

HUD 221(d)(4) and HUD 220

HUD 221 (d)(4) AND HUD 220 AT A GLANCE

Borrower	Single asset and single purpose entity
Recourse	Fully non-recourse during both construction and permanent phases of financing
Loan Amount	No limits
Maximum Mortgage Limits	The lesser of: a) 83.3%, 87% or 90% of HUD's estimated cost plus land/as-is value for market-rate, affordable or rental-assisted properties, respectively b) Debt to be serviced by 83.3%, 87% or 90% of net income for market-rate, affordable or rental-assisted properties, respectively c) HUD statutory per unit limits d) 100% of mortgageable transaction costs less grants, public loans and tax credits
Interest Rate	Interest rate set at initial closing for construction and permanent loan phases
Amortization and Term	Construction period plus a maximum of 40 years or 75% of remaining economic life
Mortgage Insurance Premium	Depending on project type, between 0.45% and 0.70% point each year during construction Annual fee between 0.45% and 0.70% point of remaining principal balance
Escrows	Escrows for taxes, insurance, replacement reserves and mortgage insurance premium are required
Federal Labor Standards	Federal prevailing wage and reporting requirements
Secondary Financing	Permitted under certain conditions at closing
Assurance of Completion	Payment and performance bond or cash deposit/line of credit
Financing Fee	Fees negotiable
Placement Fee	Fees negotiable
HUD Exam Fee	\$3 per \$1,000 of requested mortgage
Rate Lock Deposit	Typically 0.50% of mortgage amount, refunded at closing
Third-Party Reports	Appraisal, market study, and environmental, architectural and cost review required
Closing Expenses	Legal fees, title insurance and survey
Assumability	Fully assumable
HUD Review Time	Typically 90 days; however, actual processing times can vary depending on project

Eligible Properties

- New construction or substantial rehabilitation for family apartments; market-rate, affordable and rental-assisted properties
- Affordable housing projects must (1) have a recorded regulatory agreement in effect for at least 15 years after final endorsement, and (2) meet at least the minimum Low Income Housing Tax Credit restrictions of 20% of units at 50% of the Area Median Income (AMI) or 40% of units at 60% AMI. Mixed income projects may qualify if they meet the above criteria. Rental-assisted properties must have 90% of their units supported by project-based rental assistance.

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