

# FHA \$5MM+

**221(d)(4):** *long-term, fixed-rate financing for new construction or substantial rehabilitation of multifamily projects nationwide. Multifamily Accelerated Processing (MAP) Program to expedite underwriting and approval.*

## *Loan Term*

Construction loan plus up to 40-year permanent loan

## *Amortization*

Up to 40 Years

## *Maximum Loan Amount*

Determined by the lowest of:

1. 83.3% of total eligible development costs (87% for affordable) (90% for 90% project-based rental assistance)
2. 1.20 debt service coverage (1.15 for affordable) (1.11 for 90% project-based rental assistance)
3. HUD's statutory mortgage limits
4. For rehab add 83.3% of the "as is" value (87% for affordable) plus 83.3% of the total development cost (87% for affordable)

## *Fixed Rate*

Yes - Construction and Permanent

## *Eligible Property*

Multifamily projects to be built or projects undergoing substantial rehabilitation. Detached structures and row houses eligible.

## *Eligible Borrower*

Single Asset Entity (for profit or non-profit)

## *Occupancy Requirement*

Underwritten at a maximum 93% occupancy

## *Tax and Insurance Escrows*

Monthly deposits required

## *Recourse*

Non-recourse - Construction and Permanent

## *Commercial Space*

Maximum 10% of gross floor area and maximum 15% of potential gross income

## *Required Reports*

Market Study, Appraisal, Architect/Cost Review and Phase I. CPA reviewed financial or last fiscal year - sub rehab.

## *Prepayment*

Negotiable. Generally two-year lockout with declining percentage of principal thereafter up to 10 years (8-7-6-5-4-3-2-1).

## *Assumable*

assumption fee

## *Good Faith Deposit*

Negotiable based on project type

## *Expense Escrow*

Yes -  
third-party report costs

## *Origination Fee*

Negotiable

## *HUD Application Fee*

Non-refundable fee of \$3 per \$1,000 (0.3%) of the mortgage amount due to HUD with the firm commitment submission package. For market rate pre-applications, a non-refundable review fee of 15 bps (50% of the firm commitment application fee) is due to HUD with the submission of the pre-application package.

## *HUD Inspection Fee*

0.5% of the mortgage amount for new construction. 0.5% of the cost of the repairs for substantial rehab.

## *Legal/Closing Fee*

Borrower pays  
miscellaneous closing costs.

## *Rehabilitation Qualifications*

Repairs must exceed \$6,500 per unit (adjusted for local high cost factor), 15% of the "as rehabbed" appraised value or replacement of 2 or more major building systems.

## *Davis Bacon*

Davis Bacon labor standards and wage requirements apply to construction and rehab work.

## *HUD Mortgage Insurance Premium (MIP)*

HUD sets the cost of the FHA Insurance. The MIP is paid in advance for the construction period and is escrowed monthly after amortization commences.