

HUD 241(a) MULTIFAMILY LOAN

Supplemental Financing for FHA-Insured Properties

PROGRAM SNAPSHOT

HUD-insured supplemental loan program designed to fund additions, renovations, or improvements to properties with existing FHA-insured financing. Offers long-term, fixed-rate financing with high leverage and streamlined underwriting for qualifying multifamily, healthcare, and senior housing assets.

KEY FEATURES

- Up to 90% loan-to-cost (LTC)
- Minimum 1.11 DSCR
- Used for additions, renovations, energy upgrades, or repairs
- Can be layered with LIHTC or tax-exempt bond financing
- Fixed-rate, fully amortizing up to 40 years (no longer than primary loan)
- Non-recourse and fully assumable, subject to HUD approval

Explore Our Full Suite of Capital Solutions

Long-Term, HUD-Insured FHA Loans for

- MULTIFAMILY & AFFORDABLE HOUSING
- SENIOR HOUSING & HEALTHCARE

Short-Term, Flexible Bridge Loan Programs

- CORE
- CORE-PLUS
- OPPORTUNISTIC
- PARTICIPATING

HUD 241(a) Multifamily Loan

| | |
|-----------------------------------|---|
| PURPOSE | Secondary financing for improvements or additions to properties with a HUD-insured first mortgage in need of repairs, substantial rehabilitation, or additional units |
| BORROWER | Single-asset and single-purpose entity, either for-profit or non-profit |
| MAXIMUM MORTGAGE LIMITS | The maximum loan amount will be the <i>lesser</i> of: <ul style="list-style-type: none"> a. 90% LTV b. 90% LTC c. Minimum DSCR of 1.11x (combined first and second mortgages) d. HUD statutory per-unit limitations. |
| AMORTIZATION & TERM | If the existing loan has more than 25 years of amortization remaining, the term is generally coterminous with the first FHA-insured mortgage. If the remaining term is less than 25 years, the supplemental loan will have an amortization period of up to 40 years, as long as the term is no greater than 75% of the project's remaining economic life. |
| INTEREST RATE | Fixed for the term of the loan and determined at time of rate lock |
| MORTGAGE INSURANCE PREMIUM | 0.25% at Closing; 0.25% Annually – <i>Subject to change by HUD</i> |
| RECOURSE | Non-recourse during both construction & permanent phases of financing |
| ASSUMABILITY | Fully assumable, subject to HUD approval |
| PREPAYMENT | Negotiable; 0-1 Year lockout, with a declining 1% per year penalty, open after year 10 with no yield maintenance or defeasance. Depending on market conditions, other pre-payment options are available. |
| THIRD-PARTY REPORTS | Market Study, Appraisal, Environmental Report and PCNA or AEC Review (<i>as applicable - if major building changes are made to the project</i>) |
| ESCROWS | The supplemental loan will not require a second reserve escrow. However, it will require a new analysis of the existing reserves for replacement in place for the first FHA-insured mortgage. This new CNA assessment will determine the needs for the existing project along with any new additions from the supplemental loan. |
| FEDERAL LABOR STANDARDS | Federal prevailing wage & reporting requirements |
| REPAIR ESCROW | Cash or a letter of credit for up to 20% of the estimated cost of repairs |
| HUD APPLICATION FEE | \$3 per \$1,000 of the requested mortgage (half required at Pre-Application) or \$2 per \$1,000 for OZ |
| RATE-LOCK DEPOSIT | Typically 0.5% of mortgage amount, refunded at closing |