
QUALIFIED PROPERTIES	New construction or substantial rehabilitation of affordable multifamily properties
LOAN AMOUNT	The maximum supportable loan is limited by the lesser of: a) 87% of eligible cost, which includes the land value or as-is value of property; if the property significantly benefits from rental subsidy, the threshold is 90% b) An amount that meets the Debt Service Coverage (DSC) threshold of 1.15x; if the property significantly benefits from rental subsidy, the DSC threshold is 1.12x c) HUD statutory limits
TERM AND AMORTIZATION	A maximum of the actual construction period plus 40 years, fully amortizing with interest only payable during construction
PREPAYMENT AND ASSUMPTION	Prepayment terms are negotiable and are not subject to yield maintenance or defeasance; loan is assumable, subject to FHA approval
INTEREST STRUCTURE	Fixed rate, determined by market conditions at the time of rate lock; interest is set at construction loan closing and in place for entire term
PERSONAL LIABILITY	Non-recourse during construction and permanent phases with standard carve outs
CONSTRUCTION	Davis-Bacon prevailing wage required
COMMERCIAL SPACE	Limited to 10% of net rentable area and 15% of effective gross income
SECONDARY FINANCING	Permitted under certain circumstances
ESCROWS AND RESERVES	✓ Taxes and insurance are escrowed monthly ✓ Replacement reserve is required and the monthly deposit amount is determined in accordance with the Physical Condition and Needs Assessment and HUD guidelines ✓ Working Capital Reserve of up to 4.0% of loan amount ✓ Initial Operating Deficit Reserve of up to 3.0% of loan amount or 4 months debt service
HUD FEES	✓ HUD Application Fee of 0.30%, half is due at the time of feasibility pre-application submission to HUD and the remainder is due at the time of firm application ✓ HUD Inspection Fee of 0.50% is due at closing ✓ HUD Mortgage Insurance Premium deposit is due at closing
LENDER FEES	Lender fees earned at borrower's acceptance of firm commitment and payable at closing
THIRD PARTY REPORTS	Appraisal, Market Study, Phase I Environmental Report, and Engineering Review are required
TIMELINE	Typically, closing takes place 90-120 days after firm submission to HUD; total time frame is subject to borrower's readiness to submit due diligence; some affordable properties are eligible for accelerated processing
