

FHA / HUD Section 223(f):

Acquisition or Refinance of Existing Multifamily Rental Housing

Section 223(f) delivers long term, fixed rate, fully amortizing, nonrecourse permanent debt on an existing stabilized apartment property, whether the sponsor is buying it or refinancing it. There is no balloon and no refinancing risk for the life of the loan, and cash out is permitted. Blueprint underwrites, closes and services the loan as an approved MAP lender.

Program Terms

Eligible Properties	Existing rental housing of 5 or more units. Market rate, affordable, subsidized and mixed income assets all qualify. The property must be complete, structurally sound, and free of any repair scope that rises to substantial rehabilitation.
Occupancy	Average physical occupancy of at least 85% across the 6 months before application, sustained through endorsement. Underwritten occupancy is capped at 93% for market rate and 95% for affordable and rent assisted properties.
Term and Amortization	Fixed rate and fully amortizing for the lesser of 35 years or 75% of remaining economic life.
Recourse	Nonrecourse to the borrower and its principals, subject to customary carve outs.
Prepayment and Assumption	Prepayment is fully customizable. Common structures are 10% in year one declining 1% per year, or a 2 year lock out followed by an 8% premium stepping down to 1%. Fully assumable with HUD approval and a fee of 0.05% of the original insured amount.
Borrower	Single asset, bankruptcy remote special purpose entity, either for profit or not for profit.
Cash Out	Permitted to a maximum of 80% of value. Half of the proceeds above the standard sizing is funded at closing and the balance is released once required repairs are complete.
Commercial Space	Not more than 25% of net rentable area and not more than 20% of underwritten effective gross income.
Repairs	Moderate repairs may be financed. Critical items are completed before endorsement and remaining items are escrowed and finished after closing. Where the capital plan is significant, see the Blueprint 223(f) Heavy sheet.
Escrows	Monthly deposits for taxes, insurance, mortgage insurance and a replacement reserve sized by the capital needs assessment, subject to a floor of \$250 per unit per year.

Mortgage Insurance	0.25% of the loan at closing and 0.25% annually thereafter, for every property type.
HUD Fees	Application fee of 0.30% of the requested mortgage at submission. Inspection fee of \$30 per unit, or 1.0% of repair cost where repairs exceed \$3,000 per unit.
Third Party Reports	Appraisal, capital needs assessment and Phase I environmental site assessment. Radon screening is required. Asbestos and lead based paint surveys apply where relevant.
Statutory Limits	Proceeds are also capped by HUD per unit statutory limits, increased by the local high cost percentage.
Indicative Timing	Roughly 4 to 6 months from engagement to closing, driven by third party delivery and the HUD queue.

Loan Sizing

The insured mortgage is the least of the requested amount, the applicable statutory per unit limit, the amount supported by the loan to cost test, and the amount supported by the debt service coverage test.

Property Type	Maximum LTC	Maximum LTV (Cash Out)	Minimum DSCR	Vacancy Factor
Rent Assisted	90%	80%	1.11x	3%
Affordable	90%	80%	1.11x	5%
Market Rate	87%	80%	1.15x	7%

Requests of \$130 million or more are underwritten to HUD large loan standards, which also require higher operating reserves and sponsor net worth of 20% and liquidity of 7.5% of the loan.

Property Type	Maximum LTC	Maximum LTV (Cash Out)	Minimum DSCR	Vacancy Factor
Rent Assisted	87%	80%	1.15x	3%
Affordable	80%	70%	1.25x	5%
Market Rate	75%	70%	1.30x	7%

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