

# FHA Section 221(d)(4)

## New Construction or Rehabilitation of Independent Living Projects for Seniors (age 62 years and older with no services)

### Executive Summary:

**Cosmopolitan Capital Funding, LLC** (“CCF”) is actively arranging long-term, fixed rate, non-recourse financing for the construction and substantial rehabilitation of multifamily rental properties, including independent living projects for seniors (age 62 years and older with no services). This program provides for both construction and permanent financing.

CCF uses HUD’s Multifamily Accelerated Processing (MAP) guidelines to expedite the underwriting and approval of loans under Section 221(d)(4). There is a two-stage approval process for these loans under MAP unless the Borrower request single stage processing for projects in a strong rental market.

### Loan Features:

- Nationwide lending territory
- New construction or substantial rehabilitation of existing multifamily projects
- Loan amount up to 85% of the estimated certifiable replacement cost for market rate, 87% for affordable, or 90% for rental assisted properties.
- Loan amount can be based on the amount of debt that can be serviced by 85% for market, 87% for affordable, or 90% for rental assisted properties of Net Operating Income.
  - No rent control restrictions on market rate properties
  - Flexible construction/rehab term plus up to 40-year permanent loan term
  - Fully Amortizing & Fully Assumable
  - Low, fixed interest rates with negotiable prepayment options
  - Non-recourse
  - No occupancy or stabilization requirements for conversion to permanent loan
  - Commercial space is limited to 25% of the total net rentable area and 15% of the gross income of the project
  - Monthly escrows required for HUD Mortgage Insurance Premium (MIP), Replacement Reserves and Property Taxes and Insurance
- Mortgage proceeds may be used to pay for acquisition or refinancing costs, including the cost of repairs, construction, financing costs and construction loan real estate taxes, insurance and interest

**Please note:** Large loans (exceeding \$75Million) require higher DSC and LTV limits. Please contact a CCF representative for specific details.

### Eligible Projects:

Existing market rate, affordable, rental assisted properties and independent living projects involving rehabilitation work must meet one or more of the following to qualify:

- a) Replacement of at least 51% of two major building systems (i.e. structural frame, building envelope, mechanical, electrical or plumbing).
- b) The cost of the rehabilitation work must equal or exceed 15% of HUD’s estimated replacement cost of the project after the work is completed
- c) The cost of the rehabilitation work must meet or exceed \$15,000 per unit times HUD’s high cost factor for the area

### For additional information contact:

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