

## 223 (f) –Apartment Refinance and Acquisition and Moderate Rehab

*223(f) Bedford provides FHA-insured long-term, fixed-rate financing for refinance, acquisition or moderate renovation of multifamily projects nationwide. Bedford uses the single-stage Multifamily Accelerated Processing (MAP) program to expedite underwriting and approval.*

### **Loan Term**

Up to 35 Years

### **Amortization**

Up to 35 Years (Fully Amortizing)

### **Minimum DSC**

1.20 - Market Rate

1.176 - Affordable

1.15 - Project-Based Rental Assistance

1.11 - 202 Properties

### **Maximum Loan to Value / Acquisition Cost**

83.3% - Market Rate

85.0% - Affordable

87% -for Project-Based Rental Assistance

90% -202 Properties

### **Fixed Rate**

Yes

### **Eligible Property**

Existing multifamily projects at least three years old (waiver required for properties less than three years old). Detached structures and row houses eligible.

### **Eligible Borrower**

Single Asset Entity (for profit or non-profit)

### **Occupancy Requirement**

Underwritten up to 93% occupancy, project must demonstrate a pattern of stable occupancy for six months prior to application and maintained until closing. Average physical occupancy cannot be less than 85%.

### **Cash Out**

Cash out allowed when 80% of value exceeds existing debt plus transaction costs, but only 50% of the net cash will be released at closing. The other 50% will be escrowed until completion, inspection and approval of the non-critical (immediate) repairs.

### **Tax and Insurance Escrows**

Monthly deposits required

### **Recourse**

Non-recourse

### **Commercial Space**

Maximum 20% of net rentable area and maximum 20% of effective gross income

### **Secondary Financing**

Permitted in the form of a surplus cash note, combined loan to value cannot exceed 92.5% unless the secondary financing is from a government source

### **Required Reports**

Appraisal, Phase I and Physical Needs Assessment (PCNA). CPA-reviewed financial statements required for last fiscal year end.

### **Prepayment**

Negotiable. Generally two-year lockout with declining percentage of principal thereafter up to 10 years (8-7-6-5-4-3-2-1).

### **Assumable**

Subject to Bedford and HUD approval and payment of assumption fee

### **Good Faith Deposit**

Negotiable based on project type

### **Expense Escrow**

Yes - sufficient to cover Bedford expenses and third-party report costs

### **Origination Fee**

Negotiable

### **HUD Application Fee**

Non-refundable fee of \$3 per \$1,000 (0.3%) of the mortgage amount due to HUD with the firm commitment submission package.

### **HUD Inspection Fee**

\$30 per unit when repairs are less than \$3,000 per unit. 1% of the cost of the repairs otherwise.

### **Legal/Closing Fee**

Borrower pays Bedford's Counsel Fee and miscellaneous closing costs

### **Rehabilitation Qualifications**

Repairs cannot exceed \$6,500 per unit (adjusted for local high cost factor), 15% of appraised value or 50% replacement of 2 or more major building systems.

### **Davis Bacon**

Not applicable to this program

### **HUD Mortgage Insurance Premium (MIP)**

HUD sets the cost of the FHA Insurance. The initial MIP (1%) is due to HUD at closing, and the MIP is escrowed monthly thereafter (.45%).

**Affordable defined as** (a) properties that have a recorded regulatory agreement in effect for at least 15 years after final endorsement, (b) properties that meet at least the minimum Low Income Housing Tax Credit (LIHTC) of 20% of units at 50% of the Area Median Income (AMI), or 40% of units at 60% of AMI, with economic rents (i.e. portion paid by tenants) on those

units no greater than LIHTC rents, mixed income properties if the minimum low income unit rent and occupancy restrictions and regulatory agreement meet the above criteria (i.e. properties need not use LIHTC's to be considered affordable so long as they comply with (a) and (b). **Rental Assistance defined as** properties that have at least 90% of their units supported by a project based rental assistance contract.

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