

PROGRAM: MFA Access Loans

AGENCY: The Mortgage Finance Authority

DESCRIPTION: The purpose of Access lending is to provide federally insured construction and permanent financing for small scale affordable housing projects throughout New Mexico. It is designed to minimize transaction and due diligence costs and expedite processing for small projects.

ELIGIBILITY:

- Eligible projects include new construction, substantial rehabilitation, refinancing or acquisition of projects having no less than five units per site; detached, semi-detached, row houses or multifamily structures are also eligible.
- Eligible borrowers include single asset mortgagors, including nonprofit organizations, for-profit corporations, joint ventures, limited liability companies, and partnerships.

STRUCTURE:

- Loan Term Structure: Permitted amortization periods of up to 35 years for existing properties and 40 years for new construction projects, plus up to 24 months for construction and lease up are typically available.
- Ownership: Fee simple or renewable leasehold for at least 99 years or government agency lease for at least 10 years beyond the end of the term of the loan are allowed.
- Interest Rates and Payments: Construction and permanent loan interest rates are set at loan closing or conversion. Payments are interest-only during construction, and amortization occurs over the remaining life of the loan beginning at conversion.
- Prepayment is prohibited for the first 15 years and prepayment penalties will apply. Affordable use restrictions typically extend for 30 or more years.

QUALIFICATIONS/CRITERIA:

- MFA's mortgage must be the first lien on the property. Secondary financing is allowed, with MFA approval.
- The maximum loan amount is \$2 million, adjusted as needed for a maximum loan to value ratio of 85% for existing projects and 90% for new construction, and for a total debt service coverage ratio of no less than 110%.
- Loans may be non-recourse to the borrower, except for limited environmental indemnifications and in some cases, construction loan period guaranties.
- Requirements include latent defects reserve of 2.5% of initial loan amount; operating deficit reserve or sustaining occupancy prior to permanent loan conversion; and ongoing replacement reserve contributions.
- Approvals are conditioned upon MFA's satisfactory review of the appraisal, site and market analysis, development team capacity, design, rehabilitation and other development costs, affirmative fair housing marketing plans, operating budget and environmental reports. HUD Approvals are required for principals' previous participation, environmental and intergovernmental reviews. All Tax Credit projects are subject to subsidy layering review.
- For more information contact Linda Bridge: Senior Development Program Manager, Main: (505) 843-6880, Direct: (505) 767-2262
- Visit the MFA's homepage at <http://www.housingnm.org/> or call (505) 843-6880 (800) 444-6880 (Toll free in New Mexico)