

KENDALL REALTY ADVISORS

FHA 223(f) Apartment Refinance or Purchase

ELIGIBLE PROPERTIES: Market Rate Apartments Class A, B, C, or Mixed use or affordable housing properties. Loans greater than \$2,500,000 are cost effective for the borrower

LOAN TYPE TERM - AMORTIZATION: Permanent 35-year fully amortizing loan

MAXIMUM LOAN: The lesser of 83% of appraised value (75% Cash Out), 1.20 debt service coverage, statutory limits - Except for 100% affordable with 87% loan to value limit

REFINANCE: 1. The Greater of: (a) the cost to refinance; or (b) 83% of value; 2. Cash Out 75% of value

PURCHASE: 83% of the cost of acquisition.

INTEREST RATES: **3.25% to 4% over last 6 months currently 3.55% plus .45% MIP**

PERSONAL RECOURSE: Non-recourse.

ASSUMABILITY: Assumable, subject to approval.

SUBORDINATE FINANCING: Soft seconds allowed, subject to HUD criteria.

PREPAYMENT: Negotiable. Typically 5 years of prepayment min.

REPAIRS: Repairs may not exceed the greatest of 15% of the value after repairs

ANNUAL MORTGAGE INSURANCE PREMIUM: 1.0% of the mortgage amount is payable at closing. Thereafter, the MIP is escrowed monthly based on a rate of .45% per year.

ESCROWS: Monthly escrows for property insurance, real estate taxes, reserves for replacement (and mortgage insurance premiums). An initial deposit to replacement reserve and 100% of repair costs are escrowed from mortgage proceeds.

COMMERCIAL SPACE: Commercial area shall not exceed 10% of the total net rentable area of the project and commercial income shall not exceed 15% 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.

APPLICATION FEE: Appraisal, environmental assessment, property condition reports costs about \$15,000. FHA charges a 0.3% exam fee at the time of application

FINANCING AND PLACEMENT FEES: Varies by deal typically 1% - 2%

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

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PRELIMINARY SUBMISSION PACKAGE:

- 1. Property description**
- 2. Area and Neighborhood description**
- 3. location map**
- 4. Units breakdown with rents by unit type**
- 5. Current rent roll**
- 6. Vacancy and Concessions, bad debt other rent loss for last 12 months**
- 7. Year-to-date operating statement.**
- 8. Operating history – prior 3 years, if available.**
- 9. Pro-Forma 12 month operating budget.**
- 10. Existing debt, purchase price, date purchased if applicable**
- 11. Owner resume**
- 12. Owner Financial Statement**
- 13. Interior and Exterior Photos**
- 14. If purchase, purchase agreement and time remaining on contract**

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