

HUD 221(d)(4)

Mortgages financed under Section 221(d)(4) of the National Housing Act are insured by the Federal Housing Administration (FHA) to facilitate the construction or substantial rehabilitation of multifamily rental housing. FHA insurance combined with a Ginnie Mae security provides “AAA” credit enhancement for bonds.



Term	Up to 40 years (plus up to 36-month construction period); Fully amortizing.
Interest Rate*	Fixed-rate at commitment for both construction and permanent loans, based on market conditions and risk.
Maximum LTC and Minimum DSCR	<p>Maximum loan amount is based on the lesser of:</p> <ul style="list-style-type: none"> • <u>85%</u> of HUD replacement cost or <u>85%</u> of net operating income (1.176x DSCR) for market-rate properties. • <u>87%</u> of HUD replacement cost or <u>87%</u> of net operating income (1.15x DSCR) for affordable properties. • <u>90%</u> of HUD replacement cost or <u>90%</u> of net operating income (1.11x DSCR) for properties with 90% or more of the units covered by project-based rental assistance.
Prepayment Availability	Lockout terms may vary (typically 2-year lockout with 8% penalty declining to 0% after year 10). No Yield Maintenance.
Recourse	Non-recourse. Principals sign a “Section 50” certification ensuring compliance with project Regulatory Agreement.
Escrows	Replacement reserves, taxes, and insurance typically required. Working capital and operating deficit escrows required during construction period and project lease-up.
Third Party Reports	Standard third party reports (including Appraisal, Phase I Environmental Site Assessment, Architecture and Cost Reviews, and Market Analysis) are required. For substantial rehab projects, a Capital Needs Assessment (CNA) report is also required to determine possible repairs on the existing structure.
Mortgage Insurance	<ul style="list-style-type: none"> • Required during construction and permanent phase. • 1-2 years’ premium paid at loan closing, depending on the number of months of construction. • Annual payments at the following rates (rate x loan balance): <ul style="list-style-type: none"> • 0.25% for broadly affordable (90%+ Section 8 or LIHTC) and green/energy efficient properties. • 0.35% for affordable/inclusionary properties (10% to 90% Section 8 or LIHTC). • 0.65% for market rate properties.

Eligibility

- New construction or substantial rehabilitation of multifamily housing properties
- Market rate, LIHTC, bond credit enhancement
- Affordable projects must have a restriction of at least 20% at 50% AMI OR 40% at 60% AMI with economic rents no greater than LIHTC rents and a Regulatory Agreement in effect for at least 15 years after final endorsement

Insurance

Please contact our affiliate Dougherty Insurance Agency to obtain competitive property and casualty insurance quotations to satisfy lending requirements.

For More Information

Contact a Dougherty Mortgage representative or visit the Dougherty Mortgage website for details.

www.doughertymortgage.com

*Please contact us for current rates and terms

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Requirements and Fees

HUD Fee	0.3% of loan amount; payable at application submission to HUD; may be reimbursed from mortgage proceeds.
Inspection Fee	0.5% of loan amount for new construction or 0.5% of applicable improvement costs for substantial rehabilitation; payable at initial closing; may be reimbursed from mortgage proceeds.
Processing Fee	Competitive – includes cost of third party reports (previously discussed) and lender due diligence. Borrower is responsible for legal fees and standard closing costs.
Commitment Fees	Competitive and negotiable.
