



## FHA Commercial Loans – *Multi-Family*

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*Non-recourse, assumable financing for the purchase or refinance of existing multifamily, affordable or age-restricted properties.*

### **Maximum Loan Amount**

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For refinancing, the maximum loan is limited by the lesser of:

- a) 83.3% LTV for market rate, 85% LTV for Affordable, and 87% LTV for 90% or greater rental assistance;
- b) DSCR of 1.20x for market rate, 1.17x for Affordable and 1.15x for 90% or greater rental assistance;
- c) Greater of 100% of eligible costs or, if cash out, 80% of market value. Eligible costs include existing indebtedness, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs.  
*Eligible costs include existing indebtedness, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs.*

For a purchase transaction, the loan amount is limited by the lesser of:

- a) 83.3% LTV of value for market rate, 85% LTV for Affordable, and 87% LTV for 90% or greater rental assistance;
- b) DSCR of 1.20x for market rate, 1.17x for Affordable and 1.15x for 90% or greater rental assistance;
- c) 83.3% of eligible transaction costs for market rate, 85% for Affordable, and 87% for 90% or greater rental assistance.  
*Eligible costs include purchase price, required repairs, any initial deposit to the replacement reserve, third party reports and other closing costs.*

### **Maximum Term**

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A maximum term of 35 years, or 75% of the remaining economic useful life.



## **Personal Liability**

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FHA Loan is non-recourse

## **Assumability**

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Yes, subject to FHA approval

## **Repairs/Replacements**

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Repairs cannot exceed the greater of:

- a) \$6,500/unit multiplied by the high cost factor for the area;
- b) 15% of the estimated replacement cost after completion of all repairs, replacements and improvements.

Repairs/replacements are also limited to one major building component.

## **Fees and Expenses**

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Nominal processing fee due to Forbix Capital at engagement. The client must pay for all third party reports, which include a Phase I environmental site assessment, a full appraisal and a PCNA (Property Capital Needs Assessment). Funds must be remitted to Forbix Capital, and these contractors are engaged and paid by Forbix Capital directly. Financing and permanent placement fees are based on final loan amount, due upon commitment and payable from mortgage proceeds at closing.

## **Mortgage Insurance Premium**

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Annual Mortgage Insurance Premium (MIP) is 1.0% at closing (one year pre- paid) and 0.60% annually thereafter (based on outstanding principal balance).

## **Qualified Properties**

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Multifamily properties which are at least 3 years old since final certificate of occupancy; projects must have an average physical occupancy rate of at least 85%.



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### **Other FHA Requirements**

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HUD application fee is 0.3% of mortgage amount due at the time of submission of the Firm Application.

- Large loan sizes are subject to more conservative underwriting.
- Age-restricted properties can be financed under this program, so long as the head of household is 62 or older, and occupancy is not restricted to any remaining occupants.