

## **FHA Sections 223(f) market rate Mortgage Insurance for Multifamily Projects Acquisition or Refinance of existing multifamily housing**

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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 multifamily properties. The program is insured by the Federal Housing Administration (FHA) and provides access to affordable financing for capital needs nationwide.

- Includes multifamily properties of 5 or more units; garden/mid-rise/high rise.
- 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 the original Certificate of Occupancy was granted.
- Property must have economic occupancy rate of at least 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:** **Purchase Transactions:** Amount limited to lesser of: (1) 83.3% of HUD appraised value, (2) greater of (a) 100% of transaction costs or (b) 80% of appraised value, (3) Sec 207 per unit limits, HUD-adjusted locally or (4) 83.3% of net income (1.20 DSC).

**Refinance Transactions:** Amount limited to lesser of: (1) 83.3% of HUD appraised value, (2) greater of (a) 100% of transaction costs or (b) 80% of appraised value, (3) Sec 207 per unit limits, HUD-adjusted locally, (4) 83.3% of net income (1.20 DSC).

**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, lenders fee 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:** Annual audit of operations required to be submitted to HUD & lender. Future access granted to supplemental loans via FHA 241. Client pays for all third party reports which include a full appraisal, PCNA report, architectural, and environmental testing, a seismic report, if applicable, and legal and organizational costs.

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.