The Ultimate Guide to Financing Your Multifamily Property (5+ units)

Unlike the typically fast and painless loan application and underwriting process for single family residences, the financing of multifamily properties is much more complex and involves many critical steps, requirements, and qualifications before a deal is funded and closed.

Not to mention getting your property financed in a way that generates the highest returns possible.

In this guide you will learn what you should know as a buyer when it comes to financing your multifamily property of 5 units or more (2-4 unit properties, while technically also multifamily, are treated by most lenders as residential real estate).

In this Ultimate Guide to Financing Your Multifamily Property we will discuss:

- What is Multifamily
- Qualifying for a Multifamily Loan
- Documentation for Multifamily Loan Applications
- Multifamily Debt Options
- Multifamily Financing Fees
- Utilizing a Commercial Mortgage Broker

What is a Multifamily?

In short, a multifamily property is a residential building with more than one housing unit. While any property with more than 2 units could technically be considered multifamily (such as duplexes, triplexes, and quads), most lenders clearly distinguish between 2-4 and 5+ unit properties. As a matter of fact, most lenders will treat 2-4 unit real estate as residential since conventional residential financing is available for properties with 1-4 units. Properties with five or more dwellings are categorized as “commercial” multifamily/apartment buildings, and we will discuss financing options for this asset class in this guide.

Qualifying for a Multifamily Loan

In most cases, apartment buildings are purchased with a portion of the cost financed with loans which helps investors to improve the returns (both cash on cash as well as overall return on equity).

A significant amount of effort is required to obtain a multifamily loan, which goes through vastly different and much more complex underwriting processes than residential loans. Multifamily loan underwriting also applies underwriting standards different from residential loans. A property’s cash flow is the key to calculating potential loan proceeds but the buyer will also need to bring a certain amount of net worth and liquidity to the table and show experience in multifamily investing.

When it comes to getting qualified for a multifamily loan, the qualifications will vary depending on the lender and the multifamily property in question.

Here are some factors that lenders will examine when evaluating your multifamily property:

Creditworthiness of the borrowing team

Multifamily lenders will thoroughly examine each guarantor’s financial strength, credit history, background (including lawsuits, foreclosures, bankruptcies, etc.), and experience in multifamily and commercial real estate. Some lenders will also review personal and business tax returns.

In general, most borrowers will need to have a good credit score to obtain a multifamily loan, typically over 650-670. Additionally, a review of the financial picture as represented in a personal financial statement as well as a so-called REO (real estate owned) schedule will be an important factor.

As it pertains to the property's operating performance, the lender will run a series of calculations to determine whether or not your multifamily property qualifies for a certain amount of financing. In general, key numbers a lender will consider are the property's net operating income (NOI), the debt service coverage ratio (DSCR) or debt yield in some cases, and the loan-to-value (LTV).

Learn more about these metrics below and how lenders will use them when vetting your multifamily loan.

Loan to Value (LTV)

The Loan to Value ratio is one of the most important metrics in commercial financing, and lending is often based on this ratio.

The loan-to-value (LTV) ratio is the percentage of the loan amount relative to the property value.

This allows commercial lenders to estimate the value they would receive from the property itself if they had to foreclose on it in case a borrower defaulted on a loan. The LTV is calculated by the mortgage divided by the appraised value of the commercial property, expressed as a percentage.

Multifamily real estate loans typically have an LTV of 60-80%, but a handful of loan programs may stretch it to around 90%.

Typically, the higher the LTV, the less attractive the loan terms due to the higher risk a lender takes.

Net operating income:

The NOI is the amount of annual income the building receives from all sources minus the property's operating expenses. Capital expenditures and financing costs are not included in operating expenses.

Debt-Service Coverage Ratio (DSCR)

A key metric that commercial lenders look at when determining a multifamily real estate loan is the property's debt-service coverage ratio (DSCR).

This is a measurement of a property's operating income relative to the debt service of the financing.

To calculate the debt-service coverage ratio, you would divide the property's underwritten net operating income (NOI) by the property's yearly debt payments.

For example, a property that generates $500,000 in annual net operating income (as underwritten by the lender) and has a debt service of $400,000 a year would have a DSCR of **1.25 x**, meaning that the asset could cover its debt 1.25 times, essentially providing a cushion of 25%.

Most multifamily loans (for stabilized properties) require a minimum DSCR of 1.25x but may go up to as high as 1.40x. Certain stabilized loan programs may go as low as 1.10x but those are rare exceptions. For distressed assets, different rules apply which will be discussed in a separate section covering bridge/hard money loans.

Minimum Down Payment

While there are niche programs allowing for smaller down payments, most multifamily loan programs will require a down payment of 20-35%.

Documentation for Apartment Loan Applications

Unlike in residential real estate where (in most instances) an appraisal and survey are all that is needed to evaluate a property, a multifamily property will require a much more detailed review. Below is a list of the commonly required documentation. Depending on the loan program, additional information may be required.

