



## FHA Section 223(f)

### Mortgage Insurance for Affordable Housing Projects Acquisition or Refinance

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

- Includes multifamily financing for properties of 5 or more units; garden/mid-rise/high rise.
- Minor repairs (not to exceed the greater of \$15,000/unit times the area high cost factor, or 15% of the “as-improved” market value) may be included in the loan amount.
- Property must have been completed or substantially rehabilitated more than three years from the date of application for mortgage insurance.
- Property must have economic occupancy rate of 85% with six months of stabilized operations.

<b>Eligible Borrowers:</b>	Single Asset Entity, for-profit, not-for-profit, and municipally-owned
<b>Loan Term:</b>	The lesser of 35 years, or 75% of the remaining economic life, as determined by appraisal.
<b>Loan Amount:</b>	<p><b>Refinance Transactions:</b> Amount limited to lesser of: (1) 90% of HUD appraised value or; (2) Sec 207 per unit limits, HUD-adjusted locally or; (3) 90% of net income (1.11 DSC) or; (4) 100% of existing debt and transaction costs (80% of transaction costs if equity is being taken out)..</p> <p><b>Acquisition Transactions:</b> Amount limited to lesser of: (1) 90% of HUD appraised value or; (2) Sec 207 per unit limits, HUD-adjusted locally or; (3) 90% of net income (1.11 DSC) or; (4) 90% of purchase costs..</p>
<b>Interest Rate:</b>	Fixed interest rate, subject to market conditions.
<b>Funding:</b>	Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.
<b>Timing:</b>	HUD processing involves a one-step application submission.
<b>Recourse:</b>	FHA is non-recourse as to the mortgagor entity, but certain parties may be personally liable for losses arising from certain inappropriate acts and malfeasance.
<b>Fees:</b>	FHA application fee, inspection fee, lender fees, 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.
<b>Other:</b>	Annual audit of operations required to be submitted to HUD & lender. Future access granted to supplemental loans via FHA Section 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 MH Finance representative at [info@MHFinanceLLC.com](mailto:info@MHFinanceLLC.com), or call (267) 629-6700.