

FHA Section 221(d)(4)

Property Type:	Multifamily rental apartments.
Purpose:	New construction or substantial rehabilitation. For-profit or nonprofit borrowers may utilize this program.
Maximum Loan Amount:	Subsidized*: 90% loan-to-cost Affordable**: 87% loan-to-cost Market Rate: 83.3% loan-to-cost
Debt Service Coverage:	Subsidized*: 1.11x Affordable**: 1.15x Market Rate: 1.20x
Interest Rate:	Fixed rate subject to market conditions at rate lock.
Maximum Term/ Amortization:	40 years, or 75% of remaining useful life, from initial principal payment. Level principal and interest payments. Construction period is interest only.
Guaranty:	Non-recourse construction/permanent loan.
Eligibility (Sub. Rehab):	Certain cost thresholds must be met for rehabilitation projects. Davis-Bacon prevailing wage standards apply.
Assumability:	Yes, with FHA approval.
Prepayment:	Commonly either: <ul style="list-style-type: none">■ a 5-year lockout followed by a prepayment penalty of 5% in the sixth year and declining 1% per year, or■ a similar combination of lockout and penalties which cover a 10-year period post closing
Escrows:	Monthly escrows for property insurance, real estate taxes, reserves for replacement and mortgage insurance premiums.
Fees & Expenses:	Borrower is responsible for \$20,000-\$25,000 in due diligence fees. At time of closing, these fees and all other closing costs may be included in the loan amount.
Timing:	This transaction typically can be completed in eight months. Actual processing times vary depending on the project.
Post-closing	Annual audited financial statements.

*greater than 90% of units are subsidized, e.g. Section 8
**regulatory agreement in place and resident income restricted, e.g. LIHTC