

Long-term, fixed-rate financing for acquisition or refinance of existing multifamily rental communities (minimum 5 units)

LOAN PARAMETERS ⁽¹⁾

Property Type	Maximum Loan to Value	Minimum Debt Service Coverage	Acquisition Loan to Cost	Maximum Cash-Out LTV ⁽⁴⁾	Statutory Limits
Subsidized ⁽²⁾	90%	1.11x	90%	80%	Per unit limits adjusted by High Cost Factor
Affordable ⁽³⁾	87%	1.15x	87%	80%	
Market Rate	85%	1.18x	85%	80%	

(1) Applies to loan sizes up to \$75,000,000. Lending parameters available upon request for loans above \$75,000,000.

(2) At least 90% of the units are covered by a project-based Section 8 contract.

(3) Regulatory Agreement 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.

(4) Refinanced properties may include 100% of eligible costs plus additional funds up to the cash-out LTV.

Eligible Properties

Subsidized, affordable, or market rate multifamily properties. Commercial space is limited to 25% of net rentable area and 20% of underwritten effective gross income

Eligible Borrowers

Single-asset entity; either for-profit or not-for-profit

Loan Term

Fully amortizing; Up to 35-year maximum loan term; Limited to the lesser of 35 years or 75% of estimated useful remaining life

Interest Rate

Fixed interest for life of loan; Determined at rate lock based on prevailing market conditions

Mortgage Insurance (MIP)

First year: 1%
 Thereafter 0.60% annually (affordable, subsidized, and green certified properties eligible for lower MIP of 0.25% to 0.35%)

Loan Fees

HUD Application fee: 0.30%. (Opportunity Zone Market Rate: 0.2%, Opportunity Zone Affordable 0.1%)

Prepayment

Prepayment provisions negotiable, generally subject to lockout period and declining penalties

Recourse

Non-Recourse and assumable with HUD approval

Timing

Six to Seven months from engagement to closing; (1) 45-60 days to submit application, (2) 45-60 days to Firm Commitment, (3) 45-60 days to closing

Escrows

Real estate taxes, property insurance, MIP, replacement reserves (minimum \$250 per unit); escrow payments collected monthly

Third Party Reports

Appraisal, Environmental, Radon, and Capital Needs Assessment

Repairs

Repairs are permitted, subject to regional program limits – approximately \$40,000 per unit

Construction Takeout

Newly constructed properties require HUD concept meetings and must achieve minimum DSCR for one month prior to application submission

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