

221 (d) (4) Apartment New Construction and Substantial Rehab

221(d)(4) Bedford provides FHA-insured, long-term, fixed-rate financing for new construction or substantial rehabilitation of multifamily projects nationwide. Bedford uses the two-stage Multifamily Accelerated Processing Program (MAP) to expedite underwriting and approval.

Loan Term

Construction loan plus up to 40-year permanent loan

Amortization

Up to 40 Years

Maximum Loan Amount

Determined by the lowest of:

1. 83.3% of total eligible development costs (87% for affordable) (90% for 90% project-based rental assistance)
2. 1.20 debt service coverage (1.15 for affordable) (1.11 for 90% project-based rental assistance)
3. HUD's statutory mortgage limits
4. For rehab add 83.3% of the "as is" value (87% for affordable) plus 83.3% of the total development cost (87% for affordable)

Fixed Rate

Yes - Construction and Permanent

Eligible Property

Multifamily projects to be built or projects undergoing substantial rehabilitation.
Detached structures and row houses eligible.

Eligible Borrower

Single Asset Entity (for profit or non-profit)

Occupancy Requirement

Underwritten at a maximum
93% occupancy for Market
95% occupancy for Affordable

Tax and Insurance Escrows

Monthly deposits required

Recourse

Non-recourse - Construction and Permanent

Commercial Space

Maximum 10% of gross floor area and
maximum 15% of potential gross income

Prepayment

Negotiable. Generally three year lockout with declining percentage of principal thereafter up to 10 years (7-6-5-4-3-2-1).

Assumable

Subject to Bedford and HUD approval and payment of assumption fee

Good Faith Deposit

Negotiable based on project type

Expense Escrow

Yes - sufficient to cover Bedford's expenses and third-party report costs

Origination Fee

Negotiable

HUD Application Fee

Non-refundable fee of \$3 per \$1,000 (0.3%) of the mortgage amount due to HUD with the firm commitment submission package. For market rate pre-applications, a non-refundable review fee of 15 bps (50% of the firm commitment application fee) is due to HUD with the submission of the pre-application package.

HUD Inspection Fee

0.5% of the mortgage amount for new construction.
0.5% of the cost of the repairs for substantial rehab.

Legal/Closing Fee

Borrower pays Bedford's counsel fee and miscellaneous closing costs.

Rehabilitation Qualifications

Repairs must exceed \$6,500 per unit (adjusted for local high cost factor), 15% of the "as rehabbed" appraised value or replacement of 2 or more major building systems.

Davis Bacon

Davis Bacon labor standards and wage requirements apply to construction and rehab work.

HUD Mortgage Insurance Premium (MIP)

HUD sets the cost of the FHA Insurance. The MIP (.90%) is paid in advance for the construction period and is escrowed monthly (.45%) after amortization commences.

Required Reports

Market Study, Appraisal, Architect/Cost Review and Phase I

Affordable defined as (a) properties that have a recorded regulatory agreement in effect for at least 15 years after final endorsement, (b) properties that meet at least the minimum Low Income Housing Tax Credit (LIHTC) of 20% of units at 50% of the Area Median Income (AMI), or 40% of units at 60% of AMI, with economic rents (i.e. portion paid by tenants) on those units no greater than LIHTC rents, mixed income properties if the minimum low income unit rent and occupancy restrictions and regulatory agreement meet the above criteria (i.e. properties need not use LIHTC's to be considered affordable so long as they comply with (a) and (b)). **Rental Assistance defined as** properties that have at least 90% of their units supported by a project based rental assistance contract.