



MASON JOSEPH, LLC

Purchase / Refinance Permanent Financing HUD Section 223(f) Loan Program

The purpose of the HUD 223(f) program is to provide long-term, fixed-rate financing for the acquisition or refinancing of multifamily properties. The program allows the refinancing of mortgages, enabling the owners to make needed repairs with the proceeds from long term financing.

BASIC LOAN FEATURES

Property Type	Market Rate	LIHTC Affordable
Max LTV	87%	90%
Min DSCR	1.15x	1.11x
Eligibility	Multifamily properties with 5+ units. Newly built or Substantial Rehab properties must evidence 1+ months of breakeven DSCR. Existing properties 3+ years old must have stable occupancy greater than 85%.	
Loan Amount Calculation:	<u>Purchase/Acquisition</u> The lesser of: <ol style="list-style-type: none"> Appraised Value x Max LTV, or Min DSCR, or Cost x Max LTVⁱ 	<u>Refinance</u> The lesser of: <ol style="list-style-type: none"> Appraised Value x Max LTV, or Min DSCR, or Greater of: <ol style="list-style-type: none"> 80% of appraised value, or 100% of cost to refinanceⁱⁱ
Term	Up to 35 years	
Amortization	Same as Term (Fully Amortizing)	
Interest Rate	Fixed Rate	
MIP	0.25%	
Collateral	Mortgage must be either: <ol style="list-style-type: none"> 1st lien Deed of Trust, or Under a leasehold estate approved by HUDⁱⁱⁱ 	
Personal Liability	Non-recourse Standard carve-outs required for "bad acts" such as fraud and bankruptcy.	
Assumption	Fully assumable	





Secondary Financing	Allowable up to a maximum combined debt of 92.5% of the fair market value and must be subordinate to the HUD-insured loan. Contact Mason Joseph Company for additional terms and conditions.
Repairs	Identified repairs cannot exceed \$35,000 per unit multiplied by the Area High-Cost Factor.
Commercial Area and Income	<ul style="list-style-type: none">• Commercial space is limited to 25% of the net rentable area.• Commercial income is limited to 20% of the effective gross income.
Pre-Payment	Pre-payment is negotiable. Typical terms are 10% of the outstanding balance declining 1% per year to 0% in year 11 and thereafter.
Third-Party Reports	Standard 3 rd party reports required including an Appraisal, Phase I Environmental Site Assessment, and Project Capital Needs Assessment. Additional reports may be required in some instances.
Required Escrows	<u>Operating Escrows</u> <ul style="list-style-type: none">• Replacement Reserve, tax and insurance escrows <u>Refundable Escrow(s)</u> <ul style="list-style-type: none">• 120% of the cost of identified deferred repairs until completed.• 50% of any cash out proceeds until the identified deferred repairs are completed.
Eligibility	<u>Newly Built Properties (< 3 years Certificate of Occupancy)</u> <ul style="list-style-type: none">• Application may be submitted as soon as the property achieves the DSCR requirement for not less than one full month. Project must show at least three consecutive months of minimum DSCR prior to closing.• If applicable, 50% of available cash out must be held as a debt service reserve until the property achieves the minimum DSCR coverage for six consecutive months. <u>Existing Properties (3+ years of operations)</u> <p>Properties must document a pattern of stable occupancy at not less than 85% and stable operating results.</p>

These are basic terms of the HUD 223(f) program and are not considered exhaustive. Please contact Mason Joseph Company for full loan details and conditions.

**LIHTC Affordable and/or age-restricted multifamily properties may have different applicable terms and conditions. Please contact Mason Joseph Company for more details.*

ⁱ Cost includes items purchase price, cost of needed repairs, transaction charges and the initial deposit to the replacement reserve account.

ⁱⁱ Cost includes items such as retiring existing debt, cost of needed repairs, transaction charges and the initial deposit to the replacement reserve account.

ⁱⁱⁱ Leasehold Estate approved by HUD for not less than 99 years which is renewable or with a minimum term of 50 years from the date of the mortgage.