HUD Section 8 Housing

NEWPOINT
REAL ESTATE CAPITAL

ELIGIBLE BORROWERS	Must have demonstrated experience in owning and managing properties supported by qualifying project-based and/or tenant-based rental assistance programs.
ELIGIBLE PROPERTY TYPES	Garden, mid-rise, or high-rise multifamily properties supported by a qualifying rental assistance program.
LOAN TERMS	5-year minimum, 15-year maximum.
PRODUCT DESCRIPTION	Financing for multifamily properties supported by a qualifying rental assistance program through credit enhancements and/or cash loan purchases.
TYPES OF RENTAL ASSISTANCE	• Project-based subsidy: This form of subsidy refers to rental assistance that is associated with a specific property rather than specific tenants and includes project-based vouchers. The property receives a cash payment from the rental assistance provider for a portion of the rent based on the number of qualifying tenants living in qualifying units and the tenant pays the remaining portion of the rent. • Tenant-based subsidy: This form of subsidy, typically referred to as a tenant-based voucher or a housing choice voucher, is rental assistance that is associated with a a specific tenant rather than a specific property. The property receives a cash payment from the rental assistance provider for a portion of the rent based on the number of qualifying occupants and the tenant pays the remaining portion of the rent.
MAXIMUM AMORTIZATION	Up to 35 years, depending on the market. Please contact your Originator to discuss.
OTHER TERMS	• For underwriting purposes, the rental assistance subsidy is characterized as one of the following: • Long-term rental assistance contract, which is a new 20-year contract or an existing contract that has a remaining term equal to or greater than the term of the mortgage, or • Short-term rental assistance contract, which has a remaining term of less than the term of the mortgage. • Other definitions pertinent to properties benefiting from rental assistance programs are as follows: • Above Market, which refers to rental assistance program rents that are higher than the achievable market rent (rents above market are excess rent). • At or Below Market, which refers to rental assistance program rents that are equal to or lower than the achievable market rent.
MINIMUM DEBT COVERAGE RATIO (DCR)	• For a property with at least 50% of units covered by HUD Project-Based Section 8: 1.20x. • For a property with units benefiting from a rental assistance program (other than HUD Project-Based Section 8): 1.25x. • When *new* Low-Income Housing Tax Credit (LIHTC) are present: 1.15x. • For an Above Market long-term rental assistance contract, some excess rent may be underwritten. • For an Above Market short-term rental assistance contract, the stabilized net operating income must not include the excess subsidized rent, and the mortgage is underwritten according to Freddie Mac's other requirements for a Short-term rental assistance contract.
MAXIMUM LOAN-TO-VALUE (LTV) RATIO	80% without LIHTCs. 90% with LIHTCs.
PREPAYMENT PROVISIONS	Defeasance. Yield maintenance.

SUBORDINATE FINANCING	Permitted, subject to additional requirements and analysis.
TAX AND INSURANCE ESCROWS	Required.
FEES	Application fee, commitment fee, plus other fees as applicable.
APPRAISAL	The appraiser must include the following values: • The value using the rental assistance program rents, and • The value using the lower of market, rental assistance program, or achievable restricted rents (if applicable) for each type of unit.