Century
Health & Housing Capital

MULTIFAMILY | FHA/HUD Section 221(d)(4)

New Construction or Substantial Rehabilitation Loan

This program provides long-term, low fixed-rate, non-recourse, assumable financing for the construction and permanent financing of new apartment projects or substantial rehabilitation of existing apartment projects.

Eligible Properties

Market rate, affordable, or subsidized multifamily properties.

Eligible Borrowers

Single asset, special-purpose entity, either for profit or not-for-profit.

Term

Maximum of 40 years, fully amortizing (plus interest only period during construction).

Interest Rate

Locked before closing and fixed for the duration of the construction period and full 40-year term. (Subject to market conditions.)

Guarantees

Non-recourse for the construction period and duration of the term.

Prepayment

Customizable, typically a 10-year step down, based on market conditions and borrower preferences.

Assumable

Subject to FHA/HUD and lender approval.

Loan Parameters

Property Type	Max Loan-to-Cost Ratio	Min Debt Service Coverage Ratio
Market Rate	87%	1.15
Affordable	90%	1.11
Subsidized	90%	1.11

HUD Fees and Expenses

- The annual Mortgage Insurance Premium (MIP) is 0.25% of the outstanding loan amount for market rate transactions.
- FHA Application Fee of 0.30% of loan amount.
- FHA Inspection Fee of 0.50% of loan amount (new construction) and 0.50% of costs associated with construction (substantial rehabilitation).
- Replacement Reserves determined by a 20-year capital needs analysis, minimum of $250 per unit per annum.

Commercial Space	Limited to 25% of net rentable space and 15% of gross income.
Third-Party Reports	Market Study, Appraisal, Phase I Environmental, and Architectural & Cost Review
Construction Wages	Local prevailing wages, as per Department of Labor, paid under Davis-Bacon Act.
Timing	Approximately 8 – 12 months for engagement, submission, FHA/HUD review, and closing.
Funding	Ginnie Mae guaranteed mortgage-backed securities.
Other Program Parameters	• Escrows for property taxes, insurance, MIP, working capital, and replacement reserves are required. • A Builder's and Sponsor's Profit and Risk Allowance (BSPRA) equal to 10% of all costs other than land can be utilized for sponsors with an identity of interest general contractor. For affordable and rental assisted transactions, a mortgageable developer Fee in lieu of BSPRA is permitted. • Value of land already owned is included in eligible costs.

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EQUAL HOUSING LENDER

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