

FHA/HUD Section 223(f)

Acquisition and Refinancing of Multifamily Properties

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| Eligible Properties | Existing multifamily structures, at least three years old, with market rate, moderate income or subsidized rents |
| Commercial Space | Limited to 20% of net rentable area and 20% of effective gross income |
| Borrower | Single asset, special purpose entity, either for profit or non-profit |
| Loan Amount | No maximum (Limited by loan parameters) |
| Recourse | Non-recourse |
| Interest Rate | Fixed for term of loan, determined by market conditions at time of rate lock (Rate lock deposit is 1% and refunded at closing) |
| Loan Parameters | <p>Maximum loan amount will be the <i>lowest</i> of:</p> <ul style="list-style-type: none"> a) Applicable % of LTV; b) Applicable Debt Service Coverage Ratio; c) 85% of Transaction Costs, if purchase transaction; d) Greater of 100% of Transaction Costs or 80% LTV, if refinancing transaction; e) HUD Mortgage Statutory Limits, adjusted for local high cost factors <p>For market rate properties, applicable factors: 83.3% LTV, 1.20 DSCR For affordable properties, applicable factors: 85% LTV, 1.176 DSCR For properties with 90% or > rental assistance, applicable factors: 87% LTV, 1.15 DSCR For 202 properties, applicable factors: 90% LTV, 1.11 DSCR</p> |
| Term and Amortization | A maximum term of 35 years, fully amortizing |
| Prepayment and Assumption | Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); Loan is fully assumable subject to HUD approval |
| Escrows | <ul style="list-style-type: none"> a) Taxes and insurance are escrowed monthly; b) Replacement reserve required and the monthly deposit amount determined in accordance with HUD guidelines on a property-specific basis (minimum \$250/unit/year) |
| Mortgage Insurance Premium | 1% due to HUD at closing and 0.45% annually thereafter, escrowed monthly |
| HUD Application Fee | 30 basis points (\$3 per \$1,000) on requested loan amount (due with submission of firm application to HUD) |
| Third Party Reports | Appraisal, Phase I and Physical Needs Assessment are required; A market study may be required for declining markets |
| Timeline | Typical firm application is submitted within 45-60 days of engagement; HUD then has a target of 60 days to issue Firm Commitment; Closing normally occurs 30-45 days thereafter |
