

FHA Section 223(f) Acquisition or Refinance of Apartments

Executive Summary:

Cosmopolitan Capital Funding, LLC is an FHA approved MAP and LEAN lender that actively arranges long-term, fixed rate, non-recourse financing for the acquisition or refinance of existing multifamily rental housing. COSMOPOLITAN uses HUD's Multifamily Accelerated Processing (MAP) guidelines to expedite the underwriting and approval of loans under Section 223(f). There is a one-stage approval process for these loans under MAP.

Loan Features:

- Nationwide Lending Territory
- Fully amortizing loan up to 35-year term, not to exceed 75% of the remaining economic useful life
- Fully assumable
- Low, fixed interest rates with negotiable prepayment options
- Non-recourse
- No rent control restrictions or limitations on owner's return
- Commercial space is limited to 25% of the net rentable area of the project and 20% of the total effective gross project income
- Monthly escrows required for HUD Mortgage Insurance Premium (MIP), Replacement Reserves and Property Taxes and Insurance
- Loan proceeds may be used to pay for transaction costs including existing debt or acquisition costs, minor repairs, initial deposit to replacement reserve and financing costs
- HUD has released a Green Initiative to encourage the use of renewable energy and environmentally responsible construction practices. The Mortgage Insurance Premium (MIP) is reduced to 0.25% (0.25% for the up-front fee) for all projects that meet the applicable criterion.

Please note: Large loans (exceeding \$75Million) require higher DSC and LTV limits.

Eligible Projects:

Existing multifamily projects more than three years old. Three years is calculated from the date of issuance of the final certificate of occupancy to the date the Firm Commitment application is submitted for FHA mortgage insurance.

Minor repairs/replacements are allowed and are payable from mortgage proceeds. Such repairs cannot exceed 15% of the project's replacement cost after repairs or \$15,000 times the applicable high cost factor on a per unit basis.

For additional information, please contact:

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