ROCKHALL FUNDING
People Backed Lending

Multifamily Apartment New Construction /Substantial Rehabilitation
FHA Insurance Program
Section 221(d)4 / 231 (Elderly Rental) and 220 (Urban Areas)

Rockhall Funding Corp. is an FHA-approved Mortgagee, MAP and LEAN Lender that provides FHA financing programs nationwide. Rockhall is a GNMA issuer and services the mortgages it originates.

Purpose	**Section 221(d)4** Provides mortgage insurance for new construction and substantial rehabilitation of apartment complexes. Projects can range from new Class A luxury apartment complexes to low income nonprofit projects. **Section 231** Provides mortgage insurance for new construction and substantial rehabilitation of apartment complexes targeted to seniors aged 62+ and handicapped persons. Programmatically it is no different from 221(d)4. **Section 220** Provides mortgage insurance for new construction and substantial rehabilitation of apartment complexes located in specially designated urban redevelopment areas. The only programmatic difference from 221(d)4 is that the Section 220 program allow commercial space up to 25% of net rentable area or 30% of effective gross income whichever is less.
Maximum Term	40 years plus the construction period. Project is interest-only during the construction period with interest payments funded from the loan budget. Amortization commences after the end of the construction period.
Developer Fee	For-profit developers may be eligible for a Builder-Sponsor Profit and Risk Allowance (BSPRA) equal to 10% of the development cost (excluding land) where there is an identity of interest between the borrower and the general contractor. This fee may be applied to project closing equity requirements. Where there is no identity of interest, for-profit developers may claim a Sponsor Risk Allowance (SPRA) which is 10% of the total estimated cost of architect's fees, carrying and financing charges, legal, organizational and audit expenses. Non-profit sponsors may be eligible for a developer fee equal to 8% of the mortgage amount but not more than up to a fee of $400,000. If the mortgage is greater than

$5,000,000 the developer fee is increased to include 2% of the mortgage amount over $5,000,000.

Land Value	Where appraised value of land is greater than the developer's basis in the land, that value can be applied as equity in the transaction with certain limitations.
Maximum Loan[1]	The lesser of: 1. The amount supported by 85% (1.176 DSCR), 87% (1.15 DSCR) or 90% (1.11 DSCR) of the NOI for market rate, affordable, or 90% project-based rental assisted properties, respectively. 2. 85%, 87% or 90% of replacement cost for market rate, affordable, or 90% project-based rental assisted properties, respectively. 3. Statutory per unit loan limits (FHA statutory loan limits are subject to adjustment based on the location of the project. Contact us for a determination of the loan limits that would apply to your project).
Occupancy	Maximum underwritten economic occupancy of (1) 93% for projects in which 20% or more of the units are market rate; (2) 95% for projects with affordability restrictions on 80% or more of the units; and (3) 97% for properties with rental assistance on 90% or more of the units.
Commercial Space	No more than 25% of gross floor area and no more than 15% of effective gross income can be from commercial space. As previously noted, Section 220 is 25% of gross floor areas and 30% of effective gross income.
Personal Liability	Non-recourse for monetary default so long as borrower has complied with the regulatory agreement that is executed at closing.
FHA App Fee	0.3% of the loan amount. 0.15% due at pre-application and 0.15% due at firm application for market rate projects submitting under two stage processing. For projects submitting direct to firm applications, the full application fee is due at application submission.
FHA Inspection Fees	0.5% of loan amount due at closing
Rockhall Fee	Negotiable
MIP	For Section 221(d)4, 231 and 220 projects with Section 8 rental assistance, 90% or more low income housing tax credits (LIHTC) or Green Features, the annual mortgage insurance premium is 0.25%. For Section 221(d)4, 231 and 220 projects with 10%-90% rental assistance or

[1] Loans above $75M are subject to lower LTCs and higher DSCR restrictions, per recently-passed HUD regulations. Contact us for additional details.

10%-90% LIHTC the MIP is 0.35%. For market rate Section 221(d)4 projects the MIP is 0.65%. For market rate Section 231 and 220 projects the MIP is 0.70%.

Prepayment	Typically locked out for 3 years then pre-payable year 4 at 107% of par and declining 1% per year. More prepayment flexibility can be obtained at a higher note interest rate
Interest Rate	Interest rates change daily. Please call for quote.
Eligible Borrowers	For-profit individuals and entities and not-for-profit single asset entities

The program has the following additional features:

- Applications normally are submitted under two stage processing. (Pre-application/Firm-application)
- Cost certification audit is required upon completion of construction if there is an identity of interest between the sponsor and the builder
- Pre-review “concept meeting” normally required by HUD
- Davis Bacon prevailing wage requirements apply
- A bonded general contractor with previous HUD experience normally is required
- Operating deficit (minimum four months debt service reserve) and working capital (4% of mortgage amount) reserves are required
- Required escrows for property taxes, insurance, and replacement reserves once property is operational
- Annual audit of operations is required