

HUD 221(d)3

Eligible Properties:	New construction or substantial rehabilitation for family apartments sponsored by a qualified nonprofit entity Market rates and affordable properties
Substantial Rehab:	Qualifies as sub-rehab by meeting one of the following criteria: a) The cost of repairs, replacements and improvements exceeds the greater of 15% of the estimated replacement cost after completion of all repairs, replacements and improvements, or \$6,500 per unit adjusted by HUD for the high cost percentage, or b) Two or more major building components being substantially replaced
Borrower:	Single asset and single purpose entity
Recourse:	Fully non-recourse during both construction and permanent phases of financing
Loan Amount:	Constrained as follows
Maximum Mortgage Limits:	The lesser of: a) 90% of HUD's estimated cost plus land/as-is value b) 1.11 DSCR c) HUD statutory per unit limits
Interest Rate:	Interest only during construction phase, amortization during perm
Amortization and Term:	Maximum of 40 years
Escrows:	Escrows for taxes, insurance, replacement reserves and mortgage insurance premium are required
Mortgage Insurance Premium:	0.80% each year during construction 0.80% annually
Federal Labor Standards:	Federal prevailing wage and reporting requirements
Secondary Financing:	Permitted under certain conditions at closing
Assurance of Completion:	Payment and performance bond or cash deposit/LOC
Developer's Fee to Nonprofit Included in Mortgage:	8% of mortgage up to \$5 million; 2% percent of every dollar after the first \$5 million of loan
HUD Exam Fee:	\$3 per \$1,000 of requested mortgage
HUD Inspection Fee:	\$5 per \$1,000 of requested mortgage
Good Faith Deposit:	Typically 0.5% of mortgage amount, refunded at closing
Third Party Reports:	Market study, Appraisal, Plan and Spec Review, and Phase 1 ESA
Closing:	One closing for both Loans - Construction and Permanent
Assumability:	Fully assumable
Credit Enhancements:	Can be used as credit enhancement for tax-exempt bonds and low income tax credits