

See notes and definitions below.

OPTION	TYPE	EXPLANATION	REQUIREMENTS	USUAL SOURCES	AVAILABILITY	Rates / Spreads	LTV / Coverage	Points	Term (Yrs)	Amort (Yrs)	COMMENTS
LIFE COMPANY LOAN	Debt	Longer term fixed or floating rate loan.	Creditworthy borrower and well-maintained property of "B" or better quality.	Insurance companies, pension funds.	Limited	275-325 over comparable term Treasury	Typically up to 65% 1.25	Usually limited to a processing fee.	5-25	25-30	-30/360 pricing and use of average life Treasury gives a lower rate compared to agencies, conduits. -Sometimes flexible with length of loan, prepay, secondary financing, earnouts.
AGENCY LOAN	Debt	Longer term fixed rate loan.	Experienced multifamily owner, "A" to "C" quality property.	Fannie Mae DUS and Freddie Mac Program Plus lenders.	Good	250-300 over comparable Treasury	75% 1.20	1	7-25	30	-Additional funding after 12 months with supplemental loan available. -Yield maintenance. Float-to-fix available. Unusual flexibility on portfolios and multiple transactions. -Floating rates available. -Float with open prepayment available in final year.
CONDUIT LOAN	Debt	Longer term fixed rate loan.	More lenient borrower guidelines. "A" to "C-" quality property.	Mostly Wall Street firms and large banks	Out of market	N/A	N/A	N/A	N/A	N/A	-The "sub-prime" crisis and related fallout has largely shut down this source of loans.
FHA 223 (f)	Debt	Fixed rate fully amortizing loan.	Reasonably well maintained property. Borrower with clean credit.	HUD mortgagees.	Good	280 over 10-yr. Treasury +45p. MIP for 35 year term.	85% (80% with cash out) 1.17	1 to 1.5 + 1% MIP + 0.3% application	35	35	-Often best for properties with large Sec. 8 component, but there is no affordability requirement. -Useful for under-rented properties with modest fix up program. -Normally prepay at par after 10 yrs, sometimes earlier.
FHA 221 (d) 4	Debt	Fixed rate construction + fully amortizing permanent loan.	Economically feasible project and borrower with clean credit.	HUD mortgagees.	Good	360 over 10 yr. Treasury + 45 bp MIP for 40 year term.	90% of cost 1.10	1 to 2 + 1% MIP + 0.3% application	40	40	-Non-recourse fixed-rate construction-perm combination with maximum proceeds. -No affordability requirements. -Davis Bacon Wages required. - Per unit maximum on loan proceeds.
MINI-PERM FLOATING RATE	Debt	Shorter term loan for stabilized properties.	Cash flow to support debt. Exit strategy for lender.	Mostly banks.	Limited	LIBOR + 250-350	75% -80% 1.20	0 to 1/2	3 to 5	25-30	-Interest only periods available. -Guarantees at some levels are often required.
TAX-EXEMPT BONDS-VARIABLE	Debt	Construction and long-term perm for affordable housing.	Tax-exempt allocation, economically feasible project, good sponsorship.	Mostly municipal money market funds. Credit enhancement from banks, FNMA, FHLMC.	Limited	BMA + 150-200	80% 1.10	3 to 5	20 to 30	30	-Rate caps may be required. -Borrower can use swaps to fix rate on some or all of the loan amount.
TAX-EXEMPT BONDS-FIXED	Debt	Construction and long-term perm for affordable housing.	Same as above.	State housing finance agencies and bond funds. May use credit enhancement from FHA, FNMA, FHLMC.	Limited	Roughly equivalent to 10-year Treasury + 200	80% -95% 1.10	3 to 5	20 to 40	30-40	-Forward commitment structures available.
MEZZANINE/PREFERRED EQUITY	Debt/Equity	Junior financing secured by pledge of or participation in ownership interest.	Experienced sponsor and feasible plan to develop new project or add value to existing asset.	Credit companies, opportunity funds, and some insurance companies.	Limited	Mezzanine 12% - 18% Preferred return 8% - 12%	Up to 90% - 95% of cost, 85% of stabilized value.	1 to 3	3 to 10	Usually interest only	-Structures vary. -Mezzanine money is available but underwriting is becoming increasingly rigid. -The availability of preferred equity has declined.
JOINT VENTURE	Debt/Equity	Equity source provides 95% - 100% of capital stack. May bring in 3rd party debt.	Experienced sponsor and "A" to "B+" quality property or development.	Pension funds, insurance companies, REITs and opportunity funds.	Poor	Unclear	Unclear	0 to 1	3 to 10	N/A	-The credit crunch has negatively impacted availability of J/V financing.
PRESALE	Equity	Sale prior to the start of construction at predetermined price.	"A" quality new development.	Pension funds, insurance companies, REITs.	Poor	Unclear	Not Applicable			-The credit crunch has negatively impacted availability of presale financing.	
PRIVATE EQUITY	Equity	Private capital seeking ownership positions in leveraged projects.	Experienced sponsor and project with attractive cash flow and upside.	Individual investors; usually pooled through a fund manager or syndicator.	Limited	Unclear	Not Applicable			-The credit crunch has reduced supply of private equity.	

BMA = Bond Market Association
DCR = Debt Coverage Ratio
DUS = Delegated Underwriter Servicer
FHA = Federal Housing Administration

FHLMC = Freddie Mac
FNMA = Fannie Mae
HUD = Dept. of Housing and Urban Dev't

IRR = Internal Rate of Return
LIBOR = London Interbank Offered Rate
LTV = Loan to Value Ratio

MIP = Mortgage Insurance Premium
P = Prime
REIT = Real Estate Investment Trust

The terms shown herein approximate market conditions at the time of publication and are subject to frequent changes based on the shifts within capital markets. The format of this presentation is simplified to aid the reader in a global understanding of the complex financing options available for multi-family properties. Therefore, the reader is referred to prior issues of the New England Real Estate Journal which contain the most recent editions of the sister "Master Money Matrix - Overview."