

# MULTIFAMILY HOUSING

## New Construction or Substantial Rehabilitation

### USDA RHS 538



## Features

- This is a non-recourse loan.
- Security: Assets of the borrowing entity.
- Long loan term up to 40 years
- Low fixed interest rate, fully amortizing.
- Loan-to-cost ratio up to 70% (not applicable for an existing USDA 515 loan).
- Loan-to-value up to 90% for a for-profit enterprise and up to 97% for a not-for-profit enterprise.
- The program can be used to guarantee permanent financing, or a combination construction and permanent loan. It cannot be used for a loan that covers only construction.
- Fully assumable subject to CMI and USDA approval.
- A loan can be combined with other financing sources such as: Low Income Housing Tax Credits, HOME grant or loan, State or local assistance (including tax-exempt bond financing) or a second bank loan.
- Debt service coverage ratio of 1.15.
- Not subject to Davis-Bacon requirements

## Eligibility

- Borrowers may be for-profit, not-for-profit, individuals, partnerships, state or local public agencies, LLCs, trusts, or Indian tribes.
- A minimum of \$6,500 per unit in rehab costs is required for New Construction, Acquisition, or the

Revitalization, Repair, and Transfer Cost of Existing Direct Section 515 Housing.

- An Operating Escrow Reserve in the amount of 2% of the total development cost or appraised value (whichever is greater) may be required to cover operating losses until sustaining occupancy is reached, and must be funded by with cash or letter of credit at closing. Project must be in a designated "Rural Area," as defined by USDA—population must be less than 35,000.

Privately held, Centennial Mortgage is strategically integrated to expertly maneuver through HUD/FHA/USDA requirements. We collaborate to pilot your project through the intricate process. We drive to close then service every loan, delivering continuity, stewardship and peace of mind. Our experience is unmatched - we have one of the highest loan approval rates as we advocate tirelessly to make each loan happen.

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Strategically Integrated. Expertly Driven.