

**FHA Section 223(f) – LIHTC Pilot Program**  
**Mortgage Insurance for Affordable Housing Projects**  
**Acquisition or Refinance with moderate rehabilitation**

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To be eligible under the LIHTC (Low Income Housing Tax Credit) Program a property must:

- Be a residential multifamily rental property, operating under rent and income restrictions; Skilled or assisted living properties are not allowed.
- Have existing Tax Credit or Bond Cap allocations, or reasonably close substitutes acceptable to HUD.
- Have Project Occupancy be no less than 85% for the previous 12 months for rehab and refinances, or reach 90% for 3 months prior to loan submission, for new construction.

**Eligible Borrowers:** Newly constructed or rehabilitated stabilized tax credit  
Re-syndicated tax credit projects  
Affordable apartments with 90% of units with project-based rental assistance

**Rehab Allowance:** Program allows up to \$40k per unit

**Loan Term:** Up to 35 years, or 75% of the remaining economic useful life

**Loan Amount:** **Refinance Transactions:** 87% LTV for subsidized, 100% of the estimated cost, debt service coverage at 1.15:1, or for Affordable up to 85% LTV, and 1.17:1 for debt service.

**Acquisition Transactions:** 87% LTV for subsidized, 90% of the estimated cost, debt service coverage at 1.15:1, or for Affordable up to 85% LTV, and 1.17:1 for debt service.

**Secondary Debt:** May be allowed if financed from third party government sources.

**Interest Rate:** Subject to market conditions, the fixed interest rate is set at initial closing.

**Funding:** Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.

**Timing:** Processing may be completed within 120 days from submission of an accepted final application.

**Personal Liability:** None, FHA is non-recourse.

**Fees:** FHA application fee, inspection fee, lender fees, and mortgage insurance premiums will be collected in accordance with HUD Guidelines. Various third party reports are required. Some or all of these costs may be eligible for inclusion in the mortgage note.

**Other:**

- Borrower must commit to one of two low income occupancy threshold requirements:  
(1) 20-50 Rule: At least 20% of units must be rent restricted and occupied by households with incomes at or below 50% of HUD determined area median income,

(2) 40-60 Rule: At least 40% of units must be rent restricted and occupied by households with incomes at or below 60% of HUD determined median income.

- Tenant monthly rent costs may not exceed the LIHTC rent limit.
- LIHTC Program restricts only the portion of rent paid by tenant, not total rent.
- For all projects without Section 8 contracts, achievable LIHTC rents must be at least 10% below Market Rents for each unit type.
- Projects must be at least 5 units.
- Rental Assistance Demonstration (RAD) eligible for the pilot, as long as 90% of units are assisted.
- Elderly age restrictions per HUD Guidelines.
- Davis Bacon wage determinations not required.
- Construction period may exceed 12 months.
- Borrower is responsible for additional due diligence fees, may be included in proceeds.
- Developer fees up to 15% may be included in mortgage proceeds.
- 100% of the Repair Escrow must be funded at closing.
- New 20 year HAP Contract if current Section 8 Property

This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this financing opportunity, please contact your Oppenheimer representative, or call (215)631-9151.