

# HUD 221(d)(4) and HUD 220

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

<b>Borrower</b>	Single asset and single purpose entity
<b>Recourse</b>	Fully non-recourse during both construction and permanent phases of financing
<b>Loan Amount</b>	No limits
<b>Maximum Mortgage Limits</b>	The lesser of: a) 85%, 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 1.176x, 1.15x or 1.11x 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
<b>Interest Rate</b>	Interest rate set at initial closing for construction and permanent loan phases
<b>Amortization and Term</b>	Construction period plus a maximum of 40 years or 75% of remaining economic life
<b>Mortgage Insurance Premium</b>	Depending on project type, between 0.25% and 0.70% point each year during construction Annual fee between 0.25% and 0.70% point of remaining principal balance
<b>Escrows</b>	Escrows for taxes, insurance, replacement reserves and mortgage insurance premium are required
<b>Federal Labor Standards</b>	Federal prevailing wage and reporting requirements
<b>Secondary Financing</b>	Permitted under certain conditions at closing
<b>Assurance of Completion</b>	Payment and performance bond or cash deposit/line of credit
<b>Financing Fee</b>	Fees negotiable
<b>Placement Fee</b>	Fees negotiable
<b>HUD Exam Fee</b>	\$3 per \$1,000 of requested mortgage
<b>Rate Lock Deposit</b>	Typically 0.50% of mortgage amount, refunded at closing
<b>Third-Party Reports</b>	Appraisal, market study, and environmental, architectural and cost review required
<b>Closing Expenses</b>	Legal fees, title insurance and survey
<b>Assumability</b>	Fully assumable
<b>HUD Review Time</b>	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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