

## HUD 221(d)(4) & 220 MULTIFAMILY LOAN

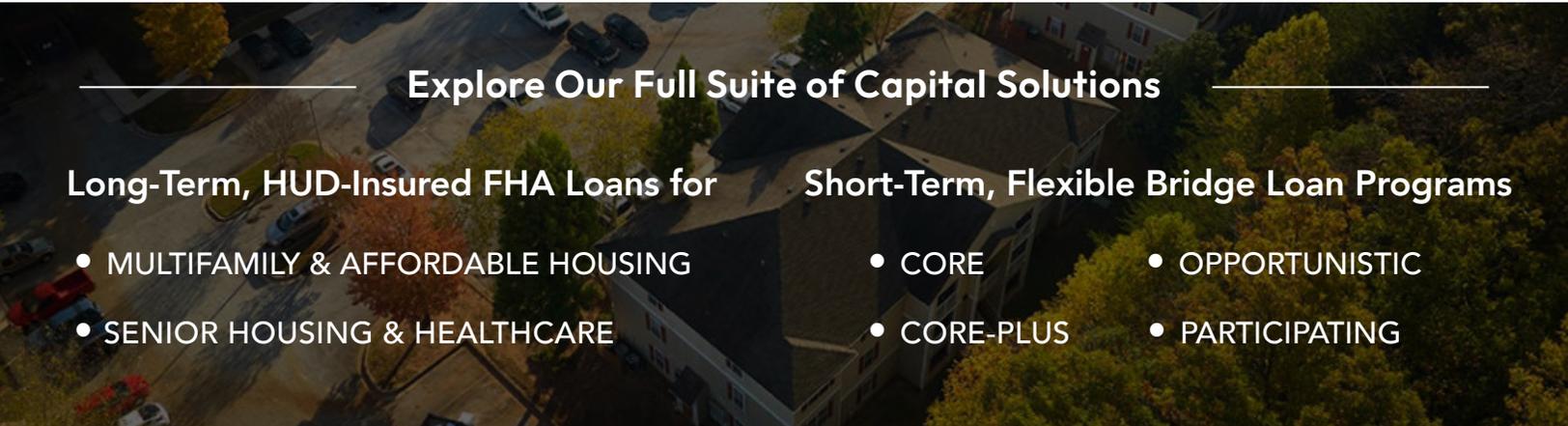
Long-Term, Fixed-Rate Financing for New Construction & Substantial Rehabilitation

### PROGRAM SNAPSHOT

HUD-insured construction-to-permanent loan for market-rate, affordable, or middle-income multifamily housing. Combines a low-rate construction loan with 40-year amortization, offering fully non-recourse financing and high leverage.

### KEY FEATURES

- Up to 90% LTC for affordable or middle-income housing
- Up to 87% LTC for market-rate
- DSCR as low as 1.11 (affordable/middle-income) or 1.15 (market-rate)
- Interest-only during construction, followed by 40-year amortization
- Non-recourse and fully assumable, subject to HUD approval
- Eligible for tax credit and bond enhancement



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#### Long-Term, HUD-Insured FHA Loans for

- MULTIFAMILY & AFFORDABLE HOUSING
- SENIOR HOUSING & HEALTHCARE

#### Short-Term, Flexible Bridge Loan Programs

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# HUD 221(d)4 & 220 Multifamily Loan

<b>PURPOSE</b>	New construction or substantial rehabilitation of family apartments for market rate & affordable properties
<b>COMMERCIAL SPACE</b>	Eligible for up to 25% of total net rentable area and 15% (30% for Section 220) of EGI
<b>SUBSTANTIAL REHAB</b>	Qualifies as sub-rehab based on a per unit threshold for the cost of rehabilitation by meeting one of the following criteria: <ul style="list-style-type: none"> <li>a. The cost of repairs, replacements &amp; improvements exceeds the greater of 15% of the estimated replacement cost after completion of all repairs, replacements &amp; improvements, or \$15,000 per unit adjusted by HUD's high cost factor, or 20% of the mortgage proceeds applied to rehabilitation expense</li> <li>b. Two or more major building components are being substantially replaced</li> </ul>
<b>BORROWER</b>	Single-asset and single-purpose entity, either for-profit or non-profit
<b>MAXIMUM MORTGAGE LIMITS</b>	The maximum loan amount will be the <i>lesser</i> of: <ul style="list-style-type: none"> <li>a. 87% LTV (90% for affordable) of HUD's estimated cost plus land/as-is value</li> <li>b. 1.15x DSCR (1.11x for affordable)</li> <li>c. HUD statutory per-unit limits</li> <li>d. More advantageous limits for transactions with 90% or greater rental assistance</li> </ul> <p><small>*Other parameters apply to mortgages over \$125 million</small></p> <p><small>**Other than the above constraints, there are no minimum or maximum loan sizes</small></p>
<b>AMORTIZATION &amp; TERM</b>	Interest only during the construction period, plus 40 years fully amortizing
<b>INTEREST RATE</b>	Interest only during construction phase, amortization during permanent
<b>MORTGAGE INSURANCE PREMIUM</b>	0.25% annually – <i>Subject to change by HUD</i>
<b>RECOURSE</b>	Non-recourse during both construction & permanent phases of financing
<b>ASSUMABILITY</b>	Fully assumable, subject to HUD approval
<b>PREPAYMENT</b>	Negotiable. Best rates typically have 1-2 year lockout with declining prepayment penalty for remainder of first 10 years.
<b>THIRD-PARTY REPORTS</b>	Market Study, Appraisal, Architecture and Costs Review, and Environmental Reports
<b>ESCROWS</b>	Escrows for debt service, mortgage insurance premium, taxes, insurance, replacement reserves, working capital and operating deficit are required
<b>FEDERAL LABOR STANDARDS</b>	Federal prevailing wage & reporting requirements
<b>ASSURANCE OF COMPLETION</b>	Payment & performance bond or cash deposit/letter of credit
<b>HUD APPLICATION FEE</b>	\$3 per \$1,000 of the requested mortgage (half required at Pre-Application) or \$2 per \$1,000 for OZ
<b>HUD INSPECTION FEE</b>	\$5 per \$1,000 of the requested mortgage for new construction; and \$5 per \$1,000 of improvements cost for substantial rehabilitation
<b>RATE-LOCK DEPOSIT</b>	Typically 0.5% of mortgage amount, refunded at closing
<b>CREDIT ENHANCEMENTS</b>	Can be combined with Credit Enhancement for Tax Exempt Bonds and Low Income Housing Tax Credits