



DWIGHT CAPITAL

FHA/HUD Section 221(d)(4)

Construction or Substantial Rehabilitation of Multifamily Properties

Eligible Properties

Market rate, low-to-moderate income and subsidized multifamily properties

Commercial Space

Limited to 25% of gross floor area and 15% of gross income. (Limits double in certain urban renewal areas under Section 220)

Recourse

Non-recourse

Use of Proceeds

New construction or substantial rehabilitation which is defined as:
a) Cost improvements more than higher of:
i. 15% of post-rehabilitated appraised value, or
ii. \$15,000 per unit adjusted for local high cost factor, or
b) replacement of two or more major building components

Davis Bacon Wages

a) Payment of prevailing wages is required by HUD; wages are determined by the Department of Labor

Borrower

Single asset, special purpose entity, either for profit or non-profit

Loan Amount

No maximum (limited by loan parameters)

Interest Rate

a) Fixed for term of loan, determined by market conditions at time of rate lock (rate lock deposit is 1.00% and refunded at closing)

Mortgage Insurance Premium

0.65% due to HUD at closing and 0.65% annually thereafter, escrowed monthly (0.25%-0.35% for affordable properties and those with at least one unit under a project-based Section 8 HAP contract, 0.25% for properties with energy star ratings of at least 75)

Loan Parameters

Maximum loan amount will be the lesser of:

- A percentage of replacement cost, including as-is value of land for new construction and as-is value of property for substantial rehabilitation, as follows: (i) 85 % for market rate transactions; (ii) 87% for affordable transactions; and (iii) 90% for projects with 90% or greater rental assistance
- FHA mortgage statutory per unit limits adjusted for local high cost factor, or
- An amount that achieves a minimum debt service coverage, as follows (i) 1.18x DSC for market rate properties; (ii) 1.15x DSC for affordable transactions; and (iii) 1.11x DSC for projects with 90% or greater rental assistance.

Cost of offsite improvements, FF&E, marketing, construction contingency and operating deficit reserve excluded from loan amount

Loan Term & Amortization

Construction loan period (interest-only), followed by 40-year permanent (fully amortizing)