Affordable Debt

Case Study: Balmoral I & II

Fannie Mae R.O.A.R.

Properties

Balmoral I & II Apts.

- Located in Hailey, ID
- 192 units
- Acquisition
- State agency sub-debt
- Underperforming market – economic vacancy
  - YE 2014: 30%+

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Balmoral I & II

- Timeframe for acquisition
- One-step financing vs. bridge loan + permanent loan
- Rehab of $2,500/unit
- Turnaround plan

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2016 NH&RA Annual Meeting

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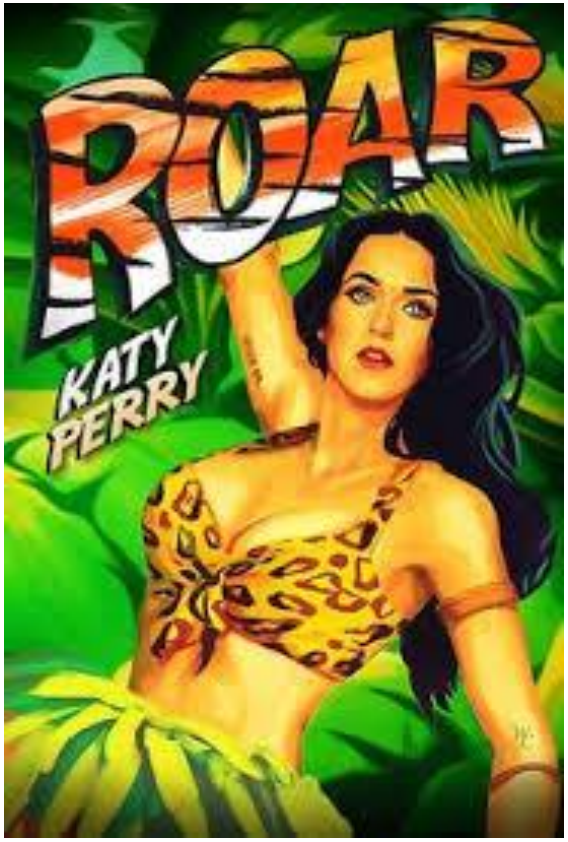
R.O.A.R.



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Fannie Mae - ROAR

- Reduced Occupancy Affordable Rehab (ROAR)
- One-step financing for properties undergoing rehab and or repositioning
- Occupancy can drop as low as 50% during rehab
- Letter of credit secures difference in current supportable loan vs. stabilized loan amount
- Rehab allowed up to $120,000/unit

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Fannie Mae - ROAR

- Can be combined with LIHTC's
- Loan may be interest only during rehab, 1.00x DSCR on IO basis (0.75x amortizing)
- Rehab 12-18 months, stabilized within 21 months
- No appraisal required at time of stabilization

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Balmoral and ROAR

- Underperforming market vacancy
- Rehab of $2,500/unit
- The Fannie Mae loan was based on the "as stabilized" value at 80% LTV and 1.20x DSCR
- Combined with the 7/4 ARM execution
- LOC at 125% of the difference in current supportable mortgage vs. as-stabilized supportable mortgage
- Loan will be MBS after earn out and LOC release

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Loan Specifics

- Loan Amount = $7,200,000
- 80% As-stabilized value, 1.20x DSCR, 80% of costs
- 7/4 ARM
- 30 year amortization
- LOC in the amount of $1,385,500
- Loan as % of Costs = 78%
- Loan as % of "As-stabilized" value = 56.9%

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