

FHA New Construction and Substantial Rehabilitation Multifamily Rental Housing (5+ Units)

Section 221(d)(4) – For Profit Section 221(d)(3) – Non-Profit

This financing is available for the new construction and substantial rehabilitation of multifamily rental housing (market rate and affordable). The program provides long-term, fixed-rate financing (up to 40 years) and allows securitization through GNMA Mortgage-Backed Securities.

Eligibility

New construction or substantial rehabilitation of multifamily rental housing properties

Underwriting Guidelines

Project Type	Loan To Value Ratio	Loan To Cost Ratio	Debt Service
Market Rate	83.3%	83.3%	1.200x
Affordable	87.0%	87.0%	1.15x
>= 90% Rental Assistance	90.0%	90.0%	1.110x
Affordable Non Profit/Public)	90.0%	90.0%	1.111x

Affordable Projects

Must have 1) Recorded Regulatory Agreement in effect for 15 years after Final Endorsement; 2) Meet the minimum Low-Income Housing Tax Credit restrictions of 20% at 50% AMI or 40% at 60% AMI; 3) Mixed-Income projects where the projects meet the above criteria.

Loan Structure

Loan Term – up to 40 years

Consistent with the above Underwriting Guidelines, the Loan Amount is determined by the lesser of:

- For new construction, the applicable percentage of estimated replacement cost after completion, less the amount of grant/loan funds attributable to replacement cost items, multiplied by the applicable percentage or for substantial rehabilitation, the applicable percentage of the estimated rehabilitation cost plus the Fair Market Value of the land and existing improvements, less the amount of grant/loan funds attributable to replacement cost items, multiplied by the applicable percentage.
- HUD Statutory Per Unit Limits as adjusted by Local office high cost factor
- Debt Service that does not exceed the above applicable percentage of project's estimated net income
- Layered Financing Permitted

Corporate Office: 915 Highland Pointe Dr. Ste. 250, Roseville, CA 95678

CA, OR & WA Premier Mortgage & Real Estate Brokerage

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Prepayment

- No yield maintenance required
- Flexible lockout terms established at interest rate lock

Application fees

- 0.3% commitment fee to HUD (Non-refundable FHA exam fee)
- Third party reports, as applicable

Paid at closing

- 0.5% construction inspection fee paid to HUD
- 2% working capital cash escrow or LOC during construction period, and possibly an initial operating deficit escrow or LOC for lease-up period
- 1% Mortgage Insurance Premium (MIP)

Annual fees

- 0.45% MIP

Features

- Non-Recourse (HUD takes a first mortgage lien)
- 35 Year Term and Amortization (Refinance and Acquisition)
- 40 Year Term and Amortization (New Construction/Substantial Rehabilitation)
- Up to 83.3% LTV (Refinance and Acquisition) – Cash out allowed up to 80% LTV
- Up to 83.3% LTC (New Construction/Substantial Rehabilitation) – Up to 90% LTC for Non-Profit
- Construction and Permanent Financing both in one loan Assumable
- Multifamily Accelerated Processing (MAP) lender

Available To:

- For Profit, Non-Profit, and Joint Ventures
- New Construction/Substantial Rehabilitation projects must be approved by HUD prior to work commencing
- Refinance properties must be at least 3 years old

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