HUD 223(f) Timeline: *How Long Does the Process Take?*

A Step-by-Step Walk Through the Application Process, from Engagement to Closing

One of the most common questions we get on 223(f) deals — and the most common pushback — is the timeline. Everyone seems to know that a 223(f) takes longer than an agency execution. And generally that is true — but only by a few months. For a standard 223(f) refinance, we tell clients to plan for **five to six months from engagement to closing**. This article walks through each stage of the process, explains where the timeline gets compressed or delayed, covers when in a property's life cycle to start, and addresses why the timeline makes the 223(f) a poor fit for most acquisitions despite being permitted by HUD.

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A note on scope before we start: this article covers the **standard 223(f)** — a stabilized multifamily property with a normal repair budget. The 223(f) program also accommodates what's informally called a "Heavy 223(f)" — a deal with a repair scope large enough to require an architect, a general contractor, and a HUD Architectural and Cost Review. A Heavy 223(f) carries a longer timeline closer to the 221(d)(4) range — think eight to eleven months — because of the AEC Review process and the added third-party reports. If you're contemplating a large repair scope, reach out directly and we'll walk through it. Everything below assumes a standard 223(f).

01

THE STANDARD PROCESS

Month by Month: *The 5–6 Month 223(f) Process*

Unlike the 221(d)(4) new construction program, the 223(f) program has only one HUD submission stage — the Firm Application. There is no Pre-Application stage and, for most deals, no Concept Meeting. Per the HUD underwriting guide (MAP Guide), Concept Meetings on refinance transactions are optional and generally not needed; however, they are recommended when there is something unusual about the deal — a volatile market, repair scope questions, environmental issues, or scattered-site complications. For most refinances, none of those apply, and the process moves directly to Firm Application preparation. That single-submission structure is the main reason the 223(f) timeline is roughly half of a 221(d)(4).

MO. 1

ENGAGEMENT & KICKOFF

Sizing, Engagement, Order Third Parties & Survey, Start Due Diligence

The lender sizes the loan — working through the four governing constraints (LTV, DSCR, statutory limit, and the greater of 80% LTV or total refinance cost) — and the borrower formally engages the lender. Once engaged, the lender orders the three core third-party reports: the **PCNA** (Project Capital Needs Assessment), the **Phase I Environmental Site Assessment** (which includes a HUD HEROS environmental review and a radon inspection), and the **appraisal**. Depending on the age, location, and construction details of the property, supplemental reports may also be required — typically asbestos, lead-based paint, or seismic studies. We discuss the supplemental report scope with the borrower up front so there are no surprises mid-process. The ALTA survey is also ordered at this stage — we encourage borrowers to use their own surveyor when they have a relationship, but starting that conversation in Month 1 keeps the survey from becoming a late-stage bottleneck. Inspector site visits typically happen by the end of Month 1, and the borrower begins assembling the due diligence package — organizational documents, principal financials and credit reports, trailing rent rolls and operating statements, and management agent information.

MO. 2

DRAFT REPORTS & DUE DILIGENCE

Draft Reports In, Borrower Due Diligence Continues

First-draft third-party reports come back during Month 2. The lender reviews each report, cross-checks it against the others and against the underwriting, and works through revisions with the providers. Inconsistencies between reports — most commonly between the appraisal and the PCNA — are flagged and resolved at this stage rather than left for HUD to find. Concurrently, the borrower continues assembling the Firm Application due diligence package. The lender and borrower work in parallel through this period, with the goal of finalizing both tracks at roughly the same time.

MO. 3

SUBMISSION

Finalize Reports, Loan Committee & Submit Firm Application

Reports finalize, the borrower's due diligence file is complete, and the lender locks the underwriting. The deal goes to the lender's internal loan committee for approval, the underwriting narrative is finalized and cross-checked against every third-party report, and the complete Firm Application package — narrative, all reports, the Borrower due diligence file, and the **0.30% HUD Application Fee** — is submitted to HUD.

MO. 4

HUD REVIEW

HUD Underwrites the Firm Application & Issues Firm Commitment

HUD's underwriting team reviews the Firm Application. The thoroughness of the submission directly affects how long this takes. A clean, internally consistent package moves through quickly. An incomplete or inconsistent package generates questions from HUD, and HUD often pauses the review clock while waiting for the lender to respond — and beyond the clock pause, the application drops off the underwriter's active priority list while it sits. Once HUD's review is complete, they issue the **Firm Commitment** — HUD's commitment to insure the mortgage.

MO. 5

RATE LOCK & CLOSING START

Rate Lock & Closing Process Begins

With Firm Commitment in hand, the rate lock typically happens. Rate lock requires a **0.50% Good Faith Deposit**, which is credited back to the borrower at closing. The closing process starts in parallel — closing counsel is engaged, the closing package is assembled, and the lender, borrower, HUD, and counsel coordinate on the remaining items required for funding.

