

## 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.

### 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.

### Loan Parameters

Loan amounts up to \$75 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%	1.11	90%	80%
Affordable <sup>2</sup>	87%	1.15	87%	80%
Market Rate	85%	1.18	85%	80%

Loan amounts \$75 million and above, although HUD may impose more restrictive limits on loan amounts over \$100 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> and Affordable <sup>2</sup>	80%	1.25	80%	70%
Market Rate	75%	1.30	75%	70%

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<sup>1</sup> At least 90% of the units covered by a project-based Section 8 contract.

<sup>2</sup> Regulatory Agreement with a 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.

<sup>3</sup> Refinances may include 100% of eligible costs (satisfaction of existing debt, required repairs, an initial deposit to capital needs reserve, due diligence and closing costs) plus additional funds up to the cash-out LTV.

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

## Repair and Rehab Limitations

Up to \$15,000 per unit times a local cost factor (typically 190%-270%); additionally, repairs may not replace more than 50% of any two building systems: electrical, plumbing, mechanical, building envelope, structural.

## Term and Amortization

A maximum term of 35 years, fully amortizing.

## Prepayment and Assumption

Negotiable 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

1% due to HUD at closing and 0.6% annually thereafter (0.25%-0.35% for affordable and subsidized properties, 0.25% for properties with Green certification from a list of accepted Green standards).

## 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 and Capital Needs Assessment.

## Timing

Typical application is submitted within 45-60 days of engagement, followed by 60-90 days to issuance of HUD's commitment and 30-45 days to closing.