

## **FHA Section 221(d)(4) Mortgage Insurance for Multifamily Projects New Construction or Rehabilitation**

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
- 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 1.20

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

**Loan Amount:** 83% (market rate) 90% (subsidized), 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 and firm application. Single stage processing is also available.

**Personal Liability:** None, FHA is non-recourse.

**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:**

- 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.
- Future access is provided to supplemental loans via FHA 241.

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.