



FHA Mortgage Insurance Programs Section 223(f) Acquisition and Refinancing

Program Overview:	The 223(f) program is a financing program designed for acquisitions or refinancing of existing multifamily properties. The program can be used to finance repairs or for equity take-outs.
Borrowers:	Single purpose entities that can either be profit or non-profit motivated.
Personal Liability:	None. Loans are non-recourse.
Loan Amount:	There is no maximum loan unless limited by statutory caps.
Term:	35 year term.
Amortization:	Loan is fully amortized.
Loan-to-Value:	85%, 87% or 90% of the project's value for market rate, qualified affordable or qualified rental assistance properties, respectively.
Cash Out Feature:	Borrowers can do an equity take-out up to an 80% Loan-to-Value.
Interest Rates:	Interest rates are fixed at closing. Rates are typically set lower than conventional financing due to the credit enhancement provided by FHA at closing.
Assumability:	Loans are fully assumable.
Prepayment:	Terms are negotiable with no yield maintenance or achievement clauses. Standard provisions include a short lockout period followed by a declining prepayment penalty computed as a percentage of the loan until reaching 0% after ten years.
Mortgage Insurance Premium:	A mortgage insurance premium is paid annually based on the outstanding principal. Initial premium is between .25% and 1% for the first year and ranges between .25% and .60% in subsequent years depending on the project.
Commercial Space:	Commercial space may be up to 25% of the project's net rentable area and 20% of the project's effective gross income.
Davis-Bacon Wages:	Davis-Bacon wage rates do NOT apply to all projects with hard construction cost less than \$40,000 per unit.

For any questions pertaining to FHA Mortgage Insurance Loan Programs please contact Gershman Mortgage. Gershman Mortgage will assist borrower in conducting loan analysis on potential or existing projects. For any questions please visit www.gershman.com or contact Gershman Mortgage directly at (314)-889-0600.

