



FHA Take Out for Multifamily



Camellia Commons, Enterprise, AL



The Bonifant, Silver Spring, MD



Flats 170, Academy Yards, MD

Conventional Construction Loan?

Refinance with a non-recourse permanent loan using the FHA-insured Section 223(f) program:

- Low fixed interest rate
- High leverage
- Fully amortizing with a 35-year term
- Close at 3 months of required debt service coverage
- Avoid HUD construction underwriting: market study, plan and cost review, construction inspections, escrows for working capital and initial operating deficit.
- No Davis-Bacon wages

Qualify for 223(f) Loan

- Market Rate or Affordable
- Family *or* Seniors age 62+ HOH (allows children)
- Construction complete with a final Certificate of Occupancy

Size your 223(f) Loan: *We are happy to set up a proforma at any time.*

- **Market Rate:** 1.176 DSC or 85% LTV
- **Affordable:** 1.150 DSC or 87% LTV

Plan to get the Best Loan

- FHA can refinance debt at 85% LTV but can refinance equity at only 80% LTV. Structure equity or preferred equity as debt (fixed term and interest rate; no upside to the lender).
- Build Green with an FHA-approved green certification to get the lowest Mortgage Insurance Premium (MIP) of .25% - *see details below.*
- Get an FHA-compliant environmental review before you start construction.
- Build Accessible: comply with Fair Housing and ADA requirements. Get plans reviewed before construction starts.

Financing Communities with FHA

MARKET RATE & AFFORDABLE



Two Light Tower, Kansas City, MO



River House Apartments, Norfolk, VA



Victory Terrace Apartments, Potomac, MD

FHA 223(f) Underwriting

Type	Loan Amt	DSC	LTV No Cash Out	LTV Cash Out	Green MIP	Standard MIP
Market Rate	<\$75M	1.176	85%	80%	0.25%	0.60%
	>\$75M	1.300	75%	70%	0.25%	0.60%
Affordable	<\$75M	1.150	85%-87%	80%	0.25%	0.25% - 0.35%
	>\$75M	1.250	75%-80%	70%	0.25%	0.25% - 0.35%

Charts Updated 2/2022

Market Rate: No restrictions on rents or income.

Affordable: The 223f takeout may be appealing for non-LIHTC affordable deals.

Cash out: Lender must hold the greater of 50% of the cash out or 250% of the repair escrow until the required Repairs are complete. Early partial release is possible under certain circumstances.

Green MIP

Building green earns you the lowest possible MIP rate available. Plan ahead to obtain the necessary green certification during design and construction. Prepare a Statement of Energy Design Intent (SEDI) for FHA that shows a potential Energy Star score of 75+. Your project will need to achieve a score of at least 75 every year and installing master utility meters will help make the data collection easier.

Contact AGM for details and the list of approved green certifications.

Timing:

- | | |
|-----------------------------|-------------------------|
| 1. Size your loan: | Contact AGM at any time |
| 2. Prepare the application: | 2 months* |
| 3. FHA processing: | 3 months |
| 4. Close your loan: | 2 months** |

*Need 1 month of required DSC to file **Need 3 months of required DSC to close

To see how AGM can help get your deal done, contact Steve Rudow at 443.573.2061 or srudow@agmfinancial.com.