

ROCKPORT MORTGAGE

www.rockportmortgage.com



TERM SHEET

HUD Section 221(d)(4) Loan Program

Multifamily New Construction or Substantial Rehabilitation Loan Program

This loan program provides a non-recourse, interest only construction loan that converts to a 40-year fully amortizing permanent loan without performance requirements (i.e. debt service coverage or lease-up requirements). The construction-to-permanent loan is rate-locked with a fixed interest rate before construction

Maximum Term

The maximum term is 40 years plus the construction period.

Maximum Loan

	Loan-to-Cost	DSC
Market-Rate	85%	1.176
Affordable	87%	1.15
Broadly Affordable (>90% Section 8)	90%	1.11

Personal Liability / Assumability

Non-recourse with standard carve-outs. Can be assumed subject to FHA approval.

Lockout / Prepayment Structure

Negotiable, but typically 10% in year 1*, declining 1% per annum thereafter, until payable at par after the 10th year.

*Year 1 is considered the first year following final endorsement and is not during the construction period.

Other Considerations.

- Davis-Bacon / prevailing wage rates apply.
- Mortgage Insurance Premium (MIP) varies on level of affordability and energy efficiency. MIP rates range from 25 bps to 60 bps.
- Working capital escrow is 4% of the loan amount for new construction without LIHTC and 2% for new construction with LIHTC and substantial rehabilitation.
- Initial operating deficit escrows are required for substantial rehabilitation. The amount is lesser of 3% of the mortgage amount or 4-6 months of debt service (including MIP) and can be posted in cash or letter of credit.
- GC must provide 100% payment and performance bond and have 5% working capital.

17 Rogers Street • Gloucester, MA 01930 • 978-675-2002 • www.rockportmortgage.com