



HUD 221(d)(4) Loan Application and Approval Process

8 Steps for understanding the loan application process for new construction or substantial rehabilitation

1

Discover Experience and Needs

Depending on the experience of the developer or management company and whether they fit the HUD/FHA 221(d)(4) guidelines, **LSG Lending Advisors can work with you to discover the needs of your project** for a MAP Approved Lender to provide a Term Sheet and Loan Analysis detailing estimated costs, interest rate, and maximum loan size based on Loan to Cost.

Estimate Review

2

LSG Lending Advisors will facilitate discussions with the Lender and Chief Underwriter specialized in your transaction type to ensure all information is correct for the analysis.

3

Review Options

LSG Lending Advisors will work with you to ensure questions are answered and information received is understood throughout the entire process.

Loan Application Preparation

4

LSG Lending Advisors will provide checklists, details of all FHA costs and fees, and a typical loan timetable based on the variables at hand.

5

Pre-Application Process

If the loan qualifies and the pre-application process is required, the Lender will order a limited appraisal, environmental reports, and a market study. The pre-application will be submitted to HUD usually within 90 days.

Letter to Proceed

6

Once the pre-application is approved, **HUD issues a Letter to Proceed, at which time the architectural and engineering report will be ordered**, and have a full appraisal completed for the Lender. Once the Lender receives the information back, they will prepare the Firm Application and submit to HUD for approval

7

Finalize Title

Upon receipt of a Firm Commitment, the Lender will work with you to lock your interest rate, and work with your attorney on finalizing title documentation.

Closing

8

The Lender will work with HUD and the attorneys of the borrower to **schedule a closing date for the transaction**.

In As Little As:

6-8 months for a substantial rehabilitation of an affordable property
10-12 months for a 221(d)(4) new construction loan

Depending on the borrower's prior 221(d)(4) experience and other factors, the pre-application process may be bypassed and the application can be submitted for a Firm Commitment.