

MPR Program

Section 514, 515, and 516 Multi-Family Housing Revitalization Demonstration Program (MPR)



Topics

- **Purpose**
- **Funding Opportunities**
- **Eligibility**
- **Processing**
 - **Pre-application**
 - **Scoring**
 - **Ranking**
 - **Final Applications**
 - **Final Approval**



Purpose

- **Preserve and revitalize existing properties**
 - **Financial needs (Cash flow generated by debt deferral is used to meet capital needs of the property)**
 - **Immediate physical needs of property addressed**
 - **Long-term physical needs of property addressed**

Funding Opportunities

Transaction Types

- **Simple – No changes in ownership (Stay in owner)**
- **Complex – Property transfers (in accordance with 7 CFR 3560.406) or transactions with subordinations to 3rd party financiers**
- **Portfolio Sale – Multiple project sales that closed on or after 9-30-07 with a common purchaser within 1 state – can be same general partner but different entities**

Note: MPR Transfers must meet 7 CFR 3560.406



Funding Opportunities

Tools

Primary Tool

- **Debt Deferral:**
 - **514 or 515 loans obligated prior to 10-1-91**
 - **balloon payment of P & I due at end of the deferral period**
 - **Interest accrues at Note rate**
 - **Subsidy applied per Interest Credit Agreement**
 - **No interest charged on deferred interest**

Funding Opportunities

Other Tools

- **Revitalization Grant:**
 - **Non Profit applicants only**
 - **Only for costs to correct health and safety violations**
- **Revitalization Loan:**
 - **0% loan**
 - **30-year amortization**



Funding Opportunities

Other Tools (Continued)

- **Soft Second (Bullet) Loan:**
 - **1% loan**
 - **Balloon of deferred P&I**
 - **Due when the latest maturing 514 or 515 loan is due**

Funding Opportunities

Other Tools (Continued)

- **Traditional Section 515 Loan:**
 - 1% Loan w/Interest Credit
 - Up to 50-year amortization
- **Traditional Section 514 Loan:**
 - 1% loan
 - Up to 33-year amortization
 - Grants limited to 90% of total costs



Funding Opportunities

Conditions

- **Provide affordable, decent, sanitary housing for at least 20 years**
- **No rent increases except for normal O&M costs**
- **Execute a Conditional Commitment**
- **Execute a Restrictive Use Covenant**



Eligibility

- **Applicant eligibility:**
 - **7 CFR part 3560.55 – Section 515**
 - **7 CFR part 3560.555 – Section 514/516**
- **Section 515 only : (Avg. 12 mos.)**
 - **Vacancy NTE 10% (16+ units)**
 - **Vacancy NTE 15% (<16 units)**
- **Section 514 only:**
 - **Positive Cash flow 3 years**

(Exception: Market Survey showing overwhelming demand)



Eligibility (Continued)

- **Ability to own and operate after MPR (Transferee = applicant)**
- **Demonstrate CNA and restructuring financially feasible and necessary**

Processing

Ranking

- **Office of Rural Housing Preservation (ORPH) receives MPR Pre-applications**
- **Score**
- **Rank**
 - **By State**
 - **By total score**
 - **By category**
 - **Portfolio sale (Avg. score of projects)**
 - **Complex**
 - **Simple**

Processing Final Applications

- **States obtain:**
 - **SF 424 applications**
 - **1 portfolio sale**
 - **2 complex**
 - **simple transactions [NTE a total of 5]**
 - **CNA**
 - **appraisal, if applicable**
 - **additional information per “MPR Application Requirements Checklist”**

Deadline: 45 days or by 9-1-08



Processing Final Approval

- **Final funding recommendations by Loan Committee**
- **Obligation 1st come, 1st served within each of the 3 funding queues and to result in approximately the following ratios:**
 - **30% portfolio sales**
 - **50% complex**
 - **20% simple**

Processing Final Approval (Continued)

- **States issue MPR Conditional Commitment (restructuring offer) for applicant signature/acceptance.**
- **Offers expire after 15 days.**
- **At closing, the applicant must execute a Restrictive Use Covenant (RUC)**
- **RD and 3rd party lenders subordination to RUC**



Processing Final Approval (Continued)

- **Term of Restriction: Existing loan(s) term, term of existing restrictions, or 20 years, whichever is longer.**
- **Approval by September 15, 2008**
- **Obligation by September 22, 2008**