

## HUD Section 223(f)

### Multifamily Acquisition and Refinancing

This program provides non-recourse, assumable financing for the purchase or refinance of existing multifamily, affordable, and age-restricted properties.

#### ELIGIBLE PROPERTIES

- Multifamily properties which are at least 3 years old from the final certificate of occupancy and have an average physical occupancy of at least 85% for 90 consecutive days.
- Multifamily properties with final certificate of occupancy less than 3 years old that meet DSC for 1 month prior to application submission and 3 months prior to closing (using actual revenue and normalized operating expenses).
- Loans \$120MM or higher, more conservative underwriting parameters in place; key principals aggregate net worth equal to 20% of loan amount and liquidity equal to 7.5% of loan amount.

#### MAXIMUM LOAN

- Project Based Section 8 - When there is a Section 8 HAP Contract in place for 90% or more of the units (with at least 15 years remaining on HAP contract), the loan is sized using the lesser of the following constraints:
  - 90% LTV
  - 1.11x DSC
  - 100% of Transaction Costs OR 80% LTV (greater of)
- Affordable - When the project meets HUD's definition of Affordable Housing\*\* and tax credit rents are at least 10% below market rents:
  - 87% LTV
  - 1.15x DSC
  - 100% of Transaction Costs OR 80% LTV (greater of)
- Market Rate - When the project does not meet either of the two requirements above:
  - 85% LTV
  - 1.176x DSC
  - 100% of Transaction Costs OR 80% LTV (greater of)

#### TERM / AMORTIZATION

- Up to 35 Years, Fully Amortizing (minimum of 10 Years)

#### INTEREST RATE / PREPAYMENT

- Fixed for term of loan; locked at receipt of Firm Commitment; based on market conditions at time of rate lock. 0.50% Rate Lock Deposit required but credited at closing.
- Prepayment of loan permissible but based on lockout and penalty provisions associated with rate lock for 10 years of call protection (can be a combination of lockout and/or penalty).

\*\*Affordable Housing - To qualify under the LIHTC affordability requirement, rent and income restrictions must be imposed, monitored, and enforced by governmental agency for at least 15 years after closing by means of a recorded Regulatory Agreement requiring the project to meet either of the following LIHTC restrictions: 20% of Units at 50% of AMI or 40% of Units at 60% of AMI. Projects need not use LIHTC's to qualify as "Affordable Housing" so long as they meet the restrictions outlined.



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### RECOURSE

- Non-Recourse with standard carve-outs for Key Principals

### ASSUMPTION

- Fully assumable subject to HUD approval

### COMMERCIAL SPACE

- Limited to 25% of Net Rentable Area and 20% of underwritten Effective Gross Income

### ESCROWS

- Monthly for Real Estate Taxes, Insurance, and Replacement Reserves

### REPAIRS

- Permitted but cannot trigger HUD's definition of Substantial Rehabilitation

### THIRD PARTY REPORTS

- Appraisal, Phase I ESA, and Capital Needs Assessment (CNA) required.
- Additional reports may be required.
- All third-party report fees are the responsibility of the sponsorship; however, all third-party vendors must be engaged by Forbright directly.

### LENDER FEES

- Forbright charges a nominal processing fee to cover due diligence costs, a Financing Fee as a percentage of the Loan Amount, and fees associated with the cost of Lender's legal counsel.

### APPLICATION FEE

- HUD requires an Application Fee of 0.30% be submitted with the submission of the Firm Application (lower if in Opportunity Zone)

### MORTGAGE INSURANCE PREMIUM (MIP) PROGRAMS

- Broadly Affordable – MIP of 25 bps upfront and ongoing
- Affordable – MIP of 35 bps upfront and ongoing
- Green and Energy Efficient – MIP of 25 bps upfront and ongoing
- Market Rate – MIP of 100 bps upfront; MIP of 60 bps ongoing

### For more information please contact:

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