



223 (f) Apartment Program

Acquisition/Refinance/Moderate Rehabilitation SECTION 223(f)

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.

- At least three years must have expired since the property received its final certificate of occupancy
- Minor repairs (less than: \$6,500/unit times the HUD high cost factor/cannot replace more than one building system/repairs cannot exceed 15% of the "as-improved" market value) may be included within a financing structure under this program
- FHA insurance combined with a Ginnie Mae security provides a "AAA" credit enhancement for bonds
- Multifamily properties which are at least 3 years old since final certificate of occupancy projects must have an average physical occupancy rate of at least 85%.
- Age-restricted properties cannot be financed under this program.

Loan Size:

No programmatic minimum or maximum loan size

Property Types:

Multifamily properties of 5 or more units; garden/mid-rise/high rise. Any geographic location is potentially acceptable. Family occupancy or properties targeted for senior citizens (without services).

Maximum Loan:

For **refinancing**, the maximum supportable loan is limited by the lesser of:

- (a) 83.3% LTV for market rate, 85% LTV for Affordable, and 87% LTV for 90% or greater rental assistance;
- (b) DSCR of 1.20x for market rate, 1.17x for Affordable and 1.15x for 90% or greater rental assistance;
- (c) Greater of 100% of eligible costs or, if cash out, 80% of market value. Eligible costs include existing indebtedness, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs.

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For a **purchase** transaction, the loan amount is limited by the lesser of:

- (a) 83.3% LTV of value for market rate, 85% LTV for Affordable, and 87% LTV for 90% or greater rental assistance;
- (b) DSCR of 1.20x for market rate, 1.17x for Affordable and 1.15x for 90% or greater rental assistance;
- (c) 83.3% of eligible transaction costs for market rate, 85% for Affordable, and 87% for 90% or greater rental assistance.

Eligible costs include purchase price, required repairs, and any initial deposit to the replacement reserve, third party reports and other closing costs.

Loan Term:

A maximum term of 35 years, or 75% of the remaining economic useful life.

Amortization:

Same as the term of the loan

DSC:

For Profit: 1.20:1

Interest Rate:

The interest rate is locked prior to closing. Ginnie Mae securities are priced daily and based upon the current market price

Prepayment:

Negotiable with investor

Assumability:

Fully assumable with HUD and lender's consent

Recourse:

Non-recourse, except for standard carve-outs as required by HUD

Fees and Costs:

A. Processing Fees

The client must pay for all third party reports, which include a Phase I environmental site assessment, a full appraisal and a PCNA (Property Capital Needs Assessment). Funds must be remitted to Bedford Lending, and these contractors are engaged and paid by Bedford Lending directly. Financing and permanent placement fees cannot exceed 3.5% are based on final loan amount, due upon commitment and payable from mortgage proceeds at closing.

B. HUD Fees: HUD Application Fee, and a HUD mortgage insurance premium (initial and ongoing)

Annual Mortgage Insurance Premium (MIP) is 1.0% at closing (one year pre- paid) and 0.45% annually thereafter (based on outstanding principal balance).

- HUD application fee is 0.3% of mortgage amount due at the time of submission of the Firm Application.

C. Lender Fees: Nominal processing fee due to Bedford Lending at engagement. The borrower will be responsible for lender legal fees and, for payment of negotiated origination and placement fees.

Please note that some or all of these costs may be eligible for inclusion within the mortgage loan.

Other:

- Commercial Space may be permitted
 - Commercial Space is limited to 20% of gross floor area
 - Commercial Income is limited to 20% of gross income
 - Day Care space may also be permitted
- The property will be required to submit an annual audit of operations to HUD and lender
- Surplus cash may be distributed two times per year
- Compliance with Davis Bacon wage rates are not required for this program