



Federal Housing Administration
202 Prepayment/Section 221(d)(4) Substantial Rehab
M.A.P. – Multifamily Accelerated Processing
T.A.P. – Traditional Accelerated Processing

Program Description

Fixed rate construction and permanent commitments for substantial rehabilitation of HUD Section 202 senior housing.

202 Prepayment Application:	Prepared by St. James Capital outlining reasons for prepayment including anticipated use of debt service savings and new loan excess proceeds.
Loan Amounts:	No Maximum/Minimum
Loan Terms/ Amortization:	Construction Loan – Up to 2 years Permanent Loan – Up to 40 years amortizing
Prepayment:	Negotiable, but typically locked for 2 years, then 8%, 7%, 6%, etc. No penalty after 10 years.
Recourse:	Non-recourse, for both construction and permanent loans
Borrower:	All properties must be owned by a single-asset entity
Debt Service Coverage:	1.11
Loan-to-Development Cost Ratio:	90%
Subordinate Financing:	With FHA's approval; soft subordinate financing paid out of available net project cash flow
Assumability:	Fully Assumable subject to HUD and Lender approval
Income:	Underwritten at current Section 8 rents
Reserves:	Property Tax (if applicable), insurance, replacement reserve and mortgage insurance premium escrow are required
Financing Methods:	Available for both Conventional financing and as Credit Enhancement for Bond transactions
Processing:	M.A.P. – Lender performs all underwriting and prepares/reviews applications for program requirements; FHA reviews for compliance and accuracy. FHA conducts pre-application meeting for project acceptability T.A.P. – Lender underwrites, prepares and submits application; FHA processes application through permanent loan closing, including preparation of all third party reports.
Interest Rate:	Interest Rates are based on market and are set upon acceptance of Commitment and fixed for entire construction and permanent terms.
Conversion to Permanent Loan:	Only requirements are completion and cost certification. Not subject to re-underwriting.
Construction Security:	<u>Required Letters of Credit</u> Working Capital 2.00% of loan amount Assurance of Completion 15-25% of construction contract Operating Deficit if applicable
Permanent Security:	Latent Defects 2.50% of construction contract. Released 15 mos. after completion.
Permanent Loan Closing:	Project completion with cost certification and Certificates of Occupancy for all units
HUD/FHA Application Fee:	\$3/\$1000 of mortgage amount.