MORTGAGE INSURANCE

1. FHA Section 203K
    a. Section 203(k) of the National Housing Act (*12 U.S.C. 1709(4k)*); program regulations are at *24 CFR 203.50*.
    b. 96.5% mortgage
    c. Appraised @ acquisition + rehabilitation cost or 110% of market value post rehabilitation, whichever is less [your only sticky issue]
    d. Acquisition & Rehabilitation
    e. Fixed or Variable Rates
    f. $5,000 –> FHA limits for Muncie [see chart below]
    g. From foundation on up
    h. 1 -> 4 units per building
    i. Homeownership or non-profit landlord
    j. No household income limit

FIRST REPUBLIC MORTGAGE CORPORATION
1812 W MCGALLIARD RD
MUNCIE, IN 47304
40 approved lenders in Indiana

MSA Name	MSA Code	County Name	One-Family	Two-Family	Three-Family	Four-Family	Median Sale Price	Last Revised	Limit Year
MUNCIE, IN (MSA)	34620	DELAWARE	$271,050	$347,000	$419,425	$521,250	$98,000	12/05/2011	CY2012

    k. Options [all three can work in conjunction with FHA 203(K)
        i. 203(K) Streamlined [up to $30,000 in home improvements, no acquisition]
        ii. HUD Title I Loan insurance
            1. Single family house - $25,000.
            2. Manufactured house on permanent foundation - $25,090. (classified and taxed as real estate)
            3. Manufactured house (classified as personal property) - $7,500
            4. Multifamily structure - an average of $12,000 per living unit, up to a total of $60,000
        iii. Combine with volunteerism
            1. E.g., $40,000 in contractor costs + $60,000 in volunteer labor [a volunteer becomes the homeowner]; $40,000 mortgage @ 30 years @ 6.25% fixed [range 4.2-4.9%] = **$246/month**; same with ARM fully amortizing @ 5.00% for a year [range 3.2-3.5%] = $215; note – volunteer homeowner is paid 3.5% down payment by builder.

CDBG/ HOME/ NSP Gap Financing

2. CD Office is the GC
    a. non-profit
    b. control costs & financing directly
    c. 2 roles [1 or 2 staff members] [I had staff of 11 performing 400 homes per annum]
        i. Home inspection [see Construction Official]
        ii. Applications/ finance/ mortgage lien
    d. In conjunction with housing code enforcement [must bring dwelling up to Code and can perform cosmetics]
    e. Alternative is UBA [authority to demolish or rehabilitate without title]
    f. Perform Gap financing calculations in concert with one or more lenders, at affordable payments
    g. CD takes soft second mortgage, non-amortizing, deferred payments until resale
        i. Shared appreciation [capital accounts]
        ii. Accrued interest [at or below market; at or above CPI]
    h. IHCDA in conjunction with $15,000 down payment assistance

HoTIF [Housing Tax Increment Financing]

3. See chart
    a. Syndicate through capital markets [local or national "tranches"] – I will show you; private or public offerings [CMBS]
        i. Local Initiatives Support Corporation [LISC] in Indianapolis and headquartered in Chicago
        ii. Enterprise Foundation – headquartered in Columbia, MD
        iii. Duke REIT, National Equity Fund, National Multi Housing Council, Equity Residential, etc.
    b. Can raise 43% of qualified basis on non-residential properties; 33% on apartments; 25% on homesteads
    c. E.g. on $100,000 private financing, added public financing on capitalized tax increment
        i. $75,000 for non-residential
        ii. $50,000 for apartments or rental single family homes
        iii. $25,000 for homesteads [can demonstrate affordability at average low/ moderate income]

NMTC/ HTC/ LIHTC [Tax Credit Financing]

4. New Market Tax Credit

a. Residential or Nonresidential properties in eligible neighborhoods of poverty [e.g., CT 1,2,3,4,6]

b. Requires certified Community Development Entity [CDE]

c. 39% tax credits over 7 years calculates to 30% of qualified basis

d. E.g. on $100,000 qualified total cost, $30,000 in NMTC financing

5. Historic Tax Credit

a. Either **commercial property** owner keeps as incentive OR

b. Syndicated

c. Federal HTC at 20% calculates to 18% of qualified basis

d. Indiana HTC at 20% calculates for 12% of qualified basis

6. Low Income Housing Tax Credit

a. Rental housing only at 60% AMI

b. Flaherty & Collins used this in Conopic Square, Graystone, and Jackson & Vine

c. For new construction: 9% credit for 10 years calculates to 63% if qualified basis

d. For substantial rehabilitation, 4% credit for 10 years calculates to 28% of qualified basis

Mixed Income Solution

7. NSP or no Federal funds [seed money from lender, IHCDA or corporate foundation]

    a. See spreadsheet ensuing page

Single Family Detached New Construction	Acquisition & Development Cost Assumptions				
	2-BR	*3-BR*	*4-BR*	Net Surplus [Deficit and need for Subsidy] with homebuyer income mix	% average sale price
s.f.	1,650	1,800	1,950		
Cost/s.f.	$80	$75	$70		
Acquisition	$5,500	$7,000	$8,500		
A&D Cost	$137,500	$142,000	$145,000		
Affordable Home Price:					
@ 50% AMI	$85,039	$95,070	$112,546		
Surplus [Subsidy]	($52,461)	($46,930)	($32,454)		
@ 80% AMI	$140,272	$153,133	$177,108		
Surplus [Subsidy]	$2,772	$11,133	$32,108	**($345)**	**-0.2%**
@ 120% AMI	$208,639	$231,982	$269,996		
Surplus [Subsidy]	$71,139	$89,982	$124,996	**$124,650**	**55.8%**

Single Family Detached Rehabilitation	Acquisition & Development Cost Assumptions				
	2-BR	*3-BR*	*4-BR*	Net Surplus [Deficit and need for Subsidy] with homebuyer income mix	% average sale price
s.f.	1,650	1,800	1,950		
Cost/s.f.	$60	$56	$53		
Acquisition	$13,000	$14,500	$16,000		
A&D Cost	$112,000	$115,750	$118,375		
Affordable Home Price:					
@ 50% AMI	$85,039	$95,070	$112,546		
Surplus [Subsidy]	($26,961)	($20,680)	($5,829)		
@ 80% AMI	$140,272	$153,133	$177,108		
Surplus [Subsidy]	$28,272	$37,383	$58,733	**$52,905**	**36.5%**
@ 120% AMI	$208,639	$231,982	$269,996		
Surplus [Subsidy]	$96,639	$116,232	$151,621	**$204,525**	**91.5%**