

<b>PURPOSE</b>	New construction or substantial rehabilitation of market-rate or affordable multifamily properties.
<b>SUBSTANTIAL REHABILITATION</b>	Qualifies as substantial rehabilitation if the cost of repairs, replacements, and improvements exceeds \$19,293 per unit adjusted by HUD's high-cost factor.
<b>COMMERCIAL SPACE</b>	Eligible for up to 25% of net rentable area and 15% of EGI for 221(d)(4). Eligible for up to 25% of net rentable area and 30% of EGI for 220.
<b>BORROWER</b>	Single asset, special purpose entity. Either for-profit or nonprofit.
<b>MAXIMUM LOAN AMOUNT</b>	<p>The lesser of:</p> <p>a) for market-rate properties, applicable factors: 87% LTC, 1.15x DSCR;  b) for affordable properties, applicable factors: 90% LTC, 1.11x DSCR; and  c) for properties with 90% or greater rental assistance, applicable factors: 90% LTC, 1.11x DSCR.</p> <p>* Other parameters apply to mortgages over \$125 million.  ** Other than the above constraints, there are no minimum or maximum loan sizes.</p>
<b>TERM &amp; AMORTIZATION</b>	Interest only during the construction period, plus 40 years fully amortizing.
<b>INTEREST RATE</b>	Fixed-rate, subject to market conditions at the time of rate lock.
<b>MORTGAGE INSURANCE PREMIUM</b>	0.25%
<b>RECOURSE</b>	Non-recourse during both construction and permanent phases of financing.
<b>ASSUMABILITY</b>	Fully assumable, subject to HUD approval.
<b>PREPAYMENT</b>	Negotiable. Best rates typically have a 1–2-year lockout with a declining prepayment penalty for the remainder of the first 10 years.
<b>THIRD PARTY REPORTS</b>	Market study, appraisal, architectural, and costs review and Phase I ESA. Other reports as needed.
<b>ESCROWS</b>	Escrows for debt service, mortgage insurance premium, taxes, insurance, replacement reserves, and working capital and operating deficits are required.
<b>FEDERAL LABOR STANDARDS</b>	Davis-Bacon prevailing wages and reporting requirements.
<b>ASSURANCE OF COMPLETION</b>	Payment and performance bond or cash deposit/letter of credit.
<b>HUD APPLICATION FEE</b>	\$3 per \$1,000 of requested loan amount (1/2 due at pre-application).
<b>HUD INSPECTION FEE</b>	\$5 per \$1,000 of requested loan amount for new construction. \$5 per \$1,000 of improvement costs for substantial rehabilitation.



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