

# HUD 221(d)4 & HUD 220

Eligible Properties:	New construction or substantial rehabilitation for family apartments Market rates & affordable properties Affordable housing projects must (1) have a recorded regulatory agreement in effect for at least 15 years after final endorsement, and (2) meet at least the minimum Low Income Housing Tax Credit restrictions of 20% of units at 50% of the Area Median Income (AMI) or 40% of units at 60% AMI. Mixed income projects may qualify if they meet the above criteria.
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:	< \$40M <sup>1</sup>
Maximum Mortgage Limits:	The lesser of: a) 83.3% (87% for affordable) of HUD's estimated cost plus land/as-is value b) 1.20 DSCR (1.15 for affordable) c) HUD statutory per unit limits d) Higher limits for nonprofits e) 100% of mortgageable transaction costs less grants, public loans and tax credits.
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:	0.45% each year during construction (0.50% for HUD 220) 0.45% annually (0.50% for HUD 220)
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
BSPRA:	Builder & Sponsor's Profit & Risk Allowance is used as a credit against the mortgagor's required equity contribution and is capped at 10% of development costs
HUD Exam Fee:	\$3 per \$1,000 of requested mortgage
HUD Inspection Fee:	\$5 per \$1,000 of requested mortgage
Rate Lock Deposit:	Typically 0.5% of mortgage amount
Third Party Reports:	Market study, Appraisal, Plan and Spec Review & 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

<sup>1</sup> For projects over \$40M see 221(d)4 & 220 Large Loan sheet