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Rockport Mortgage provides \$4.41m loan to refinance Laurelwood Place

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Rockport Mortgage Corporation provided a loan under the HUD 223(f) program to refinance Laurelwood Place Apartments and its existing HUD 202 loan. The building contains 100 units. The project consists of one 11-story building containing the 100 rental units for low-income senior households.

The new 35-year loan was provided by RMC under HUD's Section 223(f) program in the amount of \$4,409,600. The proceeds will be used to fund \$795,000 in year-one repairs, an additional replacement reserve deposit of approximately \$200,000, a developer fee of \$119,222, the payoff of the existing loan, aged accounts payable, and all transaction costs. Debt service payments will remain at current levels, however cash flow will increase significantly due to a 5% vacancy allowance and 1.11 debt service coverage included in the underwriting.

Some of the planned improvements include renovated kitchens and bathrooms, new appliances, handicapped unit upgrades, new windows, carpet replacement, a new hot water system, elevator refurbishing, new fencing, lighting upgrades, repaving of parking lots and repainting of some units and all common areas.

In addition to the benefits of refinancing outlined above, the owner was able to maintain existing Section 8 rent levels and the Section 8 contract. A new use agreement was executed in connection with this transaction which provided, among other things, that HUD will provide and the owner will accept Section 8 assistance (subject to annual congressional appropriations) through the original Section 202 mortgage term, which is 2021. Upon expiration of the current Section 8 contract, it is expected that HUD will execute a new 20-year contract (though still subject to congressional appropriations).

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