

FHA Section 223(f)

Property Type:	Multifamily rental apartments.
Purpose:	Acquisition or refinance. For-profit or nonprofit borrowers may utilize this program.
Maximum Loan Amount:	100% of the cost to refinance, up to 85% of the loan value. 90% of the cost to acquire, up to 85% loan to value. In addition, refinance transactions may enable owner to extract a portion of the equity in the property.
Debt Service Coverage:	
Interest Rate:	Minimum 1.17x for nonprofit or for-profit borrowers.
Maximum Term/Amortization:	Fixed rate subject to market conditions at rate lock. 35 years, or 75% of remaining useful life, from initial principal payment.
Guaranty:	Level principal and interest payments.
Eligibility:	Non-recourse loan. The property must contain at least five residential units with complete kitchens and baths, and it must have been completed or substantially rehabilitated more than three years from the date of application for mortgage insurance.
Assumability:	
Prepayment:	Yes, with FHA approval. Commonly either: <ul style="list-style-type: none">■ a 5-year lockout followed by a prepayment penalty of 5% in the sixth year and declining 1% per year, or■ a similar combination of lockout and penalties which cover a 10-year period post closing
Escrows:	Monthly escrows for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums.
Fees & Expenses:	Borrower is responsible for \$20,000-\$25,000 in due diligence fees. At time of closing, these fees and all other closing costs may be included in the loan amount.
Timing:	This transaction typically can be completed in five months. Actual processing times vary depending on the project.
Post-closing Reporting:	Annual audited financial statements.