



DWIGHT CAPITAL

# FHA/HUD Section 223(f)

## Acquisition and Refinancing of Multifamily Properties

**Eligible Properties** Market rate property of any class, affordable housing, and cooperatives

**Commercial Space** Limited to 25% of net rentable area and 20% of effective gross income

**Borrower** Single asset entity, either for profit or non-profit

**Recourse** Non-recourse

**Interest Rate** Fixed for term of loan, determined by market conditions at time of rate lock (rate lock good faith deposit is 1.00% and is refunded at closing)

### Loan Parameters

Property Type	Minimum Debt Service Coverage	Acquisition Loan to Value	If Cash Out
Subsidized <sup>1</sup>	1.11x	90%	80% LTV
Affordable <sup>2</sup>	1.15x	87%	
Market Rate	1.18x	85%	

<sup>1</sup>At least 90% of the units covered by a project-based Section 8 contract

<sup>2</sup>Regulatory Agreement with a minimum set-aside (e.g., 40% of units at 60% AMI or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes

<sup>3</sup>Refinance cost includes satisfaction of existing debt (including penalties), any needed repairs, an initial deposit to capital reserve, due diligence and closing costs.

**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

- Taxes and insurance are escrowed monthly
- 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** 1.00% due to HUD at closing and 0.60% annually thereafter, escrowed monthly (0.25%-0.35% for affordable and subsidized properties, 0.25% for Energy Star certified properties)

**HUD Application Fee** 30 basis points (\$3 per \$1,000) on requested loan amount (due upon submission of firm application to HUD)

**Third Party Reports** Appraisal, Phase I, Physical Needs Assessment, and Radon are required

### Timeline

Typical firm application is submitted within 40-60 days of engagement; HUD then has a target of 60 days to issue Firm Commitment; Closing normally occurs 30-45 days thereafter

*This term sheet sets out general guidelines and is designed as an aid to prospective borrowers and other clients. This term sheet does not represent or imply a contract or an offer to lend funds. An offer to lend funds may only be made by a signed written commitment letter to a prospective borrower. This term sheet is subject to change at any time without notice at the sole discretion of Dwight Capital LLC. Credit and collateral are subject to approval. Terms and conditions apply. This is not a commitment to lend. As a capital provider, Dwight Capital LLC is not a registered investment adviser and does not otherwise provide investment advice.*