

CASE STUDY

WESLEY BY THE BAY

\$4,236,700 | April 2022 | Ocean City, NJ



SIMS MORTGAGE FUNDING CLOSES A LOAN THAT PRESERVES AFFORDABLE, ELDERLY HOUSING IN NEW JERSEY



Sims is a long time and trusted partner to United Methodist Communities. They demonstrated their value and expertise once again with the refinance of our HUD property. Their expert advice was essential in navigating the complex process and carrying it to a successful conclusion.

- Cindy Jacques, Vice President, Housing & Community Initiatives, United Methodist Communities

The Sims team was outstanding every step of the way through our HUD refinancing. The process was extremely well organized, and they helped to ensure that even the most minor details were addressed. The Sims team was always available and responsive to questions and have the knowledge and expertise to make a complicated process run smoothly.

- Robert Peterson, Vice President of Finance, United Methodist Communities

PARTNERED RIGHT

Wesley by the Bay is an affordable senior housing community sponsored by the **United Methodist Homes of New Jersey**. The Project, consisting of four buildings, was built in the early 1980s with a high-interest rate HUD Section 202 Direct Loan. In addition to an aging physical plant, the Project does not have a community building for office management and resident services - these activities historically have been conducted off-site. The Sponsor looked to **Sims Mortgage Funding (SMF)** to provide a capital solution to meet the diverse needs of the Project.

STRUCTURED RIGHT

SMF originated a new \$4,236,700 refinancing loan insured under the Section 223(f) program. The loan was underwritten to a 1.11 debt service coverage ratio, an 69% loan-to-value, and 35-year amortization. As part of the refinancing, the Project entered into a new 20-year Section 8 HAP Contract plus an additional 2 years, extending the affordability while providing a stable revenue source for the future.

EXECUTED RIGHT

In addition to refinancing the existing debt and funding repair and reserve escrows, loan proceeds will be used to build a new 2,500 square foot Community Building. This will enable the social services, nursing and project management functions to move on-site, while giving the residents a place to congregate.

FINANCED RIGHT®

In addition to meeting the capital needs of the Project, including the modernization of three accessible units, the loan included a Developer Fee of \$635,500 for the Sponsor. And, because of how the Project's original Section 8 HAP Contract was structured, the refinancing released the Project's existing reserves and residual receipts accounts to the Sponsor, creating more liquidity, with flexibility as to how the funds can be used.

For more detailed information on how **Wesley by the Bay** was Financed Right® by HJ Sims and Sims Mortgage Funding, please contact:

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