



**MAP 223(f) – Refinance/Acquisition  
Term Sheet**

**Documentation Needed for Initial Loan Analysis:**

- Project details
- Resumes of principals
- Resume of management agent
- Current and previous five months’ rent rolls
- Last three years and year-to-date financial statements for the property
- Detail of any renovation work recently completed at the project
- Detail of any repairs being included in the HUD finance

**Loan Parameters:**

**Loan amounts up to \$75 million (Lessor of the following criteria):**

Property Type	Max Loan to Value	Minimum Debt Service Coverage	Acquisition Loan to Cost	Max Cash-Out LTV***	Statutory Limits
Subsidized*	90%	1.11	90%	80%	Per unit limits adjusted by High Cost Factor
Affordable**	87%	1.15	87%	80%	
Market Rate	85%	1.18	85%	80%	

**Loan amounts \$75 million and above, although HUD may impose more restrictive limits on loan amounts over \$100 million:**

Property Type	Max Loan to Value	Maximum Debt Service Coverage	Acquisition Loan to Cost	Max Cash-Out LTV***	Statutory Limits
Subsidized*	87%	1.15	87%	80%	Per unit limits adjusted by High Cost Factor
Affordable**	80%	1.25	80%	70%	
Market Rate	75%	1.30	75%	70%	

\*At least 90% of the units covered by a project-based Section 8 contract.

\*\*Regulatory Agreement with 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.

\*\*\*Refinances may include 100% of eligible costs (satisfaction of existing debt, required repairs, an initial deposit to capital needs reserve, due diligence and closing costs) plus additional funds up to the cash-out LTV.

**Interest Rate** - Subject to market conditions

**Key General Program Requirements:**

- All HUD loans are non-recourse, assumable with Lender and HUD approval

- Prepayments are negotiable (combination of Lockout and/or penalty).
- Loan term is the lesser of 35 years or 75% of Remaining Economic Life (REL) determined by Capital Needs Assessment & Appraiser.
- MIP is 1% the first year; 0.60% annually thereafter (0.25%-0.35% for affordable and subsidized properties, .25% for properties with green certification from a list of accepted green standards).
- HUD application fees are .30% for projects under this program except for projects located in opportunity zones where the application fee is 0.20% for market rate and affordable and 0.10% for properties that are broadly affordable.
- Escrows – Taxes, Insurance, MIP and Replacement Reserves (Minimum \$250/unit) escrowed monthly.
- Repairs permitted provided that the aggregate cost of repairs and alterations does not exceed the program limit of \$16,299/unit times the local cost factor (typically 190%-270%) – usually around \$40,000/door.
- Davis Bacon (prevailing wage) does not apply to repairs.
- Commercial space is limited to 25% of net rentable area and 20% of underwritten effective gross income.
- 80% cash out available; 50% cash proceeds holdback until Non-Critical repairs complete.
- Must contain at least 5 residential units, generally the smaller the project the more scrutiny from HUD, becomes a marketability issue.
- Mobile home parks and condominium regimes are ineligible.
- No transient housing (Airbnb)/Hotel services; short lease periods generally may not exceed 10% of total leases.
- Properties with meal services or other services typical of healthcare facilities ineligible.
- Timing typically takes 6-7 months from application to close. Typical application submitted within 45-60 days from engagement, Hud review is typically 45-60 days to issue a Firm Commitment and 45-60 days to close.
- Third Party reports – Appraisal, Environmental, Radon, and Capital Needs Assessment.
- Refinance of newly constructed projects submitted for refinance are subject to a concept meeting and achieving the required debt service coverage for 1 month prior to application submission.

### **Eligible Borrowers:**

Profit motivated, no-profit owners and public owners are eligible. Foreign Nationals may participate as principals, the Single Asset Entity must be registered in the United States and in a state where its corporate office is located. At least one principal with operational decision-making authority must be a US citizen or Foreign National lawfully residing in the United States.

- A schedule of real estate owned by principals is required and reviewed by HUD.
- Principals or entities with 25% ownership, key decision makers and financial control will be subject to mortgage credit review.