

## MFA – Housing Development – General Rental Underwriting Guidelines <sup>1</sup>

HOME Program	Risk Share 542(c)	New Mexico Housing Trust Fund	PRLF	Primero	Ventana Fund	National Housing Trust Fund
<b>ELIGIBLE PROJECTS - Multi- Family Rental</b>						
-New Construction -Rehabilitation -Acquisition & Rehab -Limited Refinancing	-New Construction -Rehabilitation -Acquisition & Rehab	-New Construction -Rehabilitation -Acquisition & Rehab -Infrastructure	Rehab & Preservation of existing RD 514, 515, & 516 projects	-New Construction -Rehabilitation -Acquisition & Rehab	-New Construction -Rehabilitation -Acquisition & Rehab	-New Construction -Rehabilitation -Acquisition & Rehab -Limited Refinancing
<b>ELIGIBLE BORROWERS</b>						
Nonprofits & For-Profits	- Single asset entities	Nonprofits & For-Profits	Nonprofits & For-Profits	Nonprofits & For-Profits	Nonprofits & For-Profits	Nonprofits & For-Profits
<b>MAXIMUM LOAN AMOUNT</b>						
<b>1. With 9% LIHTC:</b> -\$1M per project-CHDO -\$400k per project-Other <b>2. Without 9% LIHTC:</b> -\$1M per project-CHDO -\$800k per project-Other <b>3. Per Unit &amp; Other Limits:</b> -\$15K per unit-CHDO -\$7.5K per unit-Other -All projects subject to maximum per-unit subsidy limits - Contact MFA for details  <b>4. May not exceed 80%</b> of Total Development Cost	-Max \$2M per project if MFA funds - no limit if funded by bonds -Based on the lessor of: 1) 85% loan to cost (LTC) for existing or 87% LTC for new construction; 2) 74% LTV if MFA assumes >10% risk; or Minimum 1.20 to 1 DCSR	-Up to \$1.5M per project with up to \$500K allowed for permanent period -Exceptions may be considered	-Up to \$500K per project -Minimum 1.20 to 1 DSCR	-Up to \$1M per project -Exceptions may be considered	-Up to \$1M per project -Exceptions may be considered -Generally 80% LTV, but may not exceed 90% for all must-pay debt	<b>1. With 9% LIHTC:</b> -\$400,000 per project <b>2. Without 9% LIHTC:</b> Limited to funds availability <b>3. Other Limits:</b> -All projects subject to maximum per-unit subsidy limits - See NOFA for details
<b>RATES &amp; FEES</b>						
-Generally 0%-3.0% rate -No loan fees -\$250 application fee	-Market rates, currently 5%-6.5% (not including MIP) -\$10K fee paid at loan closing - 1.0% fee for 24-month rate lock -\$1,000 application fee	-3.0% rate -No loan fees -\$250 application fee	-3.0% rate -No loan fees -\$250 application fee	-2.50% rate -1% loan fee paid at closing -\$250 application fee	-2.50%-3.5% rate -1% loan fee paid at closing -\$250 application fee	-0% rate -No loan fees -\$250 application fee
<b>MAXIMUM LOAN TERM</b>						
Up to 2-year construction period, + up to 40-year permanent period	-Up to 2-year construction period, + up to 40-year permanent period for new construction or 35-year permanent period for rehab -Davis Bacon wages apply if used for construction	-Up to 2-year construction period, + up to 30-year permanent period -Exceptions may be considered	Up to 18-mon construction period, + up to 25-year permanent period	-Construction only for up to 2 to 2 years -Exceptions may be considered	12- to 24-months interim/construction loan for projects having firm take-out permanent financing	-Minimum 30 years

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<b>LOAN AMORTIZATION</b>						
Generally 20 to 80 years, depending on project underwriting	Must fully amortize monthly for permanent period	Must fully amortize monthly for permanent period	Must fully amortize monthly for permanent period	Due at maturity	Generally interest only, paid monthly	1. With LIHTC: -Cash Flow Loan 2. Without LIHTC: -Forgivable Compliance Loan (See NOFA)
<b>LIEN POSITION</b>						
Subordinate position allowed	1 <sup>st</sup> lien position required	Subordinate position allowed	1 <sup>st</sup> lien position required	Subordinate position allowed	Subordinate position allowed	Subordinate position allowed
<b>MINIMUM AFFORDABILITY REQUIREMENTS (Land Use Restriction Agreements)</b>						
-Minimum 20 years new construction, plus additional to match permanent loan term -HOME units restricted to households at or below 60% AMI	-Minimum 10 years -Contact MFA Program Manager for income restrictions	*Generally 20 years minimum per Affordable Housing Act Rules, plus additional to match permanent loan term -NM HTF units restricted to households at or below 60% AMI, with the exception of Workforce Housing as defined in the NM HTF Notice of Funding Availability	-Up to 25 years -100% of units restricted to households that comply with USDA CFR Part 3560.152 (i.e. either a) no more than 80% AMI or b) qualifying for HUD Section 8 or LIHTC assistance)	-5 years -100% of units restricted to households at or below 60% AMI	-Minimum 5 years -At least 80% of units restricted to households at or below 80% AMI	-Minimum 30 years -NHTF units restricted to households at or below the greater of 30% AMI or the federal poverty level
<b>DEBT SERVICE COVERAGE REQUIREMENT – PERMANENT PERIOD</b>						
1.20 - 1.40 to 1 on all must-pay debt; 1.15 to 1 if permitted by 1st lien lender	1.20 - 1.40 to 1 on all must-pay debt; 1.15 to 1 permitted on MFA subordinate debt	1.20 - 1.40 to 1 on all must-pay debt; 1.15 to 1 if permitted by 1st lien lender	1.20 - 1.40 to 1 on all must-pay debt; 1.15 to 1 permitted on MFA subordinate debt	NA – Construction only	NA – Construction only	1.20 - 1.40 to 1 on all must-pay debt; 1.15 to 1 if permitted by 1st lien lender

<sup>1</sup> For informational purposes only. All loan products offered, rates, fees, and terms are current on June 6, 2019 and subject to change without notice. All loan products are subject to MFA underwriting terms. Further information for all loan products and terms can be found at [www.housingnm.org](http://www.housingnm.org).