



Apartment Acquisition or Refinance Section 223(f) Program

Eligible Properties: Existing apartment projects that are at least 3 years old and have not been substantially rehabilitated within the last 3 years.

Eligible Borrowers: Profit motivated and non-profit motivated borrowers.

Maximum Loan Amount:	Acquisition / Refinance (No Cash Out)	Loan to Value	Debt Service Coverage
	Market Rate	85%	1.176x
	Affordable ¹	87%	1.150x
	Rental Assisted ²	90%	1.111x
	Refinance (Cash Out)	80.0%	Same as Above

¹ Properties with Inclusionary Zoning, or 10%-90% LIHTC, or 10%-90% Section 8.

² Properties with 90% + LIHTC, or 90% + Section 8.

Loans over \$75M will have more stringent underwriting guidelines.

Loan amounts are also subject to geographic statutory per unit Loan limitations.

Loan Term: Maximum of 35 years, not to exceed 75% of the Project's estimated remaining economic life.

Loan Amortization: Fully amortizing over the term of the Loan.

Interest Rate: Fixed for the term of the Loan. The interest rate is based upon market conditions at the time of rate lock. Government insurance ensures a low interest rate relative to other financing sources.

Prepayment Restrictions: Determined by market conditions and borrower needs. The lowest interest rate is typically available with 10 total years of call protection in the following structure: no lock-out, with a prepayment penalty of 10%, then the prepayment penalty declines 1% per year thereafter; the Loan is open to prepayment without penalty after year 10.

Recourse: The Loan is non-recourse with the exception of carve-out provisions to the project's identified sponsors.

Mortgage Insurance Premium: Mortgage Insurance Premium (MIP) of 0.60% of the Loan Amount due annually for market rate transactions; 0.25% for Projects that qualify as Green/Energy Efficient; 0.25% for Projects with 90% or more affordable or rental assisted; 0.35% for all other affordable Projects. Such amounts are collected by EagleBank and then paid to HUD.

Loan Assumability: Fully assumable with EagleBank and HUD approval.

Secondary Financing: HUD compliant "Surplus Cash Notes" are permitted, but combined leverage must not exceed 92.5% of the Project's value. If secondary financing is from a public source, there are no LTV restrictions.



Replacement Escrows:

Initial and annual deposits as determined in the PCNA. The Initial deposit may be included in the Loan Amount. The annual deposit is calculated as the greater of \$250 per unit or the amount determined by a PCNA, with a minimum initial deposit of two years of annual deposits.

Repair Escrows:

PCNA-identified and owner-elective repairs/improvements may be included in the Loan Amount; the Borrower must escrow in cash a contingency of 20% of the repair/improvements, to be released upon completion. Repairs identified as “critical” in the PCNA will need to be completed prior to closing. Contractor bids will be required for any specific repair items exceeding \$25,000.

Other Escrows:

Property insurance, real estate taxes, MIP.

Fees and Expenses:

- FHA application fee – 0.30% of Loan Amount – payable to HUD.
- Mortgage Insurance Premium – see above – payable to HUD.
- FHA Inspection fee – i) \$1,500 if repairs are < \$100,000; ii) \$30/unit if repairs are > \$100,000 but less than \$3,000/unit; or iii) the greater of 1.0% of repair cost or \$30/unit if repairs are > \$3,000/unit – payable to HUD.
- Third party reports – appraisal, phase I ESA, project capital needs assessment (PCNA).
- Lender financing fee.
- Good Faith Deposit of 0.50% at rate lock – refunded after closing.

Other Considerations:

- Project physical occupancy must average 85% or greater during the prior 6 month period. Maximum underwritten occupancy for market rate transactions is 93%.
- A PCNA is required every 10 years throughout the Loan Term.
- Surplus cash may only be distributed out of the mortgagor entity twice a year.
- Loans exceeding \$75MM are subject to more stringent underwriting parameters.
- CPA reviewed operating statements for the last full year and YTD period are required for underwriting.
- After closing, annual audited financial statements are required.