

## HOW TO FINANCE

Since 2015, I have originated over 100 multifamily loans totaling over \$500,000,000. These are the 3 questions I ask investors when I talk to them about financing a new property:

- 1) Is the property stabilized? (90% occupied for last 90 days)
- 2) Do you have prior multifamily experience?
- 3) What is the sponsorship group's net worth and liquidity?

### SUMMARY OF FINANCING OPTIONS FOR MULTIFAMILY

Typical financing terms:	Bank Loan	Fannie Mae	Freddie Mac	Bridge Loan
Min Property Occupancy	Flexible	90%	90%	Flexible
Borrower Experience	New investor	Experienced	Experienced; New Investors (SBL)	Experienced
Net Worth Requirement	Equal to or greater than loan amount	Equal to or greater than loan amount	Equal to or greater than loan amount	Equal to or greater than loan amount
Post-Close Liquidity Requirement	10-25% of loan amount	10% of loan amount	10% of loan amount	10% of loan amount
Non-recourse	No	Yes	Yes	Yes
Minimum Loan	None	\$750,000	\$1,000,000	\$5,000,000
Typical Loan Term	3 or 5 Years	5, 7, 10, or 12 Years	5, 7, or 10 Years	3 or 5 Years
Amortization	20-25 Years	30 Year after initial IO	30 Year after initial IO period	30 Year after initial IO period
Max LTV	75%	80%	80%	80%
Rehab Budget	Included in loan	Included in loan	Not included in loan	Included in Loan
Prepayment	Limited to none	Yield Maintenance	Step Down	1%
Supplemental Loans or Earnout	Yes	Yes	No for Small Balance Loans	Yes