

FHA MORTGAGE INSURANCE SECTION 221(d)(4)



ELIGIBLE PROPERTIESMarket-rate, affordable, and subsidized multifamily housing properties are

eligible. To qualify for substantial rehabilitation, the cost of repairs and/or alterations must exceed \$15,000 per unit adjusted for the HUD High Cost

Factor or replace two or more building systems.

INTEREST RATE Fixed-rate for both construction and permanent terms - determined by

market conditions

BORROWER For-profit or not-for-profit single-asset entity

PERSONAL LIABILITY Non-recourse, subject to standard carve-outs

MAXIMUM LOAN

PROPERTY TYPE	MAX LOAN TO VALUE	MIN. DEBT SERVICE
Broadly Affordable ¹	90%	1.11x
Affordable ²	87%	1.15x
Market-Rate	85%	1.18x

¹ At least 90% of units supported by a project-based rental assistance contract

TERM Maximum of 40 years - plus construction period

COMMERCIAL SPACE Limited to 25% of net rentable area and 15% of effective gross income

PREPAYMENT AND ASSUMPTION

Flexible - best execution typically has a combination of lockout and prepayment penalty for 10 years, and is fully assumable, subject to

HUD approval

MORTGAGE INSURANCE

PREMIUM

.25% - .65% annually depending on project type

FEES HUD Application: 0.30% of requested loan amount or associated costs

HUD Inspection: 0.50% of loan amount or total of all improvements

RESERVE ACCOUNTS Initial Operating Deficit Reserve: Four to twelve months of amortizing

debt service depending on deal

Replacement Reserves: Minimum of \$250 per unit, per year, or as

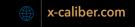
determined by their third-party vendor

Working Capital Deposit: 4% for new construction and 2% for

substantial rehabilitation

LABOR STANDARDS Davis-Bacon prevailing wage rate requirements apply





² Regulatory agreement that at least meets the minimum Low-Income Housing Tax Credit restrictions of 40% of units at 60% AMI or 20% of units at 50% AMI in effect for at least 15 years