

See notes and definitions below.

November '11

OPTION	TYPE	EXPLANATION	REQUIREMENTS	USUAL SOURCES	AVAILABILITY	Rates / Spreads	LTV / Coverage	Points	Term (Yrs)	Amort (Yrs)	COMMENTS
INSURANCE COMPANY LOAN	Debt	Longer term fixed rate loan.	Creditworthy borrower and well-maintained property of "B" or better quality.	Insurance companies, pension funds.	Good	125-175 over comparable term Treasury	Typically up to 70% 1.25	Usually limited to a processing fee.	5-25	25-30	-Sometimes flexible with prepay, earnouts. -Are more competitive with Fannie and Freddie particularly on top tier properties -Some floating rates are available
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	150-190 over comparable Treasury	80% (75% with cash out) 1.25	1	5-30	30	- Float-to-fix available. Unusual flexibility on portfolios and multiple transactions. -Floating rates available. -Some flexible prepay available for a spread premium. -Are stress testing in underwriting.
CONDUIT LOAN	Debt	Longer term fixed rate loan.	Creditworthy borrower and well-maintained property of "B" or better quality.	Investment Banks	Unclear	175-225 over comparable term Treasury	75%-80%	0	10	30	Conduit lending has stalled due to weak reception of mortgage backed bonds.
FHA 223 (f)	Debt	Fixed rate fully amortizing loan.	Reasonably well maintained property. Borrower with clean credit.	HUD mortgagees.	Good	140 over 10-yr. Treasury +45bps MIP for 35 year term.	Up to 83.3% (80% with cash out) 1.15-1.20	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. Borrower with clean credit.	HUD mortgagees.	Good	210 over 10 yr. Treasury + 45 bp MIP for 40 year term.	83.3% of cost 1.20	1 to 2 + 0.9 % 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.	Good	LIBOR +175-250	70%-75% 1.20	0 to 1/2	3 to 5	25-30	-Interest only periods available. -Guarantees at some levels are normally required. -Interest rate floors are common.
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 with a credit enhancement from banks and FHLMC.	Adequate	SIFMA + 300-350 Other indexes sometimes used.	80%+ 1.15	2 to 4	15 to 30	30-40	-Rate caps normally required. On "low floaters". -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 and FHLMC.	Adequate	Roughly equivalent to comparable FHLB Rate +150.	80%+ 1.15	2 to 3	15-30	30-40	-Rates are roughly equivalent to taxable rates.
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.	Adequate	Mezzanine 9% - 12% Preferred equity 8% - 12%	Up to 80% - 90% of cost, 85% of stabilized value.	1 to 2	2 to 10	Usually interest only	-Structures vary widely.
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.	Adequate	Unclear	Unclear	0 to 1	3 to 10	N/A	-J/V financing is increasingly available from top tier sponsors.
PRESALE	Equity	Sale prior to the start of construction at predetermined price.	"A" quality new development.	Pension funds, insurance companies, REITs.	Limited	N/A		Not Applicable			-Available but rarely used.
PRIVATE EQUITY / SYNDICATION	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.	Good	Vary widely		Not Applicable			-This bucket of capital is becoming increasingly available.

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
SIFMA = Securities Industry And Financial Markets Association

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 in cannot deal with the numerous intricacies of certain financing options. The edition deals solely with financing of apartments and is an abbreviated version of the Master Money Matrix - Overview. For information on construction loans, second mortgages, etc., 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."