



**John Brickson, Director with Old Capital Lending, presents:**

# **FINANCING YOUR MULTIFAMILY INVESTMENT**

**Text your name and Email [913-638-8871](tel:913-638-8871) for Presentation Slides and Additional information on Multifamily Financing**



# Agenda

1. Loans Available for Multifamily Properties
2. Freddie SBL Overview
3. Freddie SBL Case Studies
4. Top 5 Reasons to use Old Capital
5. How to connect with Old Capital
6. Next Steps and Final Q&A

# John Brickson



**Director, Old Capital Lending**

**Nationwide Lender**

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**913-638-8871**

- **Nationwide lender** with closings in Washington, California, Kansas, Texas, Virginia, Minnesota and Florida over the past 12 months.
- Born and raised in Kansas City, based in Dallas-Ft. Worth since 2014
- BA in Economics from DePauw University in Indiana
- Seven years of experience in commercial real estate financing and investing.
- Directly involved with the origination and underwriting of over \$1.0Bn in commercial real estate loans across all property types over the course of his career

## Summary of Loan Types

Type of Loan	Bank Loan	Fannie Mae	Freddie Mac SBL
Non-recourse	No	Yes	Yes
Typical Loan Term	3-5 Years	5 to 30 Years	5, 7 or 10 Years
Amortization	20-25 Year	30 year	30 year
Max LTV (Acquisition/Refinance)	75%/75%	80%/75%	80%/80%
Property Occupancy	Flexible	Minimum 90% for past 90 days	Minimum 90% for past 90 days
Rehab Budget	Included in loan	Included in loan	Not included in loan
Prepayment	Limited to none	Yield Maintenance	YM or Step Down
Borrower Experience	New investor	Experienced	Experienced/ New Investor

# Why Freddie SBL?

- Like Fannie Mae, Freddie can offer long-term, non-recourse, fixed rate loans with 30 year amortization....
- But unlike Fannie Mae, Freddie can
  - Offer flexible, declining prepayment options
  - Lock the interest rate at loan application
  - Finance first time multifamily investors

# Freddie Mac Small Balance Loans (SBL)

- Loan Size: \$1MM - \$6MM (Can go up to \$7.5MM in Top and Standard Markets)
- Up to 80% LTV / 1.20x DSCR
- Non-Recourse
- 30 Year Amortization
- Interest Only Available
- Competitive fixed rate pricing, rate is LOCKED at loan application
- 5, 7 and 10 year terms available
- Flexible, points-based prepay available

# Freddie Mac SBL Sizing Parameters

	Max LTV Acquisition	Max LTV Refinance	Minimum DSCR
Top Markets	80%	80%	1.20x
Standard Markets	80%	80%	1.25x
Small Markets	75%	70%	1.30x
Very Small Markets	75%	70%	1.40x

## Market Tiers:

- Top Markets: Certain Counties (but not all) in the following MSAs: New York, Los Angeles, Chicago, Washington DC, San Francisco, Miami, Seattle, San Diego, Denver, Minneapolis, Portland, San Jose and Stamford, CT
- Standard Markets: Larger MSAs not included in Top Markets, examples include: Salt Lake City, Phoenix, Indianapolis, St. Louis, Kansas City, San Antonio, Austin, Houston, Pittsburgh, etc.
- Small Markets: Smaller MSAs: Green Bay, WI, Montgomery, AL, Chico, CA, Binghamton, NY, Asheville, NC, Abilene, TX, Reno, NV
- Very Small Markets: Typically less than 30k in rental population, examples include: Sioux Falls, SD, Abilene, TX, Napa, CA, Panama City, FL, Grand Junction, CO