MO. 6

FINAL CLOSING

Finalize Closing Package & Fund

The closing package is finalized, closing documents are executed, and the loan funds. Unlike 221(d)(4), there is no construction draw process to manage after closing — the 223(f) is a permanent loan from day one, and the lender's role transitions to standard loan servicing.

THE FIXED PERIOD

The one stretch in the 223(f) timeline that can't be meaningfully compressed regardless of how well-organized the borrower and lender are is HUD's review of the Firm Application. A thorough, complete submission moves the review toward the faster end of the range. A deficient one extends it. But there is no way to bypass the review entirely.

02

WHEN TO START

When to *Start the Process on a Recently Stabilized Project*

For sponsors who recently completed a construction project and are looking to refinance into a 223(f), the timing question is about lease-up. The 223(f) loan needs to underwrite to a **1.15x DSCR** on stabilized net operating income, and HUD's underwriting is driven by what the actual rent roll shows. The earlier in the lease-up curve we submit, the more interpretation HUD has to do; the more stabilized the operating history, the more confident HUD can be in the NOI — which often translates directly into more proceeds.

HUD will allow a submission before a project reaches 93% occupancy, but in practice the cleanest submission is one that comes in with **at least one full month of complete stabilization** on the income statement at the time of Firm Application. The slight tradeoff in timing — waiting that extra month rather than pushing the submission early — is almost always outweighed by HUD's increased confidence in the underwriting, which can mean more proceeds and fewer questions during review.

The way this practically affects timing: because third-party reports take roughly six to eight weeks to finalize, we generally like to order the reports when it looks like the project will hit 90% occupancy in the near term and stabilize a month or so later. That sequence lets the reports finalize at roughly the same time the rent roll shows a full month of stabilized operations. The Firm Application then goes in with a complete picture of operating performance — final third-party reports, a stabilized rent roll, and a clean checklist — rather than with reports finalized weeks before the property has actually stabilized.

This is a tradeoff to discuss explicitly with a sponsor early in the conversation. Pushing the submission by four to six weeks to capture a full month of stabilized NOI is, in most cases, the right call. The exception is when there's external pressure on the timeline — a maturing construction loan, an interest rate environment that's moving against the deal — in which case the calculus changes and we work through it case by case.

03

RISK FACTORS

Where the 223(f) Timeline *Gets Extended*

Most of the deals that drift past six months run into one of the same three problems. They're each worth understanding before you start.

Lease-up taking longer than expected. This is the most common delay we see on recently completed projects. The borrower projects stabilization for a given date, the lender orders third-party reports around that date, and the last 5–10% of the lease-up takes longer than anyone projected. The reports start running against their shelf lives — the PCNA and Phase I carry **180-day shelf lives** from the inspector's site visit to the Firm Application, and the appraisal carries roughly a **120-day shelf life** — while the project is still trying to stabilize. The technicality on the appraisal is that it's formally 180 days to HUD issuing their Firm Commitment, which leaves some wiggle room, but we typically shorthand it to 120 days to Firm Application because pushing much beyond that gets HUD uncomfortable. When reports start expiring before the rent roll is ready, the borrower ends up paying for updates. The way to avoid this is to be conservative about the order date — wait until the lease-up curve has flattened enough that stabilization is genuinely imminent rather than projected.

Late or slow surveys. The ALTA survey is one of the most common late-stage causes of delay. We encourage borrowers to use their existing surveyor when they have a working relationship, but borrowers sometimes order the survey late in the process, and when their preferred surveyor's schedule doesn't line up with the lender's submission timeline, the entire package waits on the survey. This is an easy delay to prevent by getting the survey ordered in Month 1 alongside the third-party reports, so the surveyor's timeline is sequenced against the Firm Application target rather than against an arbitrary later date.

A lender that doesn't submit a thorough Firm Application. This is the one most borrowers don't think to ask about, and it's the one that has the biggest effect on the back half of the process. A Firm Application is supposed to be internally cross-checked — every third-party report read against the others, the underwriting narrative validated against each report, the due diligence file complete. We have heard about applications where the lender skipped that work, submitted faster, and then ran into a wall of HUD questions on the back end. When HUD has to ask the lender questions, they generally pause their review clock until they get answers — and beyond the clock pause, the deal tends to fall off the underwriter's active priority list while it sits. The end result is that the lender saves a week or two on the front end and loses a month or more on the back end, plus a deal that was unnecessarily painful to get through.

04

ACQUISITION USE

Why the 223(f) is Usually *Not the Right Tool for an Acquisition*

The 223(f) is permitted for acquisitions, however, we rarely use it that way because of this slightly longer timeline.

