
ELIGIBILITY

- ✘ Property must be at least 3 years old. (May be waived in 2010 and 2011)
- ✘ Mortgagor entity may be either for-profit or not-for-profit.
- ✘ Property must not be in need of substantial rehabilitation. Minor rehabilitation, including specific capital improvements, modernization, utility conversion or other value enhancement repairs, is allowed and included in the property valuation.

REQUIREMENTS

- ✘ Critical repairs must be completed prior to closing.
- ✘ Non-critical repairs must be completed within 12 months of closing.
- ✘ Property must remain a rental property for at least 5 years after the loan closing date.
- ✘ Audited project financial statements must be filed annually with Centennial.

ESCROWS

- ✘ Full escrows for property taxes, mortgage insurance and any special assessments are funded at closing and must be maintained throughout the life of the loan.
- ✘ A Replacement Reserve account must be established at closing and is made immediately available for replacement of short-lived depreciable items. The account must be maintained with monthly contributions

throughout the life of the loan. Interest earned on the account accrues to the benefit of the property.

- ✘ If the loan includes repairs or capital improvements to be completed after closing, an additional 20% repair escrow must be funded with cash or a letter of credit.

FEATURES

- ✘ This is a non-recourse loan. Mortgagor assumes no personal liability.
- ✘ Long-term—up to 35-years and self-amortizing.
- ✘ Low, fixed interest rates.
- ✘ Loan-to-value ratio up to 90% on rental assistance; 87% on affordable; and 83.3% on market rate projects.
- ✘ Most affirmative and negative loan covenants typically found in conventional loan agreements are eliminated.
- ✘ No low-income tenancy requirements.
- ✘ Fully assumable.
- ✘ Debt service coverage ratio of 115% on rental assistance; 118% on affordable; and 120% on market rate projects.

[Back to Top](#)

Centennial Mortgage, Inc.