

Lender Update – The talk of everyone in the lending community is that life insurance companies are winning all the deals. That’s not actually true, but to lenders who have not competed with life companies for quite a while it certainly feels that way. Life companies are back and are real competition. They have a good process and good, sometimes great rates. However they are interested in a certain type of deal. They want better quality borrowers and locations. The other issue is they are allocation lenders. They determine how much money they want to lend in a certain year and once that allocation is gone they stop lending. This is great for borrowers looking for a loan when they are lending and lucky for you now is that time. Get a life company quote if you are financing a class A or B property, but don’t forget to also get a Freddie and Fannie quote, because it’s a competitive game and you never know who is winning on any one deal until you test the waters.

While volume is down for Freddie and Fannie they are still doing the lion’s share of the loans. They are aggressive on rate and are winning many deals. Banks are also competitive and for loans under \$3 million are probably the best bet. You have to shop around to get the right bank, but if you do the process can be much better than a life company or agency lender.

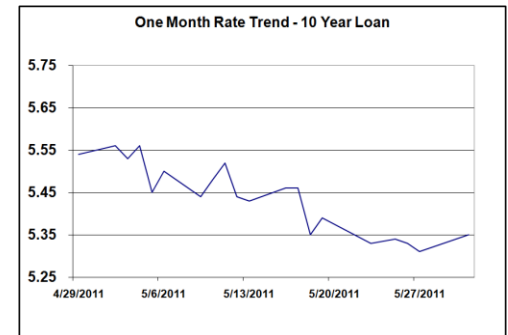
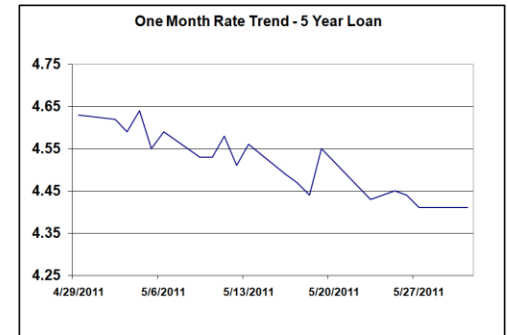
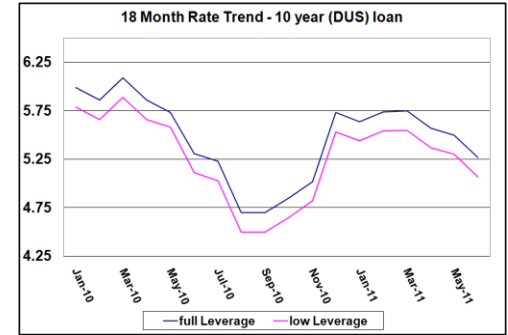
On a side note Freddie Mac is going through some leadership changes. Mike May the head of Multifamily Lending is leaving the company mid July. A replacement has not yet been named, but an announcement is imminent. It’s expected this to be someone internal to the company.

Rate Update – Much to the surprise of many people rates have continued to fall this month. Both the 5 and 10 year treasury are down by about 25 Bps. This is as low as they have been for quite a while. Combine the low rates with the competition means very low rates for borrowers. Rates in the low 5% range are common for many deals. If you are looking for a great rate, now is the time to get a loan.

Will rates stay this low? I’m not really sure; the ending of QE2 next month should push rates up, but the continuing crisis in Europe and weak housing sector should push rates down. The big wild card is how the market will react to the impending fight over the debt ceiling. I don’t know which way rates will go, but there seem to be a lot of pressures to move rates around which should create a volatile rate market over the summer. This is not the time to play rates; if you like the rate being quoted you should lock now and not wait around for a few extra basis points. You may win, but you are more likely to lose.

Below is our current multifamily lender survey which we will be publishing on a quarterly basis. If you are interested in knowing more about any of these lenders please [contact us](#).

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Multi-Family Lender Survey						
Lender	Loan Size	Max LTV	Typical Amortization	3-year Fixed	5-year Fixed	10-year Fixed
Regional Bank	\$500K-\$20MM	80%	25 years	5.00%	5.75%	n/a
Local Bank	\$500K-\$20MM	75%	30 years	5.50%	6.00%	n/a
Local Bank	\$500 K-\$11MM	70%	25 years	5.50%	5.75%	n/a
Regional Bank	\$1 MM-\$10 MM	75%	25 years	4.50%	5.25%	n/a
National Bank	\$500K - \$5 MM	70%	30 years	4.65%	5.35%	5.70%
Insurance Company	\$500K-\$25 MM	80%	30 years	n/a	3.60%	4.90%
Insurance Company	\$500K \$10 MM	75%	25 years	n/a	5.25%	5.75%
Insurance Company	\$10MM-50MM+	75%	30 years	n/a	3.70%	4.70%
CMBS	\$5MM-\$50MM+	75%	30 years	n/a	4.50%	5.25%
Fannie Mae Small Loan						
			Tier 2 (80% , 1.25x)	Tier 3 (65%, 1.35x)	Tier 4 (55%, 1.55x)	
5 Year Term	\$750 K-\$3MM		4.50%	4.30%	4.10%	
7 Year Term	\$750 K-\$3MM		5.00%	4.80%	4.60%	
10 Year Term	\$750 K-\$3MM		5.50%	5.30%	5.10%	
15 Year Term	\$750 K-\$3MM		6.15%	5.95%	5.75%	
Fannie Mae DUS						
5 Year Term	\$3MM-\$50+MM		4.40%	4.20%	4.00%	
7 Year Term	\$3MM-\$5 +MM		5.00%	4.75%	4.50%	
10 Year Term	\$3MM-\$50+MM		5.35%	5.15%	4.90%	
Freddie Mac						
			5 Year	7 Year	10 Year	
CME	\$4MM-\$50MM+		3.80%	4.50%	5.00%	
Portfolio	\$4MM-\$50MM+		4.80%	5.25%	5.50%	
HUD 223 (f)	\$2.5MM-\$50+MM		3.75% - 5.00%	35 year fully amortizing loan		

All rates as of May 31, 2011 and are based on an informal survey of lenders.

Key Rate Indices			
	Current	Last Month	Change
6-mo. Libor	0.40%	0.43%	- 3 Bps
1- yr Libor	0.73%	0.76%	- 3 Bps
Prime	3.25%	3.25%	-
Fed Funds	0.25%	0.25%	-
1 year CMT	0.18%	0.22%	- 4 Bps
5-Yr Treasury	1.59%	1.96%	-37 Bps
10-Yr Treasury	2.94%	3.27%	- 33 Bps

Freddie Mac issues more CME securities - Freddie Mac has been steadily issuing new CME securities every month or two. <http://mfloan.net/2011/05/26/freddie-cme/>

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