MASON JOSEPH COMPANY, INC.

PERMANENT FINANCING FOR EXISTING MULTIFAMILY PROPERTIES
SECTION 223 (f)

The purpose of the program is to provide long term, fixed rate financing for the acquisition or refinancing of multifamily projects. The program allows the refinancing of mortgages, enabling the owners to make needed repairs with proceeds from long term financing.

BASIC FEATURES:

A. Personal Liability: Loans are nonrecourse to the owner and secured solely by the property.

B. Amortization: Up to 35 years (fully amortizing) or 75% of the remaining economic life but no less than 10 years.

C. Term: Up to 35 years.

D. Loan Amount: The maximum insurable mortgage is the lesser of:

<u>Refinance Transaction</u>:

A loan equaling the lowest of the following:

1. 85% of appraised value of the property.
2. The amount of debt supported by 1.176 debt service coverage.
3. An amount which equals the greater of:
   (a) 80% of the appraised value of the property.
   (b) 100% of the cost to refinance the project. (Cost includes retiring existing debt, cost of repairs, transaction charges and the amount required for the initial deposit to the replacement reserve account).

<u>Purchase Transaction</u>:

A loan equaling the lowest of the following:

1. 85% of the appraised value of the property.
2. The amount of debt supported by 1.176 debt service coverage.
3. 85% of the cost of the property. (Cost includes purchase price, cost of repairs, transaction charges and the initial deposit to the replacement reserve account).

E. Secondary Financing:

1. In the case of a refinance transaction, the amount not to exceed the lesser of 7.5% of the appraised value or 50% of the difference between the costs to refinance and the maximum loan amount.

2. In the case of a purchase transaction, an amount not to exceed the lesser of 7.5% of the appraised value or 7.5% of the cost of acquisition.

F. Repairs:

Repairs cannot exceed $15,000 per unit multiplied by the High Cost Factor for the area. Repairs/replacements are limited to a maximum of one major building component replacement.

G. Commercial Areas and Income:

Commercial areas may not exceed 25% of the total net rentable area of the property nor may commercial income exceed 20% of the estimated effective gross project income.

H. Interest Rates:

The interest rate is established upon the issuance of the commitment. The interest rate can be a "taxable market rate" or a "tax exempt market rate".

J. Assumability:

Fully assumable.

K. Pre-Payment

Negotiable, but typically closed for 1 year then open to pre-payment at with a penalty of 9% of the outstanding loan balance, declining 1% per year to 0% in year 11.

211 N. Loop 1604 East / Suite 140 / San Antonio, Texas 78232 / 210 402-6161 (P) / 210 501-0785 (F)