



Apartments - New Construction or Rehabilitation Financing for Affordable Housing Section 221(d)(4) and Section 220 - LIHTC Pilot Program

DESCRIPTION

First Housing Development Corporation provides competitive financing for the new construction or substantial rehabilitation of affordable rental apartments with 4% or 9% Low Income Housing Tax Credits (LIHTCs) including projects with Section 8 HAP Contracts.

ELIGIBILITY / PURPOSE

ELIGIBLE PROPERTIES	PURPOSE
New Construction projects with 200 units or less with 9% LIHTC covering 90% or more of the units with achievable LIHTC rents at least 10% below comparable market rents.	Expedited Approval Processing. Loan-to-Cost may not exceed 65% of mortgageable costs. Firm Commitment issued within 30 calendar days and close within 60 calendar days of Firm Commitment issuance.
Substantial Rehabilitation projects with 200 units or less with 4% or 9% LIHTC and Project-Based Section 8 Housing Assistance Payment (HAP) Contract covering at least 90% of the units.	Expedited Approval Processing. Loan-to-Cost may not exceed 75% of mortgageable costs. Firm Commitment issued within 30 calendar days and close within 60 calendar days of Firm Commitment issuance.
Substantial Rehabilitation projects being Re-syndicated with 4% or 9% LIHTC/Tax Exempt Bonds and no Section 8 rental assistance.	Standard Approval Processing. Loan-to-Cost may not exceed 75% of mortgageable costs. Firm Commitment issued within 60 calendar days and close within 60 calendar days of Firm Commitment issuance.

BENEFITS / FEATURES

- One or two stage processing under HUD's Multifamily Accelerated Processing (MAP).
- Insured mortgages may be used to finance BOTH the construction and permanent loan of the properties.
- No Occupancy threshold required to close permanent loan.
- May also serve as credit enhancement for tax-exempt bond deals.
- Program to be used in conjunction with Low Income Housing Tax Credits.
- BSPRA (Builders and Sponsors Profit and Risk Allowance) may apply to partially fulfill the equity requirement of the loan.
- Reasonable costs of furniture, fixtures and equipment may be included in the mortgageable costs.

LOAN STRUCTURE

MAXIMUM LOAN: Loan may not exceed \$25 million.

Property Type	Maximum Loan to Cost	Minimum DSCR
New Construction / 9% LIHTC	65%	1.15
Sub-Rehab / 4% or 9% LIHTC with Section 8 (90%+)	75%	1.11
Re-syndication /4% or 9% LIHTC and no Section 8	75%	1.15

COMMERCIAL SPACE: Limited to 25% of gross floor area; income limited to 15% of Effective Gross Income (up to 30% of underwritten EGI permitted in urban renewal areas under Section 220); minimum vacancy 20%.

LOAN TERM: 40 years, plus the construction period which is interest only.

AMORTIZATION: Fully Amortizing, 40 years for most properties.

RECOURSE: Loan is nonrecourse.

RATES: Fixed rate determined by market at the time of rate lock. Rate lock deposit is 0.5% and refunded after closing.

MIP: During construction period, the MIP is paid annually in advance based on a rate established by FHA. The rate is fixed at initial endorsement. After commencement of amortization, the MIP is escrowed monthly based on the average principal balance.

90%+ Affordable	Section 8 90%+
0.25%	0.25%

OPTIONAL FEATURES

ASSUMABILITY: Fully assumable with HUD's and Lender's consent.

PREPAYMENT: Any prepayment lock out or penalty periods negotiable with GNMA Investor.

REQUIREMENTS

- Single-asset Borrower entity.
- HUD Application Fee of 0.3% of the requested mortgage amount. Affordable housing projects that submit for two stage processing must pay the 30 basis point fee at the Firm Commitment stage, but will not be charged a fee for Pre-Application review.
- Inspection Fee of 0.5% of the mortgage amount (or cost of improvements for Sub-Rehabilitation) is payable to FHA at Initial Endorsement.
- Financing and Placement fees are negotiable. Additional costs vary and include legal, third party reports and other underwriting costs.
- Monthly escrows are required for real estate taxes, property insurance, reserves for replacement and MIP.
- At least 25%, but no more than 75% of the Developer's Fee must be deferred and paid from available project cash flow during the initial LIHTC compliance period.
- Adherence to Davis-Bacon prevailing wage laws is required.

This is a summary of general program terms, which are subject to change. This is not a commitment to lend.

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