

*221 (d) (3) BLC provides FHA insured long term, fixed-rate financing for new construction or substantial rehabilitation of multifamily projects nationwide for non-profits or cooperatives. BLC uses the two-stage Multifamily Accelerated Processing Program (MAP) to expedite underwriting and approval.*

Bedford Lending is a leading FHA-approved Mortgagee and MAP/LEAN Lender and actively provides financing utilizing FHA insurance programs nationwide pursuant to Multifamily Accelerated Processing (MAP) and LEAN underwriting methods.

- Program Purpose:** Provides mortgage insurance for the new construction and substantial rehabilitation of apartment projects, including independent living projects for seniors (age 62 years and older). This program provides for both construction and permanent financing.
- Eligible Borrowers:** Public and non-profit borrowers only.
- Maximum Term:** 40 years plus a construction period.
- Maximum Loan:** Generally, the lesser of:
  1. 100% of replacement cost;
  2. The amount of debt that can be serviced by 95% of net income;
  3. Statutory per unit limits;
  4. 100% of mortgagable transaction costs less grants, public loans and tax credits.
- Interest Rate:** Subject to market conditions. The construction and permanent financing interest rate is set at initial closing.
- Funding:** Qualifies for government insured mortgage-backed securities, direct placement or may be used to credit-enhance tax-exempt bonds. **The program is contingent upon availability of funds. The program is one of three programs that require a credit subsidy.**
- Timing:** Section 221(d)(3) processing usually takes about 4 months assuming a MAP One Stage application and about 6 months assuming a MAP Two Stage application.
- Personal Liability:** None. The FHA loan is non-recourse.
- Assumable:** Yes, subject to HUD and lender approval.
- Prepayment:** Typically closed for 3 years then open to prepayment at 107% in year 4, declining 1% per year. Other variations are possible based on market conditions and borrower preferences.
- FHA Application Fees:** 0.3% of the loan amount.
- Mortgage Insurance Premium:** The annual MIP has historically ranged from 0.45% to 0.80% of the outstanding loan amount.
- Builder Profit:** Industry standard.
- Developer’s Fee:** Can include an 8% non-profit developer’s fee (not less than \$40,000 or more than \$400,000, with exception for loans greater than \$5,000,000) which must be used for working capital, and can be used for transaction and operating costs.
- FHA Inspection Fees:** 0.5% of loan amount (new construction).  
0.5% of costs associated with construction (sub rehab).
- Secondary Financing:** Permitted in the form of residual receipts with HUD approval.
- Territory:** Nationwide.

<b>The program has the following additional parameters:</b>	This program requires HUD Headquarters’ approval of a mortgagor’s non-profit status.
	Davis-Bacon prevailing wage requirements apply.
	An Initial Operating Deficit account may be required to cover projected operating shortfalls incurred prior to project stabilization.
	A project generally qualifies as substantial rehabilitation when i) the cost of repairs/improvements exceeds the greater of 15% of the estimated replacement cost after completion of all repairs, or \$6,500 per unit adjusted by the HUD high cost factor for the geographic region; or ii) two or more building systems/components are being replaced along with any components with an estimated remaining life of less than 5 years.
	A working capital deposit (cash or Letter of Credit) equivalent to 2% of the mortgage amount is required by HUD on all new construction and substantial rehabilitation projects to cover various costs.
	Any profit or cash flow generated by the project remain in the project’s residual receipts account.

