



**New Construction or Substantial Rehabilitation of
Market Rate, Affordable and Subsidized Multifamily Projects
FHA Insurance Program Section 221(d)(4)**

Eligible Properties: New construction or sub-rehab of market rate, affordable or subsidized multifamily and mixed use properties with 5 or more units, nationwide

Borrower: Single asset, special purpose entity; for-profit or non-profit

Commercial Space: Up to 25% of net rentable area and 15% of Effective Gross Income

Term: Construction period and pp to 40 years based on 75% of remaining useful life

Interest Rate and Amortization: Fixed rate, fully amortizing over term

Personal Liability: Non-recourse subject to fraud and misrepresentation carve-outs

Max Loan Amount: The least of:

1. Loan to Replacement Costs (LTC)
2. Debt service coverage ratio
3. Statutory mortgage limit
4. Sub-Rehab Acquisition: Cost of Rehab + lesser of (a) acquisition costs, or, (b) As Is Value

| Factors: | Max LTC | Minimum DSCR | Minimum Vacancy |
|------------------------------|----------------|---------------------|------------------------|
| Market Rate <\$75M | 85% | 1.176 | 7% |
| Market Rate \$75M+ | 75% | 1.30 | 7% |
| Affordable <\$75M | 87% | 1.149 | 5% |
| Affordable \$75M+ | 80% | 1.25 | 5% |
| Subsidized | 90% | 1.11 | 3% |

| Fees: | Market Rate | Green | Affordable | Subsidized |
|---------------------------|--------------------|--------------|-------------------|-------------------|
| Annual MIP | 0.65% | 0.25% | 0.35% | 0.25% |
| HUD Inspection Fee | 0.50% | | | |
| HUD Exam Fee | 0.30% | | | |

Developer Fee: (1) BSPRA – for-profit developers; 10% of hard & soft costs, excluding land
(2) SPRA – If Developer and GC have Identity of Interest; 10% of soft costs
(3) Developer Fee – for non-profit not using BSPRA or SPRA

Davis-Bacon wages apply

Third Party Reports: Market Study, Appraisal, Phase I, Arch & Cost Review

Sub-Rehab: CNA and if needed: Utility consumption, Radon, Asbestos & Lead Based Paint

Escrows: (1) Working Capital (4% of loan); (2) Initial Operating Deficit (4-12 months)
(3) Taxes and insurances; (4) Replacement reserves

Assumability: FHA mortgage is assumable, subject to Lender and HUD approval

Prepayment: Flexible, based on market conditions

Secondary Financing: Allowable, subject to FHA criteria

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