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## **MHP approved by Fannie Mae into network of multifamily lenders - \$100m**

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The Massachusetts Housing Partnership (MHP) has been approved as a Fannie Mae multifamily affordable lender, a coveted designation that could bring up to \$100 million in new financing for rental housing to the Commonwealth.

The agreement with Fannie Mae means that MHP - an experienced affordable housing lender with a bank-funded loan pool of over \$1 billion - is now able to blend its underwriting expertise and private capital with Fannie Mae funds to offer additional financing to developers of affordable rental housing.

"Fannie Mae is pleased to have MHP join its nationwide network of affordable lenders," said Susan Frank, director of the Community Lending Affordable Channel at Fannie Mae. "MHP's expertise and history of underwriting quality, affordable rental housing made them well suited for the designation."

This new program has already resulted in the financing of one affordable housing rental development as MHP recently closed a 10-year, fixed-rate \$22 million loan with Criterion Development Partners for Canton's Windsor Woods, located at 1 Windsor Woods Ln., a 159-unit rental development in which 40 units are affordable to households at 80% of median income.

"Housing and economic development are big priorities in Massachusetts and at a time when credit is tight, MHP and Fannie Mae were able to give us low-interest, fixed-rate financing, helping us provide working professionals in the Canton area with top quality rental housing at both market and affordable prices," said Andrew Kaye, executive vice-president at Criterion.

The new MHP-Fannie Mae Program can be used for new construction developments, rehabilitation projects, or refinancing of existing affordable rental properties. The maximum loan amount for affordable housing rental developments is \$30 million, although higher amounts are possible by exception. At least 25% of the units in a development must be affordable to households at 80% of median income and the units must remain affordable for at least 10 years. Fannie Mae has pledged to purchase up to \$100 million in loan participations with MHP, which will result in MHP providing over \$200 million in additional financing for affordable rental projects.

"With this new agreement with Fannie Mae, we will be able to consistently and predictably offer our borrowers some of the best-priced financing on more flexible terms, while at the same time maintaining an efficient underwriting and closing process that is sometimes lost when doing typical loan participations for larger affordable housing developments," said David Rockwell, MHP's director of lending.

Other aspects of the program include:

\*As an approved Fannie Mae lender, MHP will serve as the lead agent lender, with the risk being shared equally by MHP and Fannie Mae.

\*Under this agreement, MHP will handle loan underwriting before closing and management after

closing, just as it would with any of its solely-held loans.

\*MHP can deliver FNMA's approval in the same time frame that it completes its own approval process.

\*Rates on both MHP and Fannie Mae's shares of the loan can be locked in for up to two years prior to permanent closing.

\*The loan structure offers borrower flexible repayment choices: borrower can either repay the loan after five years without a prepayment penalty, or extend for another five years at then-prevailing rates.

\*The usual loan term will be five or 10 years, but can be as long as 20 years. Maximum amortization schedule is 30 years.

\*The minimum debt service coverage is 1.2 and the maximum loan-to-value ratio is 85%.

MHP is a privately-funded public non-profit organization that works with the Patrick Administration to increase the supply of affordable housing in Massachusetts. MHP is funded by a 1990 state law that requires companies that acquire Massachusetts banks to make loan funds available to MHP for affordable housing. Since then, MHP has provided over \$646 million in loans and commitments for the financing of over 15,000 units of rental housing, most of them affordable to lower and moderate-income residents.

Fannie Mae is a government-sponsored enterprise (GSE) chartered by Congress to increase the amount of funds available for affordable housing. For multi-family development, Fannie Mae provides financing through a nationwide network of lenders that are well capitalized and experienced in all aspects of multifamily finance. These partnerships result in reliable service under all market conditions. For a current list of Fannie Mae affordable housing lender partners, [click here](#).

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