# Qualifying for Freddie SBL

## Stabilized

- Physical occupancy of at least 90% for the 90 days prior to loan closing

## Loan Size

- Minimum loan size is \$1.0MM, maximum loan size is \$7.5MM

## Net Worth and Liquidity

- Net Worth equal to 100% of loan amount, Liquidity equal to 9 Months of P&I



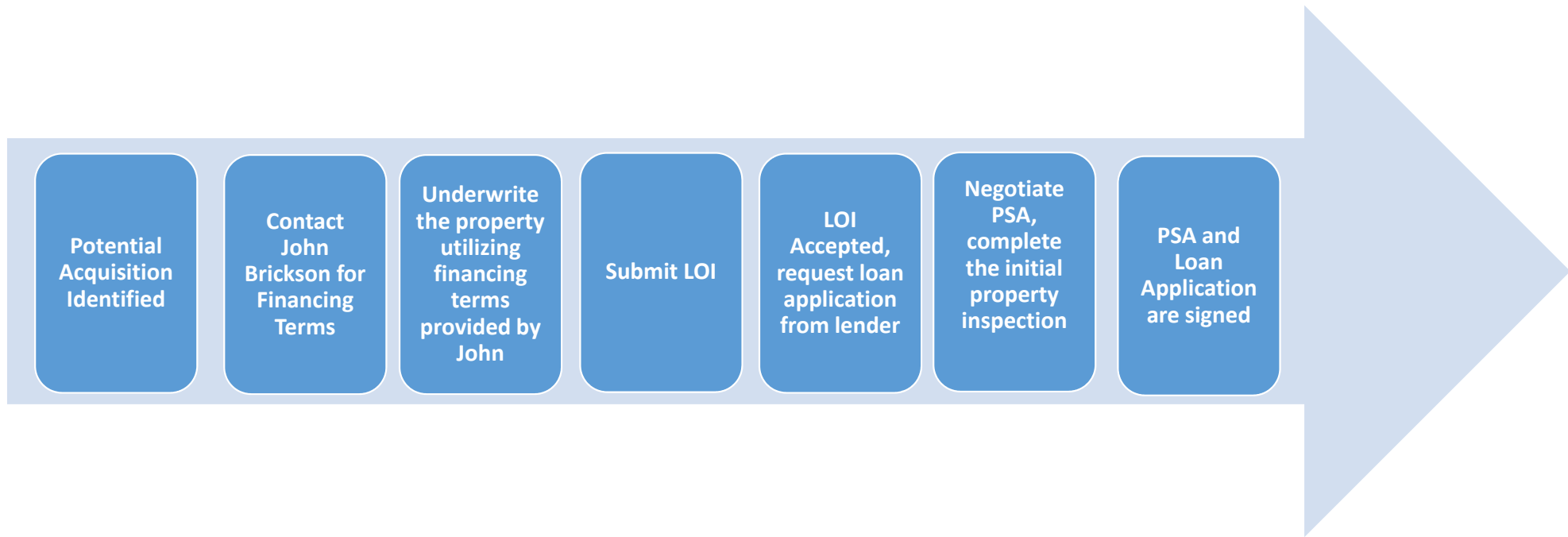
If I hand you a 100 unit property for \$5MM, could you close it?

How would you finance it?

