

National Commercial Property Loans Inc.

Comparison of Fannie Mae and HUD (FHA) Multifamily Options

	Fannie Mae DUS	HUD (FHA) Section 223(f)
Program Description	Non-recourse, assumable, fixed-rate financing for the acquisition or refinance of stabilized multifamily rental units	Non-recourse, assumable, fixed-rate financing for the acquisition or refinance of multifamily rental units
Eligible Multifamily Projects	Must have a minimum of 5 multifamily units. Limitation on commercial space: no more than 20% effective gross income	The project must be at least 3 years old and not have been substantially rehabilitated within the past 3 years. Limitation on commercial space: no more than 20% of net rentable area and 20% of effective gross income
Occupancy	Must have achieved stabilized physical occupancy of 90% or better (85% economic occupancy) for at least 90 days prior to closing	No minimum occupancy requirements for a specific length of time prior to closing.
Stabilization	Especially for refinances, underwriting relies heavily on trailing 3-month collections and 12 month expenses	On a case-by-case basis HUD allows underwriting based on pro forma operations, rather than strictly on trailing operating statements
Designed High-Risk Markets	Underwriting for the following states and MSAs subject to Fannie Mae pre-review approval. Properties pre-review markets generally subject to decreased loan value and increased debt-service coverage constraints: Indiana, Florida; Michigan; Ohio; Phoenix, AZ; Las Vegas; NV; New Orleans and Lake Charles; LA; Houston, TX; and certain Texas MSAs affected by Hurricane Ike (as of November 2008)	Underwriting guidelines apply to all properties nationwide, regardless of location.
Loan Amount	Minimum \$3,000,000 (loan amounts \$500,000-\$3,000,000 financed under Fannie Mae Small Mortgage underwriting parameters)	No FHA minimum or maximum However, lenders may establish their own minimum loan amounts
Loan Terms	Balloon: 5-7-;10-;or 15 year term, or Fully Amortizing: 20-;25- or 30 year term	Up to 35 years fixed rate
Amortization	25 or 30 years, based on property condition	Fully amortizing up to 35 years
Debt Service Coverage	Minimum 1.25x	Minimum 1.18x

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Loan to Value	<p>Maximum 80% of appraised stabilized value, except if property has been purchased within past 12 months, in which case:</p> <p>Maximum 80% of the lower of</p> <ul style="list-style-type: none"> a) Purchase price +3% closing cost b) Appraisal 	<p>Maximum 85% of the projects appraised value, not to exceed:</p> <ul style="list-style-type: none"> a) 100% of all refinance, closing and repair costs b) 85% of the acquisition, closing and repair costs <p>Except if cash-out proceeds are requested, in which case:</p> <p>Maximum 80% of project's appraised value</p>
Prepayment Penalty	Yield maintenance with no lockout, or defeasance. (Declining percentage fee available upon request)	Negotiable terms: Typically 2 year lockout with 8% penalty, declining 1% each year
Subordinated Financing	Prohibited, except for Fannie Mae Supplemental Financing Program (can borrow on equity 2 times during life of loan)	Limited to notes secured by surplus cash flow
Interest Rates	<p>Fixed rate. Pricing varies with LTV and DSC ratios</p> <p>ARM available for 5-,7- and 10 year term loans</p>	Fixed rate. Pricing Not based on LTV or DSC ratios.

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"Your Multifamily Financing Specialist"

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