



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 (gross income limits double in certain urban renewal areas under Section 220)

### Recourse

Non-recourse

### Use of Proceeds

New construction or substantial rehabilitation  
*Substantial rehabilitation defined as cost improvements exceeding \$52,091/unit*

### Davis Bacon Wages

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

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

Initial amount paid at closing based on length of construction term with ongoing amounts escrowed monthly upon amortization start:

- a. 0.25% annually for properties with a Green Building Certification and Energy Star rating of at least 75
- b. 0.25%-0.35% annually for affordable properties and those with at least 10% of units under a project-based Section 8 HAP contract
- c. 0.65% annually for all other properties

### Loan Parameters

Maximum loan amount will be the lesser of:

- a. 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) 87% for market rate transactions; (ii) 90% for affordable transactions; and (iii) 90% for projects with at least 50% of units restricted to rents at 120% AMI or less,
- b. FHA mortgage statutory per unit limits adjusted for local high-cost factor, or
- c. An amount that achieves a minimum debt service coverage, as follows (i) 1.15x DSCR for market rate properties; (ii) 1.11x DSCR for affordable transactions; and (iii) 1.11x DSCR for projects with at least 50% of units restricted to rents at 120% AMI or less.

*Cost of offsite improvements, pre-leasing/marketing, construction contingency (eligible for substantial rehabilitation) and operating deficit reserve excluded from mortgageable costs*

### Loan Term & Amortization

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

*This term sheet sets out general guidelines and is designed as an aid to prospective borrowers and other clients. This term sheet does not represent or imply a contract or an offer to lend funds. An offer to lend funds may only be made by a signed written commitment letter to a prospective borrower. This term sheet is subject to change at any time without notice at the sole discretion of Dwight Capital LLC. Credit and collateral are subject to approval. Terms and conditions apply. This is not a commitment to lend. As a capital provider, Dwight Capital LLC is not a registered investment adviser and does not otherwise provide investment advice.*