



MASON JOSEPH COMPANY, INC.

**MULTIFAMILY CONSTRUCTION AND PERMANENT FINANCING
NEW CONSTRUCTION AND SUBSTANTIAL REHABILITATION
SECTION 221 (d) (4)**

The purpose of the program is to provide attractive long term financing for the construction or substantial rehabilitation of multifamily rental housing. The loan is both a construction and permanent loan. The program provides for competitive interest rates without restriction on rental rates, cash flow or income levels of residents.

BASIC FEATURES:

- A. Personal Liability:** Loans are non -recourse to the owner and secured solely by the property.
- B. Amortization:** 40-year schedule.
- C. Term:** 40-year term.
- D. Loan Amount:** The maximum insurable mortgage is the lesser of:
- | | | |
|-----------------------|-------------|----|
| 1. Market Rate | 85% of cost | |
| Tax Credit | 87% of cost | |
| 90% rental assistance | 90% of cost | OR |
| 2. Market Rate | 1.17 DSC | |
| Tax Credit | 1.15 DSC | |
| 90% rental assistance | 1.11 DSC | |
- E. General Contractor's Fee:** The program allows for a 5% general contractor's fee or, in lieu of such fee, a Builder's and Sponsor's Profit and Risk Allowance (BSPRA). BSPRA is an amount equal to 10% of the development costs of the project excluding land. BSPRA can be treated as a credit to reduce the equity requirements. It is therefore possible to realize funding in excess of 90% of the development cost.
- F. Substantial Rehabilitation:** The program also allows for the financing of apartments in need of substantial rehabilitation.
- G. Units:** The property must contain five or more dwelling units.
- H. Commercial Areas & Income:** Commercial areas may not exceed 25% of the total net rentable area of the property nor may commercial income exceed 15% of the estimated effective gross project income.
- I. Interest Rates:** Fixed rate during construction and the permanent phase of the loan determined by market rates at the time of rate lock.
- J. Assumability:** Fully assumable.
- K. Pre-Payment** Negotiable, but typically closed for 0-2 years then open to pre-payment at with a penalty of 10-8% of the outstanding loan balance, declining 1% per year to 0% in year 11.

