

Multifamily Affordable Housing Preservation

Arbor's DUS® Multifamily Affordable Housing (MAH) product provides flexible terms for the acquisition or refinance of multifamily projects nationwide that qualify as affordable housing. Eligible properties are those that participate in the Low-Income Housing Tax Credit (LIHTC) program, encumbered by a Housing Assistance Payment (HAP) contract, or participate in the Section 8 program (either through vouchers or direct payments). Other special uses can be considered for MAH status.

Benefits

- Flexible underwriting to specific affordable developments
- Competitive pricing
- Flexible loan terms, and fixed- or variable-rate financing options
- Certainty and speed of execution

Eligibility

- Expiring LIHTC deals
- Refinancing of existing tax-exempt bond deals
- Properties eligible for the Rental Assistance Demonstration (RAD) program
- Properties with HUD Section 8 HAP Contracts
- Properties with existing Rural Housing Service (RHS) Section 515 loans
- Loans insured under Sections 202 or 236 of the National Housing Act

Term

Five-30 years

Amortization

Up to 35 years

Interest Rate

Fixed- and variable-rate options available

Maximum LTV

80%

Minimum DSCR

1.20x (fixed-rate)

Property Considerations

Low-income qualifying restrictions required and must be recorded:

- 20% or more units rented to families earning at or below 50% of Area Median Income (AMI)
- 40% or more units rented to families earning at or below 60% of AMI; or
- Project-Based Housing Assistance Payments contract (Section 8) covering 20% or more units

Supplemental Financing

Supplemental Loans are available

Prepayment Availability

Flexible prepayment options available, including yield maintenance and declining prepayment premium

Rate Lock

30- to 180-day commitments; borrowers may lock a rate with the Streamlined Rate Lock option

Accrual

30/360 and Actual/360

Third-Party Subordinate Financing

Hard subordinate debt (which requires scheduled repayment of principal) is permitted only if provided by a public, quasi-public, or not-for-profit lender and combined debt service coverage cannot fall below 1.05x. Soft subordinate debt is permitted subject to requirements which include capping payments at 75% of available property cash flow after payment of senior liens and property operating expenses.

Recourse

Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy

Escrows

Replacement reserve, tax, and insurance escrows are typically required

Third-Party Reports

Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment

Assumption

Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience