

## **FHA Section 220 and 221(d) Mortgage Insurance for Affordable Housing Projects New Construction or Rehabilitation**

The 220 and 221(d) Programs feature: high leverage, fixed rate, long-term, self-amortizing, non-recourse, assumable, first lien mortgage debt for the new construction or substantial rehabilitation of affordable housing properties. These programs are insured by the Federal Housing Administration and provide 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
- FHA insurance, when combined with a Ginnie Mae security, provides AAA credit enhancement for bonds.

**Eligible Borrowers:** Single Asset Entity, Multifamily properties of 5 or more units: garden/mid-rise/high-rise  
DSC range from 1.11 to 1.15

**Loan Term:** Up to 40 years amortization plus construction period

**Loan Amount:** **For Profit:** 83% (market rate) 87% (affordable) 90% (subsidized), includes “as is” value of land

**Not for Profit:** Up to 95% of costs, including the “as is” value of land

**Interest Rate:** Subject to market conditions, the fixed interest rate is set at initial closing.

**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-application and final application. Single stage processing is also available in certain situations.

**Fees:** FHA application fee, inspection fee, lender fees 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:**

- Commercial space may be permitted with limitations.
- Client pays for all third party reports which include a market study, full appraisal, engineering report, architectural, a seismic report, if applicable, environmental Surveys, as well as, legal and organizational costs.
- Surplus cash may be distributed twice per year.
- Compliance with Davis Bacon wage rates is required for this Program.
- Annual audit of operations required to be submitted to HUD & lender.
- Future access is provided to supplemental loans via FHA 241
- A post construction certification of actual costs will be required.

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 Oppenheimer representative, or call (215)631-9151.