

FHA Section 223(f) Mortgage Insurance for Affordable Housing Projects Acquisition or Refinance

The 223(f) Program features: high leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the acquisition or refinance of affordable housing properties. The program is insured by the Federal Housing Administration and provides access to affordable financing for capital needs nationwide.

- Minor repairs (not to exceed the greater of \$6,500/unit times the area high cost factor, or 15% of the “as-improved” market value) may be included in the loan amount.
- At least three years shall have passed since original Certificate of Occupancy was granted.
- Property must have economic occupancy rate of 85%.

Eligible Borrowers: Single Asset Entity, for-profit, not-for-profit, and municipally-owned

Loan Term: The lesser of 35 years, or 75% of the remaining economic life, as determined by appraisal.

Loan Amount: **Refinance Transactions:** Lesser of: 85% of the HUD appraised value of the physical improvements, debt service coverage at 1.176:1, or up to 100% of the sum of outstanding indebtedness plus transaction costs, or 80% if cash out.

Acquisition Transactions: Lesser of: 85% of HUD appraised value, 85% of the acquisition price plus transaction costs, or 1.176:1 debt service coverage.

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: HUD processing involves a one-step application submission.

Personal Liability: None, FHA is non-recourse.

Fees: FHA application fee, inspection fee, lender fees, and mortgage insurance premiums will be collected. Various third party reports are required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.

Other:

- Client pays for all third party reports which include a market study, full appraisal, engineering report, architectural report, a seismic report, if applicable, and environmental studies as well as legal and organizational costs.
- Surplus cash may be distributed twice per year.
- Annual audit of operations required to be submitted to HUD & lender.
- Repairs/replacements are limited to one major building component.
- Future access to supplemental loans via FHA 241.

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