

FHA SECTION 223(F)



**Mortgage
Company**

A COOPERATIVE OF IMPACT-DRIVEN
NONPROFIT LENDERS AND INVESTORS

CPC Mortgage Company is a MAP-approved lender. The HUD/FHA 223(f) product is a long-term fixed-rate loan for the refinance or acquisition of an existing multifamily property. Some rehabilitation work is allowed.

Term	The lesser of 35 years or a maximum term not to exceed 75% of remaining economic useful life of the property.
Eligible Locations	Nationwide.
Loan Size	\$1,000,000 with no maximum.
Maximum LTV	85% for market rate properties. 87% for affordable properties. 90% for properties with 90% + Section 8.
Minimum DSCR	1.176 for market rate; 1.15 for affordable properties; 1.11 with 90% + Section 8. <i>Note: Loans > \$75 M vary.</i>
Minimum Occupancy	Property must demonstrate a pattern of stable occupancy of 85% for 6 months prior to application and maintained until closing.
Interest Only	N/A
Prepayment Penalty	Negotiable - typically a two-year lock out followed by a step down premium (e.g. 8,7,6,5,4,3,2,1).
Guarantee	Non-recourse subject to standard carve-outs.
Assumable	Yes, subject to lender approval.
Supplemental Loan	Yes, subject to HUD underwriting requirements.
Subordinate Debt	Permitted up to 100% for public funding sources. Private sources permitted, subject to HUD requirements.

Eligible Properties

- 5+ residential unit properties, including, detached, semidetached, row, walkup, or elevator type rental or cooperative housing. Properties must have complete kitchens and baths.
- The program is available for market rate rental housing, tax credit properties and properties accepting rental assistance, either tenant based or project based.
- Commercial area is permissible, but cannot exceed 25% of the net rentable area, or 20% of the effective gross income.
- Student housing properties that offer rents per room, not per unit, are ineligible. 30 day minimum lease term required.
- Newly built or substantially rehabilitated properties (with certificates of occupancy less than 3 years prior to application) accepted as soon as properties achieve the applicable programmatic DSCR for not less than one full month (subject to certain underwriting requirements). Applicable DSCR must be met for a period of 3 consecutive months prior to loan endorsement.
- The loan may include repair costs not to exceed more than \$15,000 per unit (except in high cost areas). The \$15,000 per unit repair cost is adjusted for inflation annually.

Rate Lock	At commitment.
Cash Out Refinances	Cash out allowed when 80% of value exceeds existing debt plus transaction costs, but only 50% of the net cash will be released at closing. The other 50% will be escrowed until completion, inspection and approval of the non-critical (immediate) repairs.
Escrows	<p>Tax and Insurance Impounds: Required.</p> <p>Replacement Reserves: Monthly deposit required. Amount depends on property condition.</p> <p>Initial Deposit to Reserve Fund: One time deposit required. Amount depends on property condition.</p> <p>Critical and Non-Critical Repair Escrow: May be required for properties with life, safety, health or code related repair and/or maintenance concerns.</p>
Fees and Expenses	<p>Third Party Reports: Appraisal, engineering report, environmental review and flood certification. Other reports may be required.</p> <p>FHA Inspection Fee: TBD</p> <p>FHA Exam Fee: 0.3% of mortgage amount. For Opportunity Zone properties, 0.2%.</p> <p>Financing and Permanent Placement Fees: Not to exceed 3.5% (5.5% for bond transactions).</p> <p>First Year Mortgage Insurance Premium: 1% of loan amount for market rate properties and .25%-.35% for affordable properties.</p> <p>Monthly Mortgage Insurance Premium: .60% for market rate properties and .25%-.35% for affordable and green properties.</p> <p>Borrower's Legal: Estimated at \$10,000-\$20,000.</p> <p>Title & Recording Fees: TBD</p> <p>Survey: TBD</p>
Sponsor Requirements	<p>Experienced owner operators preferred.</p> <p>Minimum credit and financial capacity requirements. HUD experience preferred.</p>

About CPC Mortgage Company

A first of its kind cooperative of impact-driven, nonprofit mortgage lenders and investors, CPC Mortgage Company brings together the unique expertise of managing member The Community Preservation Corporation and cooperative owners Cinnaire and National Equity Fund. This innovative model leverages the best in class execution, commitment to service, transparency and reach of three nonprofit lenders, with the shared goal of expanding and preserving affordable and workforce housing.

For more information, visit us at community.com/mortgagecompany.

CPC Mortgage Company, in its sole discretion, may, at any time and without prior notice, terminate the loan program, amend or waive compliance with any terms, or reject any or all proposals for funding. Feb., 2023