

## Harborview Multifamily FHA/HUD Section 221(d)(4)

### Multifamily New Construction and Substantial Rehabilitation

<b>Eligible Borrowers</b>	Profit motivated, single purpose entities (note: a non-profit can be the general partner of a profit motivated single purpose ownership entity)
<b>Eligible Asset Type</b>	Market rate, affordable, or rental assisted properties
<b>Substantial Rehabilitation Qualifications</b>	A property generally qualifies as substantial rehabilitation when a) The cost of repairs/improvements exceeds \$15,000 per unit adjusted by the HUD high cost factor for the geographic region b) Two or more building systems/components are being replaced along with any components with an estimated remaining life of 5 years or less
<b>Maximum Loan</b>	For loans less than \$40 million, the lesser of: a. 85%, 87%, or 90% of replacement cost for market rate, affordable, or rental assisted properties, respectively; b. The amount of debt that can be serviced by 85%, 87%, or 90% of net operating income for market rate, affordable, or rental assisted properties, respectively; c. Statutory per unit limits; d. 100% of mortgageable transaction costs less the portion of grants, public loans, and tax credits applied to mortgageable costs
<b>Maximum Term</b>	40 years plus a construction period
<b>Recourse</b>	Non-recourse
<b>Mortgage Insurance</b>	The annual MIP is .65% of the outstanding loan amount (.45% for LIHTC deals) Principal- Green projects can qualify for 5 bps
<b>Prepayment and Assumption</b>	Negotiable with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); subject to HUD approval, loan is fully assumable
<b>Secondary Financing</b>	Permitted in the form of a surplus cash note and only from a governmental source; LIHTC deals with less than 50% of cost mortgages may also carry secondary financing
<b>Replacement Reserves</b>	Annual deposits required equivalent to the greater of: a. .60% of total structure cost for new construction or .40% of the loan amount for substantial rehabilitation b. \$250 per unit per annum HUD may consider waivers where formula-based calculations exceed \$500 per unit per annum
<b>HUD Application Fee</b>	30 basis points (\$3 per \$1,000) on requested loan amount
<b>HUD Inspection Fee</b>	50 basis points (\$5 per \$1,000) of mortgage amount of improvement costs for new construction and substantial rehabilitation