



COOPERATIVE HOUSING

NEW CONSTRUCTION, SUB-REHAB, CONVERSION HUD SECTION 213

The Section 213 program provides construction and permanent financing for new cooperative buildings, sub-rehab or the conversion of existing multifamily housing to cooperative housing.

ELIGIBILITY

For property to qualify for substantial rehabilitation, the cost of repairs, replacements and or improvements to the existing property must meet one of the following conditions:

1. Estimated replacement cost after completion of all repairs and replacement costs must exceed the great of either 15% of the improvements (not including costs of an addition).
 2. Cost of repairs and replacement must not exceed \$6,500 per unit adjusted by the local HUD High Cost Factor.
 3. A property can qualify for substantial rehab if two or more major building components are being substantially replaced regardless of cost.
- ❖ Age restricted cooperatives are eligible provided the primary occupant is age 62 years or older.
 - ❖ Conversion of existing multifamily properties to cooperative ownership is eligible provided the project qualifies under the guidelines for substantial rehabilitation.

REQUIREMENTS

- ❖ Mortgage Insurance Premium is 0.70% for the initial deposit and 0.70% for the annual renewal deposits.
- ❖ An operating reserve in the amount of 3% of the carrying charges is required annually until the project reaches 15% of carrying cost, at which time the deposit will be reduced to 2%. When the project reaches 25% of carrying costs the annual operating reserve deposit is no longer required.
- ❖ Pre-Sale of 90% of the shares of the cooperative are required prior to initial closing. This requirement may be waived to a lower amount at HUD's discretion.
- ❖ A working capital escrow in an amount of 2% of the loan amount is required.

FEATURES

- ❖ 40 year loan term plus the construction period not to exceed 75% of the remaining useful life.
- ❖ Debt Coverage ratio of 1.00x of net operating income.
- ❖ 98% Loan to Cost (development costs plus as-is value).
- ❖ The loan is fully assumable subject to the approval of CMI and HUD.
- ❖ The loan is Non-Recourse.
- ❖ Low fixed interest rates, fully amortizing.
- ❖ FF&E may be included as a mortgageable project cost.
- ❖ Developer fee and marketing costs are mortgageable project costs.

For Additional Information Contact: