

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

Additional Requirements	
<b>Limited Dividend Requirement</b>	Annual distributions of cash flow are limited to 10% of equity
<b>Asset Management Requirements</b>	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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