



## MULTIFAMILY HOUSING

### LOW INCOME HOUSING TAX CREDIT PROGRAM

### HUD SECTION 223(F)

#### ELIGIBILITY

- ❖ 5 units or greater; 10% or less commercial space and income allowed
- ❖ Property must meet one of the following criteria's in order to be eligible:
  1. > 90% of project's units have project based rental assistance through a new or renewal Section 8 HAP contract.
  2. Must have either 4% LIHTC with tax exempt bonds, a 9% LIHTC award.
  3. Re-syndicated LIHTC property with stable occupancy of >85% for previous 14 months. (New Tax Credits must be issued and a third party investor will be required and TCAP exchange are not allowed).

*For detailed eligibility requirements, please request a Project Eligibility Checklist.*

#### REQUIREMENTS

- ❖ 90% or greater of the units must have low income occupancy or rent restrictions and must have rents at least 10% below comparable unrestricted market rents for all unit types. For rental assistance properties, rents must be the HAP contract rents.
- ❖ Rehabilitation work may exceed 15 months to complete, however it cannot require existing tenants to relocate more than 30 days.
- ❖ Projects with rental assistance must terminate existing contract and sign 20 year renewal contract plus extension of original remaining term and execute Preservation Exhibit.
- ❖ On project based assistance, any desired rent increase either budget based or market must be submitted to HUD prior to the application submission.
- ❖ If the Project is less than 3 years from the last Certificate of Occupancy (except in acquisitions) the final mortgage amount shall be only sufficient to pay off existing indebtedness (no return of equity) and such debt must be over one year old.

#### ESCROWS

- ❖ For re-syndicated tax credit projects without rental assistance, 6 months debt service will be escrowed in addition to the normal escrows for property taxes, all applicable insurance and any special assessments.
- ❖ A Replacement Reserve account must be established at closing and is made available for replacement of depreciable capital items.

#### FEATURES

- ❖ Moderate rehabilitation will be allowed (up to \$40,000 per unit with no high cost adjustment) however, at higher levels, HUD program 221(d)(4) controls may be required. Davis Bacon wage rates will not be required if the rehabilitation expenses from the mortgage proceeds are less than those allowed under the general 223(f) program .
- ❖ High HUD priority with bi-weekly tracking by HUD Headquarters. Expedited processing with HUD goal to issue Firm Commitment within 60 to 90 days of submission and closing 30 to 60 thereafter.
- ❖ The loan is non-recourse loan
- ❖ Long loan term - up to 35-years and self-amortizing.
- ❖ Low, fixed interest rates, fully amortizing.
- ❖ Fully assumable, subject to HUD and CMI approval.
- ❖ Debt service coverage ratio of 1.15 for projects with 90% or greater rental assistance 1.18 for affordable housing projects.
- ❖ Maximum loan of \$25 million.

**For Additional Information Contact:**

[www.centennialmortgage.com](http://www.centennialmortgage.com)

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