

# Multifamily Term Sheet



## HUD 223(f)

Mortgages financed under Section **223(f)** of the National Housing Act are insured by the Federal Housing Administration (FHA) to facilitate acquisition or refinance of multifamily rental housing. Section 223(f) loans may include moderate rehabilitation work and/or repairs up to statutory limits. FHA insurance combined with a Ginnie Mae security provides "AAA" credit enhancement for bonds.

Term	Up to 35 years; Fully amortizing. Term not to exceed 75% of remaining economic life.
Interest Rate	Fixed-rate at commitment based on market conditions and risk.
Maximum LTV and Minimum DSCR	Maximum loan amount is based on the lesser of: <ul style="list-style-type: none"><li>• 85% of value or 85% of net operating income (1.176x DSCR) for market rate properties or tax credit properties with less than a 10% rent advantage (compared to market rents).</li><li>• 87% of value or 87% of net operating income (1.15x DSCR) for affordable properties with at least a 10% rent advantage.</li><li>• 90% of value or 90% of net operating income (1.11x DSCR) for properties with 90% or more of the units covered by project-based rental assistance.</li></ul>
Prepayment Availability	Lockout terms may vary (typically 0-year lock with 10% declining to 0% after year 10). No Yield Maintenance.
Recourse	Non-recourse. Principals sign a "Section 50" certification ensuring compliance with project Regulatory Agreement.
Escrows	Replacement reserves, taxes, and insurance typically required. Assurance of completion escrow (20% over and above repair total) for any required 1-year repairs.
Third-Party Reports	Standard third party reports (including Appraisal, Phase I Environmental Site Assessment, and Capital Needs Assessment) are required. Properties older than 30 years may also need intrusive testing of important concealed components such as sewer lines and electrical panels.
Mortgage Insurance	<ul style="list-style-type: none"><li>• First year's premium paid at loan closing and included in mortgageable cost.</li><li>• Annual payments at the following rates (rate x loan balance):<ul style="list-style-type: none"><li>• 0.25% for broadly affordable (90%+ Section 8 or LIHTC) and green/energy efficient properties.</li><li>• 0.35% for affordable/inclusionary properties (10% to 90% Section 8 or LIHTC).</li><li>• 0.60% for market rate properties; 1.00% paid at closing for first year.</li></ul></li></ul>
HUD Exam Fee	0.3% of loan amount; payable at application submission to HUD; may be reimbursed from mortgage proceeds.
HUD Inspection Fee	Greater of 1.0% of repairs or \$30 per unit; with repairs below \$100,000, the fee is a flat \$1,500. Fee payable at initial closing; may be reimbursed from mortgage proceeds.
Processing Fee	Competitive – includes cost of Third Party Reports (previously discussed) and lender due diligence. Borrower is responsible for legal fees and standard closing costs.
Commitment Fees	Competitive and negotiable.

### Eligibility

- Acquisition or refinance, with or without repairs, for existing multifamily housing properties.
- For properties less than three years from issuance of certificate of occupancy, minimum DSCR must be achieved for three consecutive months prior to closing.
- Equity take-out allowed.
- Market-rate and affordable properties.
- Affordable projects must have a restriction of at least 20% at 50% AMI OR 40% at 60% AMI with economic rents no greater than LIHTC rents and a Regulatory Agreement in effect for at least 15 years after loan closing.

### Insurance Needs:

Colliers Insurance Agency Property & Casualty Insurance  
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### CONTACT

For current rates and terms contact a Colliers Mortgage representative for more information.

**Colliers Mortgage Representative:**