

Description

Non-recourse, fixed and adjustable rate financing for the acquisition or refinance of stabilized Student Housing properties where greater than 40% of the units are leased to undergraduate or graduate students

Loan Amount

Minimum \$3M

Loan Term

5-30 years

Amortization

Up to 30 years

Loan to Value Maximum

Maximum 75% of appraised value

Coverage Minimum

1.30x fixed rate / 1.05x adjustable rate

Borrower

Domestic, single asset borrowing entity is required

Interest Rate

Fixed and variable rates, varying with LTV and DSC ratios

Prepayment

Yield Maintenance with no lockout

Third Party Reports

MAI Appraisal, Physical Needs Assessment, and Environmental Phase I Reports are required; Seismic Reports may be required for properties in Seismic Zones 3 and 4

Accrual

30 / 360 and Actual / 360

Recourse

Non-recourse execution with standard carve-outs required for "bad acts" such as fraud and bankruptcy

Escrows

Tax and Insurance escrow are required; Funded Repair and Replacement escrow is required, based on Physical needs assessment; For loans at less than 65% of value with no deferred maintenance, funding of repair and replacement reserve can be waived at Lender's discretion

Application Fee

\$15,000 to cover third party reports and processing / underwriting costs

Legal Fees

\$8,000 - \$12,000, varying on characteristics of the deal

Timing

45-60 days from application to commitment, dependent on 3rd party report timing and borrower's submission of due diligence

Rate Lock

Typically, lock occurs after commitment is issued; Streamlined Rate Lock is available, allowing an expedited rate lock option

Assumability

Loan is typically assumable, subject to lender approval of proposed replacement borrower; Fees include one percent assumption fee, part of which is paid to Fannie Mae, and a \$3,000 processing fee to cover lender's underwriting expenses

Ineligible Property Characteristics

A property that offers food service and / or is located on university-owned land (except for a Dedicated Student Housing Property as described below)

Requirements

Dedicated Student Housing Specific Requirements*:

- a) Near a campus with at least 10,000 students,
- b) Within 2 miles of campus or on public / university transportation line,
- c) have operated for at least 1 full school year (i.e. August / September through April / May), and
- d) be in its 2nd full year of operations
- e) 80% of all lease terms must be a minimum of 12 months leases terms with parental guaranties or be leased by students having the financial ability to pay for the required rent (whether through employment or other documented financial means)

*Not required for student concentration below 80%

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