



Federal Housing Administration
Section 221(d)(3) – New Construction or Sub-Rehab
M.A.P. – Multifamily Accelerated Processing
T.A.P. – Traditional Accelerated Processing

Program Description

Combination construction and permanent loan program for new construction or substantial rehabilitation of affordable and market rate apartment communities owned by Non-Profit entities.

Loan Amounts:

No Maximum/Minimum

**Loan Terms/
Amortization:**

Construction Loan – Up to 2 years
Permanent Loan – Up to 40 years (fully 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, Non-Profit entity

Debt Service Coverage:

1.05

**Loan-to-Development
Cost Ratio:**

100%

Subordinate Financing:

With FHA's approval; soft subordinate financing paid out of available net project cash flow

Assumability:

Assumable with permission of lender and HUD

Income & Expenses:

Based on current market comparables (no trending)

Reserves:

Taxes, insurance, replacement reserve and mortgage insurance premium escrows 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 Set:

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.

FHA/HUD Application Fee:

\$3/\$1,000 of mortgage amount

Lender Origination Fee:

Negotiable based on loan size