Multifamily Term Sheet

Colliers Mortgage

HUD 221(d)(4)

Mortgages financed under Section **221(d)(4)** of the National Housing Act are insured by the Federal Housing Administration (FHA) to facilitate the construction or substantial rehabilitation of multifamily rental housing. FHA insurance combined with a Ginnie Mae security provides "AAA" credit enhancement for bonds.

Term	Up to 40 years (plus up to 36-month construction period); Fully amortizing.
Interest Rate	Fixed-rate at commitment for both construction and permanent loans, based on market conditions and risk.
Maximum LTC and Minimum DSCR	Maximum loan amount is based on the lesser of: • 85% of HUD replacement cost or 85% of net operating income (1.176x DSCR) for market-rate properties. • 87% of HUD replacement cost or 87% of net operating income (1.15x DSCR) for affordable properties. • 90% of HUD replacement cost or 90% of net operating income (1.11x DSCR) for properties with 90% or more of the units covered by project-based rental assistance.
Prepayment Availability	Lockout terms may vary (typically 0-year lockout with 10% declining to 0% after year 10). No yield maintenance.
Recourse	Non-recourse. Principals sign a "Section 50" certification ensuring compliance with project Regulatory Agreement.
Escrows	Replacement reserves, taxes, and insurance typically required. Working capital and operating deficit escrows required during construction period and project lease-up.
Third Party Reports	Standard third party reports (including Appraisal, Phase I Environmental Site Assessment, Architecture and Cost Reviews, and Market Analysis) are required. For substantial rehab projects, a Capital Needs Assessment (CNA) report may be required to determine possible repairs on the existing structure.

Mortgage Insurance	• Required during construction and permanent phase.
	• Included in mortgageable costs for construction phase.
	• Annual payments at the following rates (rate x loan balance):
	  • 0.25% for broadly affordable (90%+ Section 8 or LIHTC) and green/energy efficient properties.
	  • 0.35% for affordable/inclusionary properties (10% to 90% Section 8 or LIHTC).
	  • 0.65% for market rate properties.

HUD Exam Fee	0.3% of loan amount; payable at application submission to HUD; may be reimbursed from mortgage proceeds. The fee is reduced for projects located in Qualified Opportunity Zones.
HUD Inspection Fee	0.5% of loan amount for new construction or 0.5% of applicable improvement costs for substantial rehabilitation; payable at initial closing; may be reimbursed from mortgage proceeds.
Processing Fee	Competitive – includes cost of third party reports (previously discussed) and lender due diligence. Borrower is responsible for legal fees and standard closing costs.
Commitment Fees	Competitive and negotiable.

Eligibility

- New construction or substantial rehabilitation of multifamily housing properties.
- Market rate, LIHTC, bond credit enhancement.
- Affordable projects must have a restriction of at least 20% at 50% AMI OR 40% at 60% AMI with economic rents no greater than LIHTC rents and a Regulatory Agreement in effect for at least 15 years after final endorsement.

Insurance Needs:
Colliers Insurance Agency
Property & Casualty Insurance
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CONTACT

For current rates and terms contact a Colliers Mortgage representative for more information.

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