

Newly Built or Substantially Rehabilitated Properties - Less Than 3 Years Old Prior to Application

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All projects submitted to HUD for mortgage insurance within three years of issuance of the final Certificate of Occupancy must meet certain additional underwriting conditions.

The property must meet the applicable Section 223(f) minimum debt service requirement (DSCR) for not less than one month prior to the submission of the Firm Application. The submission must include:

- An income and expense statement from initial occupancy to application submission, as well as a projection of income and expense for the succeeding 12 months.
- A current rent roll evidencing existing, achieved rents as well rents that were used to underwrite the existing first mortgage.
- The leasing history of the project commencing from initial occupancy to application submission, as well as the lease-up projection used to underwrite the existing first mortgage.
- Disclosure of any rent concessions, other discounts and short-term leases (less than 12 months).

A request for cash out is permitted, subject to specific terms.

Applications must document a pattern of stable occupancy at not less than 85% and stable operating results. Deficit reserves are generally not required but may be imposed where extensive repairs, re-pricing of units or market instability require mitigation of such risk.