

Purchase or Refinance

Section 223(f)

U.S. Department of Housing and Urban Development



Have you thought about refinancing your rental property(ies), lately? Now may be a better time than you think. Or, perhaps you are looking to buy an existing multifamily rental property. If so, FHA's Section 223(f) mortgage insurance program was designed with you in mind. Section 223(f) is our *bread and butter* program for purchasing or refinancing multifamily rental properties, and one of our most popular.

Through FHA Refinance, owners can quickly restructure a conventional or FHA mortgage. Buyers may use it as a vehicle to purchase rental properties at up to 85% LTV. This program is an excellent option for keeping annual debt service expenses down. It is able to do this given the unique features of FHA mortgage insurance programs.

Program Features

- Higher Loan to Value Ratios
 - Purchases: A purchaser may borrow up to 85% of the lesser of 1) the project's estimated value, 2) the net income the project will support, 3) HUD's estimated cost to acquire the property, or 4) HUD's statutory limits.
 - Refinances: An owner may borrow the greater of 1) 100% of the cost to refinance the project, or 2) 80% of HUD's estimated project value
- "AAA" Bond Rating
 - FHA-insured loans may be sold to Ginnie Mae, which secures a "AAA" rating for bond financing and correspondingly low interest rates.
- Low Up-Front Cost
- Low Annual Cost
 - FHA's annual mortgage insurance premiums are just 0.5% of the outstanding loan balance.
- Longer Amortization
 - FHA insured loans may be amortized up to 35 years, WITH NO BALLOON PAYMENTS.
- Lower Debt Coverage Ratios
 - FHA allows non-profit sponsors to use up to 95% of the project's cash flow for debt.
 - FHA allows profit-motivated sponsors to use up to 90% of the project's cash flow for debt.
- Non-Recourse Loans
 - No risk to personal assets of borrowers.
- Fully Assumable Loans

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For More Information:
Visit Our Website at www.hud.gov/local/sea/mfh/seamfhpg.html

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