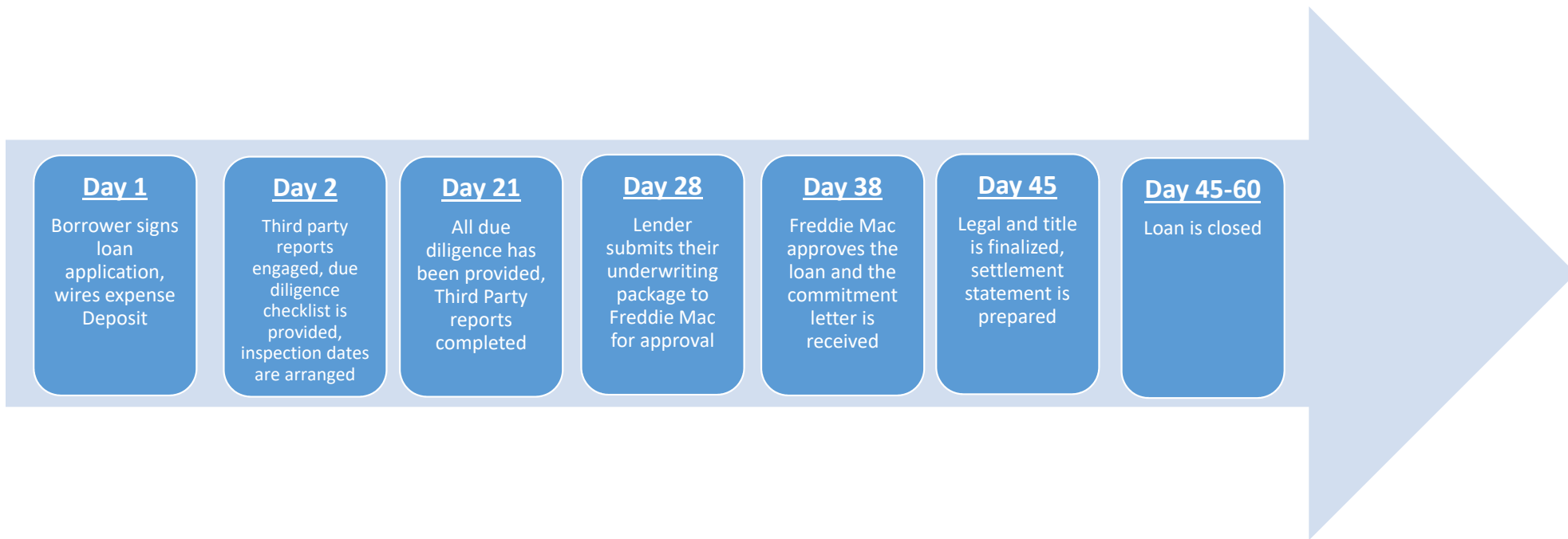
What kind of loan could you qualify for?

Who do you need to add to your sponsorship team?

# Acquisition Timeline



# Closing Timeline



# Freddie Mac SBL Case Study #1

## Typical Transaction:

- Stabilized property (90% occupancy or higher for last 90 days)
- Limited deferred maintenance
- Investor wanting to hold property long-term (5 or 10 years)
- New Investor



Park at Woodland (Houston, TX)  
48 units - April 2018

Freddie Mac loans work well for investors stabilized multifamily properties with no rehab needed in loan wanting to hold the property long-term.

# Freddie Mac SBL Case Study – #2

## Transaction Overview:

- Borrower purchased the property for \$1,000,000 in July of 2017 and invested \$200,000 in CapEx for a total cost basis of \$1,200,000.
- Financed the acquisition and rehab with a \$950,000 recourse loan with a local bank
- Closed a \$1,380,000 cash-out refinance through the Freddie Mac Small Balance program this week



Bridgeport Townhomes  
7 Units in University Place, WA  
\$1,380,000

The Borrower was able to do a cash-out refinance at 115% of their cost basis after 15 months of ownership.

# Freddie Mac SBL Case Study #3

## Transaction Overview:

- High net worth New Orleans-based multifamily investor wanting to break into the DFW market
- Old Capital sourced the acquisition, helped Borrower win the property in a highly competitive bidding process
- Financed the acquisition with a 78% LTV, 7-year loan with two years of interest only and step-down prepay.



Whisperwood Apartments  
32 Units in Garland, TX  
\$1,700,000

Freddie Mac SBL will finance first time multifamily investors that hire a qualified, third party property manager.

# Freddie Mac SBL Case Study #4

## Typical Transaction:

- Property had in-place occupancy of 95%+ with below market rents
- \$10,000 + Per unit in budgeted rehab
- 3 to 5 year hold period
- 5 year hybrid with step-down prepay.
- 75% of purchase price with one year of Interest Only



66 Unit Property in Dallas, TX  
July 2018

Sponsor is able to acquire the property with non-recourse Freddie Mac financing and refinance or sell once the business plan has been executed in 3 to 5 years

