

HUD PROGRAM 221(D)(4) & 220

Eligible properties containing five or more rental units with no more than 25% of the net rentable area dedicated to commercial use and income not more than 15%-30% of EGI.

MAXIMUM LOAN IS THE LESSOR OF:

REPLACEMENT COST MULTIPLIED BY	• 90% for projects with 90% or greater rental assistance
	• 87% for affordable housing transactions
	• 85% for market rate projects
	• Land value (new construction) or "as is" value of the property (sub rehab) are included in replacement costs
DEBT SERVICE COVERAGE	• 1.11 or 90% of NOI for projects with 90% or greater rental assistance
	• 1.15 or 87% of NOI for affordable housing transactions
	• 1.1765x or 85% of NOI for market rate projects
	FHA per Unit Statutory Limit as adjusted by local high cost factor

NON-MORTGAGEABLE COSTS

- Operating deficit escrow (LOC or cash)
- Demolition, offsite or unusual site development cost (LOC or cash)
- 4% working capital escrow (LOC or cash), half of which is a construction contingency to cover cost overruns and approved change orders

HUD APPLICATION FEES

- \$3 per thousand of requested mortgage amount (1/2 due at pre-application; the balance at firm submission)

HUD INSPECTION FEES

- \$5 per thousand of mortgage amount for new construction and \$5 per thousand of improvement costs for sub-rehab

MORTGAGE INSURANCE PREMIUM

- HUD construction and annual MIP are based on a percentage of the mortgage amount (0.25% - 0.70%).
- The initial MIP is payable in advance at initial endorsement/loan closing, MIP is paid annually thereafter escrowed monthly (0.25% - 0.70%) of unpaid principal mortgage balance.

TYPICAL PROCESSING STEPS

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| <ul style="list-style-type: none">• Concept meeting with HUD• Pre-application submitted - will include, but not limited to:<ul style="list-style-type: none">• Appraisal (land value established) and market study• Preliminary sketch plans• Phase I• Firm Application submitted - will include, but not limited to:<ul style="list-style-type: none">• CNA, A&E and Cost reports• Final appraisal | <ul style="list-style-type: none">• Full set of plans and specs• Contractors construction cost (wage requirements under the Davis-Bacon Act)• Financials/credit information on sponsor and contractor• Verified working capital sufficient to meet all closing requirements• Verification of utility availability and zoning• Management documents• Site control |
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ADDITIONAL REQUIREMENTS

- Project must comply with the specified HUD, state and local standards; Age Restricted Properties not allowed under 220.
- Cost certification may be required prior to final endorsement.
- Loans in excess of \$75 million will be subject to additional underwriting criteria.
- Energy Audit and Utility Consumption data.

THIRD PARTY COSTS

- Lender collects initial deposit of \$40,000 - \$50,000; includes 3rd party deposit and lender engagement fees.
- Borrower responsible for any additional third party costs