

Apartments - New Construction / Substantial Rehabilitation **Section 221(d)(4), 220 and 231**

DESCRIPTION

First Housing Development Corporation provides competitive financing for the new construction or substantial rehabilitation of multifamily properties.

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.
- Limited commercial space and income may be included in the loan.
- No Occupancy threshold required to close permanent loan.
- May also serve as credit enhancement for tax-exempt bond deals.
- Program can 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:	90% or Greater Rental Assistance: Lessor of amount supported by 1.11 debt service coverage; 90% of costs; or Statutory unit limitations. Affordable: Lessor of amount supported by 1.15 debt service coverage; 87% of costs; or Statutory unit limitations. Market: Lessor of amount supported by 1.176 debt service coverage; 85% of costs; or Statutory unit limitations.
COMMERCIAL SPACE:	Limited to 25% of gross floor area; income limited to 15% of Effective Gross Income; 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 rates at the time of rate lock.
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.

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. Market rate projects must pay a non-refundable 15 basis point review fee at Pre-Application and fee will be credited to the 30 basis point Firm Commitment fee if an Invitation Letter is issued and a Firm Commitment application is submitted. 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.
- 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.