BedfordLending

HUD 221(d)(4) Multifamily New Construction & Sub Rehab Processing Time Line

Steps	Days	Total	Fees Due - They are all Mortgageable	Comments/Critical Requirements
Pre-Qualification - Bedford Lending to analyze the economics of the transaction under a HUD 221(d)(4) execution; at a minimum need: - rent and expense projections - description of project - preliminary construction costs - information on the site (or building in a rehab scenario) to be developed, such as its estimated as-is value, any indebtedness to payoff, acquisition price, etc.				Once received, Bedford Lending will prepare a preliminary financial analysis and outline key assumptions and estimated equity needed. If the economics make sense, Bedford Lending (as direct lender) will engage client.
Engagement Letter - Client to formalize lender agreement to commence with underwriting.	0	0	None.	Bedford Lending only receives a finance fee collected from the loan at time of closing.
Concept Meeting - Lender to prepare brief narrative detailing the proposed project and will conduct meeting with HUD staff and client via ~45 minute conference call.	0	0	None.	This is like an "early loan committee" before money is spent on third parties.
Pre-Application Process - Bedford Lending to commission initial third party reports including: - appraisal - market study (not required for projects with 90%+ of units covered by long-term Section 8 subsidy) - phase 1 environmental Borrower to provide: - preliminary site plan, elevations and floor plans from architect (will provide requirements) - ALTA survey & proforma title (optional at this stage) It generally takes ~4 weeks for the third-party reports to be delivered. During this period, Bedford Lending to gather other required information from borrower to complete Pre-Application loan package. **For borrowers with prior HUD financing experience and/or projects that involve Low Income Housing Tax Credits ("LIHTC"), Rental Assistance Demonstration ("RAD"), or other forms of Section 8 subsidy covering 90%+ of the project units, the Pre-Application stage may be skipped, and the borrower may proceed directly to the Firm Application after the Concept Meeting (with HUD approval).**	55	55	$25,000 - $35,000 for third-party reports. Dependent on market costs assocated with third-party reports and property size. These costs are mortgageable and are credited as a "pre-paid" source of funds at closing.	Bedford Lending will secure quotes from third party providers and send for client review before engagement. There is no formal list of HUD approved vendors, and we are happy to work with local vendors or those with existing relationships with borrower as long as their reports can be completed to HUD standards. Bedford Lending receives no portion of third party fees. Preparation of Pre-Application will occur at same time third-party reports being completed. Timely submission of exhibits from client will be critical.
Pre-Application Submission - Once third-party reports are delivered, Bedford Lending will analyze the reports and submit a write-up with accompanying exhibits to HUD for preliminary approval. HUD will issue approval, denial or approval with conditions.	55	110	Client needs to remit 0.15% of the mortgage amount to HUD (reduced in Opportunity Zone). If borrower is non-profit, not due until until Firm Application submission. This cost is mortgageable and is credited as a "pre-paid" source of funds at closing.	Generally HUD processes within 60 days.
Firm Application Process - Required documents include: - updated appraisal/market study (TBD - depends upon how quickly process moves as reports have shelf life) - architectural plans and specs (for third-party plan review) - awarding of the construction contract / final construction pricing (for third-party cost review) - contractor & borrower mortgage credit review (financials, etc.) - ALTA survey & proforma title Once 80% complete architectural plans are provided, plan review can commence. As plan review is finalizing, construction costs will be finalized under their own review process. **The architectural plan and cost review process can take longer than anticipated depending upon the prior HUD experience of all parties and/or turnaround time of revisions after comments are issued.** During this period, Bedford Lending to gather other required mortgage credit information from borrower and management company to complete Firm Application.	75	185	$20,000 - $30,000 for third-party reports. Dependent on market costs assocated with third-party reports. These costs are mortgageable and are credited as a "pre-paid" source of funds at closing.	Architectural fees are mortgageable thus any money paid in advance of closing to architect (to get plans to reviewable state) will be credited as a "pre-paid" source of funds at closing. Preparation of Firm Application will occur at same time third-party reports being completed. Timely submission of exhibits from client will be critical.
Firm Application Submission - HUD will either issue a "Firm Commitment" (approval to close) or denial.	55	240	Client needs to remit 0.15% of the mortgage amount to HUD (reduced in Opportunity Zone). This cost is mortgageable and is credited as a "pre-paid" source of funds at closing.	Generally HUD processes within 60 days.
Rate Lock / Coordinate Closing	45	285		After HUD "Firm Commitment" received, rate lock can occur at borrower's discretion. After rate lock, loan generally closes in 45-60 days.