

Lender Profile

Featured Lender: Eastern Mortgage Capital

Overview:	Fantini & Gorga serves as correspondent for Eastern Mortgage Capital, an affiliated company that is a national MAP Lender with a total focus on FHA-insured financing for apartments, skilled nursing, and assisted living. Loan amounts can reach 85%-90% of value, with a low 35 year fixed rate/ 35 year amortization, non-recourse with no carveouts, and attractive prepayment structures.
Loan Amount:	\$1,500,000 to \$50,000,000+. (Note the program has no minimum amount, but transaction costs tend to make loans under \$1.5M uneconomic).
Terms:	35 year fixed rate
Amortization:	35 years (no balloon).
Property Profile:	Apartments, both market rate and affordable (including Section 8 contracts and rent restrictions); skilled nursing, elderly housing, and assisted living. All markets – urban, suburban, and small town. Same underwriting/ loan terms for all markets.
Underwriting Criteria:	Market rate apartments: 85% loan to value/ LTV (80% with cash out), 1.18 debt coverage/DCR Affordable apartments: 90% LTV (80% with cash out), 1.11-1.15 DCR. Nursing/ assisted living: 80% - 85% LTV, 1.45 DCR (no cash out).
Interest Rates/ MIP:	Bid competitively through the Ginnie Mae market. Along with debt service the borrower pays monthly installments of a Mortgage Insurance Premium (MIP) – 0.60% yr for market rate, .25% for affordable. Current 35 year fixed rates plus MIP are less than comparable 10 year rates from Fannie, Freddie, CMBS, and banks. Call us for current rates.
Rate Lock:	Rate is locked at commitment and can be held up to 6 months.
Prepayment:	Typically annual declining percent over 10 years: 10%/9%/8% to 1% in year 10. Last 25 years open with no penalty. More flexible structures are available for a modest premium in rate.
Process/ Timing:	After being engaged, Lender prepares a Firm Application to file with HUD (US Dept. of Housing and Urban Development) - includes appraisal, engineering, and environmental reports; timing typically 60-90 days. Then, normally within 60-90 days, HUD issues a mortgage commitment from FHA (Federal Housing Administration). Borrower locks rate and normally closes within 30-45 days (or up to 6 months forward if borrower elects). Thus, time from engagement to rate lock is usually 120-180 days.
Fees/Costs:	HUD fees: 1.3%; lender legal \$21,000-\$25,000; standard report costs. No lender fee if loan is originated through F&G as correspondent; normal F&G fee is 1%.
Recourse:	Non-recourse with no carveouts.
Assumption/ Rate Re-set:	Multiple assumptions allowed, 1% fee. Program also provides for streamlined rate re-sets during term.
Escrows:	Real estate taxes, insurance, replacement reserves, plus any engineer-mandated repairs.
Observation:	This program is ideally suited to long-term hold strategies, maximum cash-outs, market rate properties in smaller markets, and affordable properties of all kinds.