

Rental Lending Programs

As of December 1, 2021

Preservation—Light or No Rehabilitation

FHA Section 223(f) (MAP)

Take advantage of competitive interest rates and the ability to work either directly with MassHousing or with MassHousing through one of its joint venture lending partners to refinance existing properties. MassHousing's 223(f) product provides non-recourse, assumable financing and may be used in conjunction with 4% Low-Income Housing Tax Credits.

The following general lending terms and additional requirements apply:

General Lending Terms	
Loan Type	Permanent only or permanent with cash-collateralized, short-term tax-exempt bonds
Interest Rate	Fixed for term of loan, determined by market conditions at time of rate lock
Debt Service Coverage	Minimum 1.1x (subsidized*) or 1.15x (affordable**)
Loan-to-Value Ratio	Maximum 90% (subsidized); 87% (affordable); 80% (equity take-out)
Term/Amortization	Up to 35 years, fully amortizing
Credit Enhancement	Ginnie Mae MBS
Prepayment	Typically, no lock-out, but, subject to a 10% prepayment penalty during the 1 st year, declining 1% per year thereafter, with no penalty after the 10 th year
Mortgage Insurance Premium	0.25%-0.35% of the loan amount
Financing Fee	1.5% to 2.5%, based on loan size
HUD Exam Fee	0.30% of the loan amount
HUD Inspection Fee	Typically 1% of repair cost
Rate Lock	60- or 90-day rate lock; upon receipt of HUD Firm Commitment
Third-party reports	Appraisal, Capital Needs Assessment, Phase I ESA
Maximum Rehabilitation	\$40,500 per unit

* At least 90% of the units receiving project-based rental assistance.

** Either 20% of the units at 50% of AMI (Area Median Income) or 40% of the units at 60% of AMI for a term of 15-years.

Additional Requirements	
Statutory Affordability	At least 20% of the units at 80% of AMI
Limited Dividend Requirement	Distributions limited to 10% of stated equity
Asset Management Requirements	MassHousing-approved Tenant Selection Plan, Management Agreement, Affirmative Fair Housing Marketing Plan, and 3% DMH/DDS set-aside***

*** 3% of units must be set aside for residents receiving services from the MA Department of Mental Health or MA Department of Developmental Services

For more information, please contact a member of our team at (617) 854-1810, or at RentalDevelopers@masshousing.com.



Confronting the Commonwealth's Housing Challenges since 1970