

CASE STUDY

MIDDLETOWN INTERFAITH APARTMENTS

\$5,285,000 | May 2019 | Middletown, PA



Andrew,

Thank you and your entire office for always being accessible to me, during the rather involved process of obtaining HUD's approval for our refinancing loan at the Middletown Interfaith Apartments. Sims Mortgage Funding guided our partnership in obtaining a significantly lower 35-year fixed interest rate loan than a competitive bid. These funds will be used for major capital upgrades to this 125-unit 40-year old low-income Section 8 property, including all new windows, PTAC units, waterproofing and a new roof. Thanks from our Management Team.

Anthony Grosek-General Partner

SMF FINANCES CASH OUT FOR AFFORDABLE HOUSING PROJECT IN PENNSYLVANIA

PARTNERED RIGHT

Middletown Interfaith Apartments is a 125-unit affordable senior housing project built in the early 1980s and financed by the Pennsylvania Housing Finance Authority (PHFA), which also administers the Project's Section 8 HAP Contract. The Sponsor owns four affordable projects statewide – SMF had recapitalized two of them in 2013 and 2014. They again turned to SMF to recapitalize Middletown via a cash-out refinance loan.

STRUCTURED RIGHT

SMF underwrote a new \$5,285,000 loan with a 35-year term insured under the FHA Section 223(f) program. The new loan included funding of \$728,000 for interior and exterior capital repairs, loan fees and closing costs, and an equity take-out. SMF recommended a conversion of the Project's leasehold interest to a fee-simple structure, which resulted in a more simplified financing and made available more in loan proceeds.

EXECUTED RIGHT

The new loan met the Owner's dual objectives of funding the right amount necessary to renovate the Project while distributing a reasonable amount of equity via the cash-out to the partners. The HUD Northeast Regional approved the Firm Commitment Application in 57 days, net of the historic 35-day partial shutdown of the Federal Government that ran from December through the end of January.

FINANCED RIGHT®

The new loan, which was coupled with a 20-year Section 8 HAP Renewal, will provide Middletown Interfaith Apartments with a solid and stable capital and operating platform to continue to provide quality and affordable housing to seniors in their market. Moreover, the new loan rewarded the Owner and its partners for its quality stewardship of the Project with a cash-out of a reasonable amount of equity.

For more detailed information on how **Middletown Interfaith Apartments** was Financed Right® by HJ Sims and Sims Mortgage Funding, please contact:

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