Most multifamily acquisitions are bound by a purchase and sale agreement with a defined closing window and the 223(f) timeline doesn't fit inside that window nicely — or in a way a seller is expecting. By the time a buyer is signed on a PSA and wants to start the financing process, an agency execution (Fannie Mae or Freddie Mac) can close inside the PSA window with room to spare. A 223(f) cannot with a generic PSA.

For most acquisitions, the right HUD conversation isn't a 223(f) — it's bridge-to-HUD. For acquisitions that are clearly going to be held for years and where the 35-year fully amortizing non-recourse permanent loan is the strategic objective, bridge-then-223(f) is often the cleaner execution.

05

PERSPECTIVE

The 5–6 Month Timeline *in Context*

The 223(f) takes longer than an agency execution. That's the actual comparison most sponsors are making — Fannie or Freddie versus HUD — and it's a fair one. An agency permanent loan on a stabilized multifamily property can close in 90 days. A 223(f) takes roughly twice that — not because the lender is slower, but because the application has to go through HUD's underwriting review and then again for HUD's closing review.

What the 223(f) buys in exchange for a few more months in timeline is a **35-year fully amortizing term** at a fixed rate, non-recourse, fully assumable, with **no balloon payment and no refinance risk**. The agencies offer 5 to 10-year fixed-rate terms with generally 30-year amortizations and a balloon at maturity. The 223(f)

eliminates refinance and interest-rate exposure for the entire hold, and the longer hold a sponsor is planning, the more that structural advantage compounds.

The sponsors who feel the 223(f) timeline most acutely are the ones who need to close quickly — a near-term construction loan maturity, a rate environment they want to lock into immediately, or an opportunistic refinance window. Those situations call for an agency execution. They're not 223(f) candidates regardless of hold horizon. The 223(f) conversation works best when the sponsor has runway to start the process early, which lets the timeline become a planning variable rather than a constraint. From there, the choice between agency and HUD comes down to the merits of each program against the sponsor's hold strategy.

06
COMMON QUESTIONS

Frequently Asked Questions: *HUD 223(f) Timeline*

How long does a HUD 223(f) refinance take from start to close?

The standard 223(f) refinance — without a Concept Meeting and with a normal repair scope — takes approximately **5 to 6 months from initial lender engagement to closing**. This assumes the borrower's due diligence comes together on schedule, third-party reports come back clean, and HUD doesn't raise significant concerns at Firm Application. Deals with lease-up complications, late surveys, or a poorly assembled Firm Application can extend longer.

Why is the HUD 223(f) timeline shorter than the HUD 221(d)(4) timeline?

Refinance transactions under 223(f) generally do not require a Concept Meeting or a Pre-Application — both of which are part of the standard 221(d)(4) construction process. The 223(f) goes directly to a single Firm Application submission, which cuts roughly six months out of the schedule compared to the two-step 221(d)(4) process.

When should I start the 223(f) process on a recently constructed property?

For a recently completed project in lease-up, we generally recommend ordering third-party reports when it looks like the project will hit 90% occupancy in the near term and reach full stabilization within a month or so. That sequence lets the reports finalize at roughly the same time the rent roll shows a full month of stabilized operations — which gives HUD a clean picture of NOI and often translates into more proceeds at underwriting.

How early should I engage a HUD lender before my loan matures?

We'd start the conversation at least nine months before maturity. A standard 223(f) takes five to six months from engagement to closing, so nine months covers the standard case with room to be comfortable. On deals with heavier repair scope, complicated ownership structure, or environmental issues, probably best to start 12 months out to give yourself plenty of cushion. If the maturity is closer than that, we look at a short extension or bridge before committing to the 223(f) timeline.

Can a HUD 223(f) loan be used for an acquisition?

Technically yes, but in practice rarely. The 5–6 month timeline does not fit inside a typical 60–90 day purchase and sale agreement. For acquisitions where the long-term strategy is HUD permanent debt, a **bridge-to-223(f)** execution is generally the cleaner approach — the bridge loan closes the acquisition inside the PSA window, and the 223(f) refinances out of the bridge once the property has seasoned.

What third-party reports are required for a HUD 223(f)?

The three core reports are the PCNA (Project Capital Needs Assessment), the Phase I Environmental Site Assessment (including HUD HEROS and a radon inspection), and the appraisal. Depending on the property's age and location, supplemental reports — asbestos, lead-based paint, or seismic — may also be required. The PCNA and Phase I carry **180-day shelf lives** from the inspector's site visit to the Firm Application. The appraisal carries roughly a **120-day shelf life** to Firm Application.

Wim Roach & Brian Lorenz

HUD/FHA Multifamily Origination

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