



Apartment Properties Refinance or Purchase

ELIGIBLE PROPERTIES:	Apartment properties which are at least 3 years old from the date of initial occupancy. Moderate rehabilitation is permitted.
LOAN TYPE:	Permanent loan.
MAXIMUM LOAN:	The lesser of the following criteria: 1. 85% of FHA appraised value; 2. 1.17 debt service coverage; 3. Statutory unit mortgage limits. Refinance Transaction: 4. The greater of: (a) the cost to refinance; or (b) 80% of value. Purchase Transaction: 5. 85% of the cost of acquisition. Note: No change in mortgage criteria for non-profit ownership.
INTEREST RATES:	Fixed rate determined by market rates at the time of rate lock.
AMORTIZATION:	Up to 35-year, fully amortizing loan.
PERSONAL RECOURSE:	Non-recourse.
ASSUMABILITY:	Assumable, subject to CWCapital approval.
SUBORDINATE FINANCING:	Allowable, subject to FHA criteria.
PREPAYMENT:	Negotiable.
REPAIRS:	Repair program may not exceed the greater of 15% of the value after repairs, or \$6,500 plus applicable high cost percentage per unit. No more than one major building system can be replaced.
WAGE REQUIREMENTS:	Davis-Bacon prevailing wage laws do not apply.
ANNUAL MORTGAGE INSURANCE PREMIUM:	1.0% of the mortgage amount is payable at closing. Thereafter, the MIP is escrowed monthly based on a rate established by FHA. The rate is fixed at loan endorsement.

hardworking + successful + prepared + accomplished
innovative + versatile + knowledgeable + resourceful
reliable + efficient + collaborative + flexible + creative
accountable + prepared + problem solver
flexible + responsive +

ESCROWS:

Monthly escrows for property insurance, real estate taxes, reserves for replacement (as determined by FHA) and mortgage insurance premiums.

An initial deposit to replacement reserve and 100% of repair costs (both as determined by FHA) are escrowed from mortgage proceeds.

COMMERCIAL SPACE:

Commercial area shall not exceed 20% of the total net rentable area of the project and commercial income shall not exceed 20% of effective gross income.

ENVIRONMENTAL ISSUES:

Special rules apply for properties which are located in Flood Hazard Zones as designated by FEMA.

Lead-based paint and asbestos must be abated in accordance with FHA requirements.

APPLICATION FEE:

A non-refundable fee of 0.3% of the requested mortgage amount is payable to FHA at the time of application, plus estimated underwriting costs for market study, appraisal, architectural/engineering report, cost analysis, environmental assessment and other loan processing costs.

FINANCING AND PLACEMENT FEES:

Negotiable.

CLOSING EXPENSES:

Standard transaction costs, including legal fees, title insurance and survey.

OTHER FHA REQUIREMENTS:

Cash escrows or letters of credit are required for the following:

1. 20% of repair costs as a completion guarantee.
2. 2.5% of repair costs as a latent defects guarantee, due at completion of repairs.
3. Forecasted operating deficits, (maximum of 18 months) to be released upon achievement of breakeven operations for 90 days.

FHA PROCESSING TIME:

One stage for FHA Multifamily Accelerated Processing (MAP) Procedures:

1. Firm Commitment Stage: 60 days for review.

PRELIMINARY SUBMISSION PACKAGE:

Include the following in your request for a loan quote:

1. Property description and location map.
2. Number of units with breakdown of proposed rents by unit type.
3. Current rent roll and year-to-date operating statement.
4. Operating history – prior 3 years, if available.
5. Current year operating budget.
6. Existing debt and purchase price.
7. Sponsor resume.