



FHA Section 221(d)(4)

**Mortgage Insurance for Multifamily Projects
Rehabilitation Financing**

The 221(d)(4) Program features: high leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the new construction or substantial rehabilitation of multifamily properties. The program is insured by the FHA and provides access to affordable financing for capital needs nationwide.

- Includes an interest only construction period – rate locked prior to closing
- No post construction loan to value test
- No lease up requirements prior to commencement of amortization
- Financing may be combined with governmental loans or grants

Eligible Borrowers: Single Asset Entity, Multifamily properties: garden/mid-rise/high-rise, DSC range from 1.11 to 1.176

Loan Term: Up to 40 years plus construction period

Loan Amount: Amount limited to lesser of: *(1) % of replacement cost including the “as is” value of land or; (2) Sec 207 per unit limits, HUD-adjusted locally or; **(3) % of net income. For Sub-Rehab projects, certain cost thresholds must be met.

	* % of market value	** Applicable DSC
Market Rate	85%	85% - 1.176 DSR
10%-<90% LIHTC/Subsidy	87%	87% - 1.15 DSR
90%-100% Subsidized	90%	90% - 1.11 DSR

Interest Rate: Fixed interest rate, subject to market conditions

Funding: Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.

Timing: HUD’s processing involves a two-step application progression: pre and firm application. Single stage processing is also available for some applications.

Recourse: FHA is non-recourse as to the mortgagor entity, but certain parties may be personally liable for losses arising from certain inappropriate acts and malfeasance.

Fees: FHA application fee, inspection fee, lenders fee and mortgage insurance premiums will be collected. Various third party reports are required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.

- Other:**
- Client pays for all third party reports which include a market study, full appraisal, engineering report, architectural, a seismic report, if applicable, and environmental surveys, as well as, legal and organizational costs.
 - Surplus cash may be distributed twice per year.
 - A post construction certification of actual costs will be required.



- Compliance with Davis Bacon wage rates is required for this Program.
- Annual audit of operations required to be submitted to HUD & lender.

This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this financing opportunity, please contact your MH Finance representative at info@MHFinanceLLC.com, or call (267) 629-6700.