

## Acquisition and Refinancing of Multifamily Properties

### Eligible Properties\*

Market rate properties of any class, cooperatives, affordable or subsidized housing. Student housing is permitted, but cash flows may not assume multiple rents from one unit and rents must be in line with market rate multifamily comparables.

### Commercial Space

Limited to 25% of net rentable area and 20% of effective gross income.

### Borrower

Single-asset, special-purpose entity, either for profit or nonprofit.

### Recourse

Non-recourse.

### Loan Parameters

Loan amounts up to \$130 Million.

Property Type	Maximum Loan to Value	Minimum Debt Service Coverage	Acquisition Loan to Cost	Max Cash-Out LTV <sup>3</sup>
Subsidized <sup>1</sup>	90%	1.11x	90%	80%
Affordable <sup>2</sup>	90%	1.11x	90%	80%
Market Rate	87%	1.15x	87%	80%

Loan amounts \$130 Million and above<sup>4</sup>.

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Subsidized <sup>1</sup>	87%	1.15x	87%	80%
Affordable <sup>2</sup>	80%	1.25x	80%	70%
Market Rate	75%	1.30x	75%	70%

(1) At least 90% of the units covered by a project-based Section 8 contract for at least 15 years after the new loan closes.

(2) Regulatory Agreement in place with minimum set-aside (e.g., 40% of units at 60% AMI, or 20% of units at 50% AMI) in effect for at least 15 years after the new loan closes.

(3) In refinances, the loan may cover 100% of eligible costs (satisfaction of existing debt including prepayment penalties, required repairs, an initial deposit to capital needs reserve, due diligence and closing costs) even if their total exceeds the respective cash-out LTV (subject to other loan criteria).

(4) HUD, in a particular case, may impose more restrictive LTV or DSC limits on loans above \$130 Million.

In addition, loan cannot exceed the statutory per-unit maximum, as adjusted by HUD for project location.

\* Manufactured housing is permitted, but only for governmental, nonprofit or coop borrowers, with a maximum LTV of 90% and minimum DSC of 1.11x and no cash out permitted.

## Interest Rate

Fixed for term of loan, determined by market conditions at time of rate lock. Rate lock deposit is 0.5%, refunded at closing.

## Term and Amortization

A maximum term of 35 years, fully amortizing.

## Repair and Rehab Limitations

Up to \$15,000 per unit (adjusted for inflation) times a local cost factor, typically 190% - 270%. In addition, no expansion of residential building footprints to include new conditioned space is permitted.

## Prepayment and Assumption

Negotiable prepayment, with best pricing for 10 years of call protection (can be a combination of lockout and/or penalty); loan is fully assumable, subject to HUD approval.

## Escrows

- a) Taxes, insurance and mortgage insurance premium are escrowed monthly.
- b) Capital needs reserve will be maintained with monthly deposits in accordance with HUD guidelines on a property-specific basis (minimum \$250/unit/year).

## Mortgage Insurance Premium

0.25% due to HUD at closing and 0.25% annually thereafter.

## HUD Application Fee

0.30% of estimated loan amount due with submission of application. HUD Application Fees are reduced for properties in Opportunity Zones.

## Third Party Reports

Appraisal, Environmental, Capital Needs Assessment.

## Timing

Typical application is submitted within 45- 60 days of engagement, followed by 45- 60 days to issuance of HUD's commitment, and 30- 45 days to closing.

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