

Preservation – Light or No Rehabilitation

HUD-Insured Taxable Loan

MassHousing recognizes the value in simply repositioning an affordable housing asset for the long term. If you've got a property that needs minimal rehab, but would still benefit from refinancing with a new loan and recapitalizing reserve accounts, MassHousing can provide the debt you need to make that happen. We'll work with you on the high-performing assets with long-term subsidy contracts, the complicated and perhaps troubled property that requires an innovative financing solution, and everything in between.

The following general lending terms and additional requirements apply:

| General Lending Terms | |
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| Loan Type | Permanent Loan |
| Interest Rate Index | 15-year Treasury |
| Debt Service Coverage | Minimum 1.10x |
| Loan-to-Value Ratio | Up to 90% LTV |
| Term/Amortization | Up to 40 years, plus construction. Fully amortizing. |
| Affordability Restrictions | Minimum of 20% at 50% of AMI (Area Median Income) or 40% at 60% AMI |
| Prepayment Lockout | No prepayment in whole or in part is permitted for first 15 years without MassHousing's consent |
| Application Fee | 0.3% of loan amount plus third-party costs |
| Financing Fee | 2.0% of loan amount |
| Mortgage Insurance Premium | 25-45 basis points, depending on HUD insurance tier |
| Construction Security | Sponsor completion guaranty; 100% P&P and lien bonds |
| Third-Party Reports | Phase I ESA, appraisal, Capital Needs Assessment (CNA) |
| Replacement Reserves | Minimum \$500/unit annually, plus initial deposit to replacement reserve account based on CNA review |
| Operating Security | 6% of loan amount; may be waived for occupied properties |

| Additional Requirements | |
|-------------------------------|---|
| Limited Dividend Requirement | Annual distributions of cash flow are limited to 10% of equity |
| Asset Management Requirements | MassHousing-approved Tenant Selection Plan and Affirmative Fair Housing Marketing Plan, along with 3% DMH/DDS set-aside** |

***3% of units must be set aside for residents receiving services from the MA Department of Mental Health or MA Department of Developmental Services*

For more information, please contact a Rental Relationship Manager:

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