# Old Capital Lending

- DFW based mortgage broker with a Texas focus and national expertise
- We focus on B and C multifamily properties
- Closed over \$1.0Bn in loans in 2018
- Old Capital Podcast
- Old Capital Multifamily Conference
- For updates check out the Old Capital Facebook page or [Oldcapitalpodcast.com](http://Oldcapitalpodcast.com)



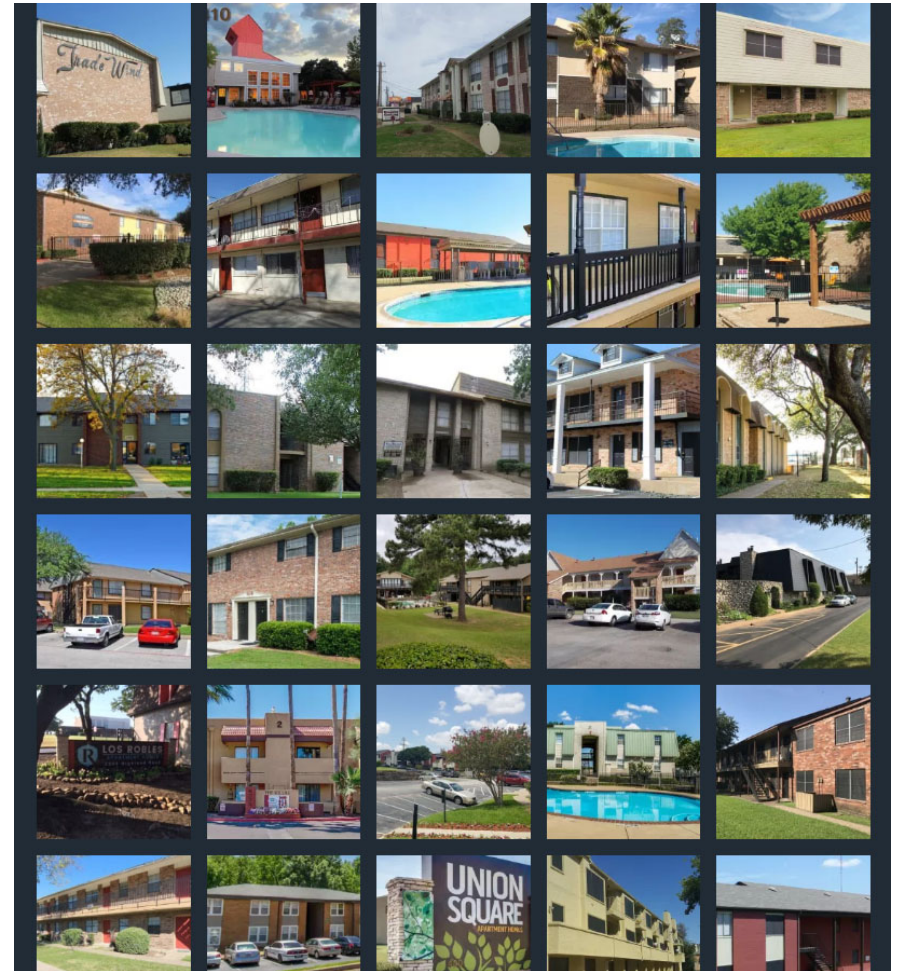


# Top 5 Reasons to use Old Capital:

**1. Execution certainty with Proven Track Record.**

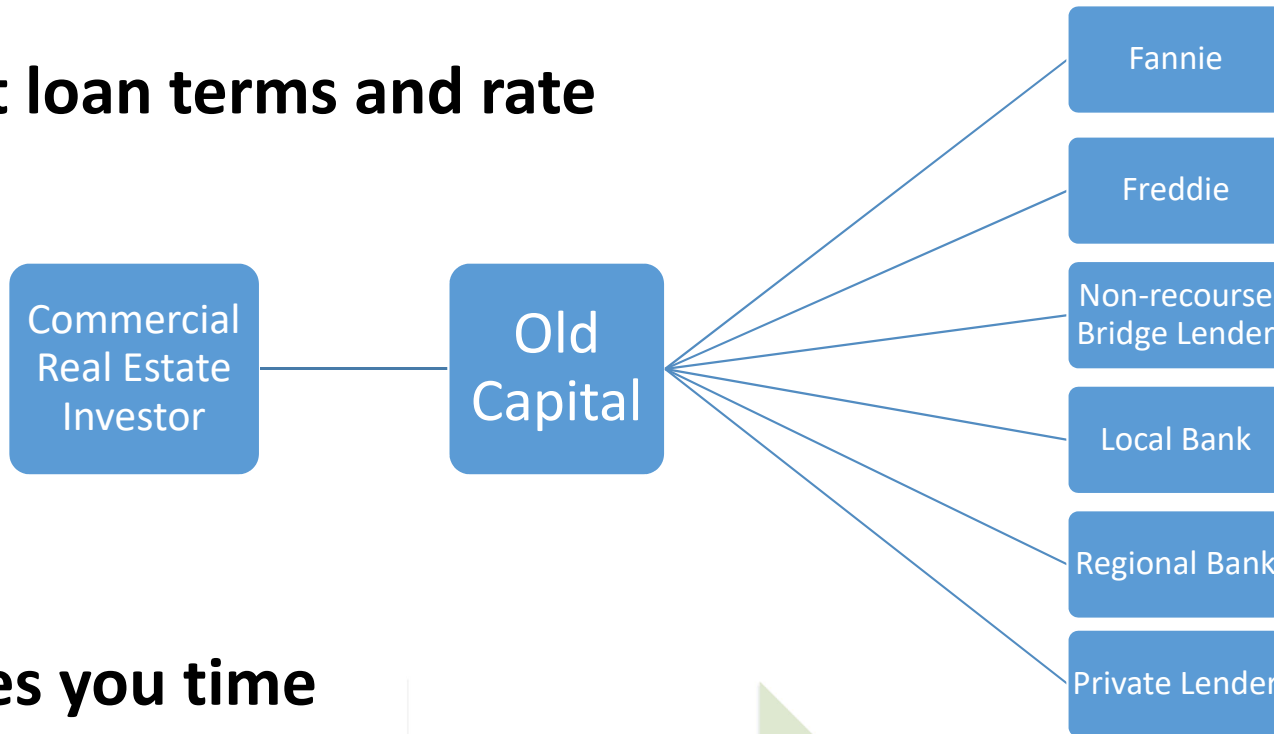
**Over \$1.0Bn in loans closed in 2018**

**RECENT CLOSINGS**

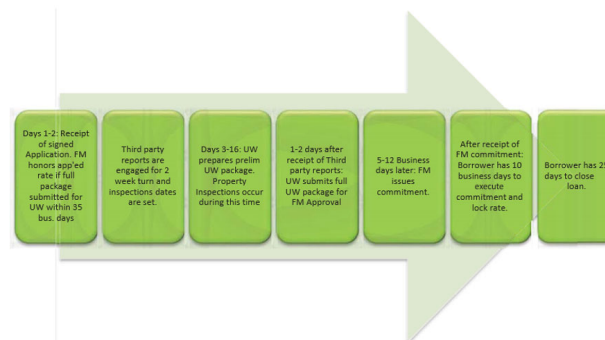


# Top 5 Reasons to use Old Capital:

## 2. Best loan terms and rate



## 3. Saves you time



# Top 5 Reasons to use Old Capital:

**4. Experienced Team- Former underwriters.** We know exactly what the bank needs, when they need it, and why they need it.

**5. Inside information.** We focus on B and C Multifamily properties.



# Q&A and Next Steps



**Director, Old Capital Lending**

**Nationwide Lender**

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**Questions:** Type in the chat box

## **Next Steps:**

1. **Education:** Subscribe to Old Capital Podcast, Like our Facebook Page, Request a copy of the Old Capital Multifamily Financing Whitepaper.
2. **Qualification:** Complete Personal Financial Statement and set up time to talk with John Brickson
3. Start underwriting new listings
4. **Make Offers** with loan term sheets, strong sponsor resumes and proof of funds
5. **CLOSE the deal!**

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