

Refinance or Acquisition of Multifamily Properties

PURPOSE	Refinance or acquisition of existing Multifamily Housing properties.
ELIGIBLE PROPERTIES	Existing Multifamily (minimum 5 units) and Mixed-Use properties.
COMMERCIAL SPACE	Eligible for up to 25% of net rentable area and 20% of EGI.
BORROWER	Single asset, special purpose entity. Either for-profit or nonprofit.
MAXIMUM LOAN AMOUNT	The lesser of: a) for Market Rate properties, applicable factors: 85% LTV, 1.176 DSCR; b) for Affordable properties, applicable factors: 87% LTV, 1.15 DSCR; c) for properties with 90% or greater rental assistance, applicable factors: 90% LTV, 1.11 DSCR; and d) greater of 100% of transaction costs or 80% LTV if refinance cash out transaction. <i>* Property must have an average physical occupancy of 85% for six months prior to submission of application to HUD.</i> <i>** 50% of cash out funded at closing; remainder upon completion of non-critical repairs. Other parameters apply to mortgage over \$75 million.</i> <i>*** Other than the above constraints, there are no minimum or maximum loan sizes.</i>
TERM & AMORTIZATION	A maximum term of the lesser of 35 years fully amortizing or 75% of remaining economic life.
INTEREST RATE	Fixed-rate, subject to market conditions at the time of rate lock.
MORTGAGE INSURANCE PREMIUM	1.0% payable at closing, 0.60% annually thereafter; 0.25%-0.35% for Affordable and subsidized properties; and 0.25% for Energy Star certified properties.
RECOURSE	Non-recourse.
ASSUMABILITY	Fully assumable, subject to HUD approval.
PREPAYMENT	Negotiable. Best rates typically have a 1–2-year lockout with a declining prepayment penalty for the remainder of the first 10 years.
THIRD PARTY REPORTS	Appraisal, PCNA, Phase I ESA and Radon. Other reports as needed.
ESCROWS	Escrows for taxes, insurance and mortgage insurance premium are required.
REPLACEMENT RESERVES	Initial and monthly deposits required based on long-term physical needs of property.
HUD APPLICATION FEE	\$3 per \$1,000 of requested loan amount.
HUD INSPECTION FEE	Greater of 1.0% of the cost of repairs or \$30 per unit (\$1,500 max if repairs are less than \$100K).

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