Commercial Space	Limited to 25% of net rentable space and 20% of gross income.
Third-Party Reports	Appraisal, Environmental, Property Capital Needs Assessment (PCNA) required.
Timing	Approximately 6-9 months for engagement, submission, FHA/HUD review, and closing.
Funding	Ginnie Mae guaranteed mortgage-backed securities.
Other Program Parameters	<ul style="list-style-type: none"> Escrows for property taxes, insurance, MIP, and replacement reserves are required. Total repairs are limited to approximately \$45,000 per unit with valuation and DSC assuming completion of those repairs. Lender holds 110%-120% escrow and repairs must be completed in 12 months. Age restricted properties may qualify so long as head of household is 62 or older and occupancy is not restricted to any remaining occupants. Affordable properties may be eligible for 55+ restriction.



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