

MULTIFAMILY RENTAL HOUSING – NEW CONSTRUCTION OR SUB-REHAB

CBRE FHA Lending provides direct access to FHA-insured multifamily loans. FHA offers competitive financing terms for the new construction and substantial rehabilitation of market rate and affordable rental or cooperative properties that contain at least five units.

- + Section 221(d)(4) used by profit and nonprofit sponsors
- + Section 220 is available in urban renewal areas or where local governments are undertaking designated revitalization areas

PROGRAM FEATURES

- + Non-recourse
- + Insured mortgage provides construction to permanent loans
- + Underwritten Occupancy 93% for Market; 95% - 97% for qualifying affordable
- + No occupancy threshold to convert the construction loan to the permanent loan
- + Limited commercial space and income may be included in the loan
- + Fully assumable with Lender and FHA approval
- + May provide credit enhancement for tax-exempt housing bonds
- + Prevailing wage requirements under the Davis-Bacon Act apply

MAXIMUM LOAN LIMITATIONS

NEW CONSTRUCTION– THE MAXIMUM LOAN WILL BE THE LESSER OF:

- + Debt Service Coverage: 1.176x for market rate; 1.11-1.15x for affordable
- + Loan to cost: 85% market rate; 87%-90% affordable
- + FHA's statutory per unit loan limits

SUBSTANTIAL REHABILITATION– THE MAXIMUM LOAN WILL BE THE LESSER OF:

- + Debt Service Coverage: 1.176x for market rate; 1.11-1.15x for affordable
- + Loan to eligible rehabilitation costs + development costs and "as is" value of the property
- + 85% market rate; 87%-90% for affordable
- + FHA's statutory per unit loan limits

Rates	Fixed for the length of the mortgage; Typically 140-180 bps over the 10 year treasuries.
Loan Term	Fully amortizing up to 40 years plus the construction/rehab period. Interest only during the construction period
Payment Conditions	Negotiable; 0-1 year lockout followed by a declining percentage penalty, open after year 10; no yield maintenance or defeasance
Secondary Financing	Limited secondary financing is permitted; repayment subject to surplus cash; special conditions apply
Mortgage Insurance Premium	Market Rate Properties - .65% Affordable Properties - .25% or .35%
	Green Certification - .25%

Contact Information:
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