Property

- Profit and Loss Statement (T12 – monthly breakdown of the most recent 12 months)
- Rent Roll
- Aged receivables report
- Sources & Uses table
- Existing loan information (in case of a refinance)
- 12-month Operating Budget/Pro Forma
- Payroll schedule
- 3 – 5 years Operating Budget/Pro Forma for bridge loans
- Historical Capex (capital expenditures)
- Capex budget
- Certificate of Occupancy
- Survey
- Title Report/Commitment
- Utility bills (1 month - up to 13 month for certain loan programs)
- Vendor service contracts
- Copies of leases as selected by lender
- Property Management Agreement
- Property Management Company's Resume
- Tenant Profile Questionnaire/Lease application form
- Blank lease form
- Insurance Loss Run report (5 years of insurance claims)
- Insurance Accords
- Appraisal (ordered by lender)
- Property Condition Assessment (ordered by lender)
- Environmental Report (ordered by lender)
- Energy/Utility Savings study (for certain loan programs)
- Real Estate tax bills (at least 2 years)
- PSA (Purchase and Sales Agreement) or LOI (Letter of Intent) for an acquisition

Borrowing entity:

- Operating Agreement/Company Agreement
- Organization Chart reflecting Operating Agreement
- Articles of Incorporation
- Certificate of Good Standing (if existing entity for refinancings)
- Profit and loss statement and balance sheet (if existing entity for refinancings)
- 2-3 years of tax returns (for some lenders, specifically banks)

Borrower/Sponsors/Guarantors:

- PFS (Personal Financial Statement – balance sheet & yearly income)
- SREO Schedule (Schedule of Real Estate Owned)
- Resume/Bio (focus on real estate and business/investment experience)
- 2-3 years of tax returns (for some lenders, specifically banks)

Additional reports may be required by lenders depending on the asset and the location of the asset.

Multifamily Loan Options

Stabilized vs. non-stabilized properties

The available loan options for a multifamily property depend significantly on whether the property is so-called stabilized or not. As a rule, stabilization means that the physical occupancy is at least 90% over the most recent 90 days (also known as the 90 for 90 rule) whereas non-stabilized properties fall below that threshold. Please note that a property may still be considered non-stabilized if the economic vacancy (the combination of loss to lease, physical vacancy, concessions, bad debt) exceeds 15-25% (depending on the lender and loan program). Most permanent loan programs require a property to be stabilized, including agency loans, CMBS (collateralized mortgage-backed securities) and life insurance loans. Non-stabilized properties will require bridge or hard money commercial loans; some banks may also be willing to lend.

Recourse vs. Non-recourse

While almost all residential real estate loans (except for large portfolio loans for highly qualified borrowers, typically large institutions) are supported by a personal guarantee by the borrower, there are various loan options for multifamily investors that are non-recourse.

Whether you are a single borrower or have multiple key principals/co-guarantors supporting the loan, it is crucial to ask the question whether you and your co-guarantor(s) are comfortable with a recourse loan or not.

The benefit of non-recourse loans is obvious: No personal recourse to the borrower/guarantor(s) of the loan which means that personal assets are not at risk in most instances and the borrowing power is not negatively impacted by a contingent liability that would be created by a recourse loan.

What non-recourse loans are available for multifamily properties? Fannie Mae, Freddie Mac, HUD/FHA, CMBS and life insurance loans are typically full non-recourse. Many bridge lenders and some hard money lenders offer non-recourse loans.

Who offers recourse loans? Most bank loans require full recourse. Some banks may offer full or partial recourse for strong deal sponsors and/or lower leveraged deals (typically under 65% LTV). Some bridge lenders and many hard money lenders will require recourse.

Be aware of the so called "bad boy" carve outs!

It is a common misconception that a non-recourse loan protects the key principals/guarantors under all circumstances but that is not the case. While such protection stays in place as long as none of the "bad boy" carve-out clauses are triggered, fraud and gross negligence will negate such protection. While fraudulent acts should be obvious to all, it is important to read through the "bad boy" carve-out clauses to understand what types of gross negligence could trigger a carve-out, too. Please note that fraudulent acts cover not only the period while the loan is outstanding but also any fraudulent misrepresentation by a sponsor or key principal/guarantor to obtain such loan.

Interest rate lock

Real estate investors having experience with single family properties often assume that the interest rate quoted in a term sheet/loan application will stay the same when closing the loan. Unfortunately, that is not the case for a big portion of multifamily loans, including Fannie Mae and Freddie Mac loans (except for Freddie SBL), CMBS, etc. Other than Freddie SBL loans, only banks and hard money lenders typically lock the interest rate at the loan application (naturally, assuming that there are no significant issues that may surface during the loan underwriting process).

Multifamily experience

Except for some bank and hard money loans, lenders generally expect a sponsorship group (deal leader as well as all other key principals/guarantors) to have experience in multifamily properties as well as the location the property is located in. Such a requirement may be waived if key principals/guarantors are financially very strong and/or a highly qualified third-party property management company with a proven track record in that market is engaged. Should a sponsorship group not meet the lender qualifications, they should consider bringing in a qualified key principal/guarantor to cover the gap. The ability to bring in additional key principals/guarantors for both financial strength and experience is one of the key reasons why syndications of multifamily properties have become extremely popular among active real estate investors.

Post-closing: Reporting requirements

Multifamily lenders will want to closely monitor a property's progress while the loan is outstanding. The reporting requirements vary from lender to lender and loan program to loan program but, at minimum, you should expect to submit quarterly financial statements of the property as well as personal financial statement of all the key principals/guarantors on a yearly basis. Most banks will also require that income tax filings are submitted. You should also expect for a lender to do a site inspection on short notice so it is important to always keep the property in good and safe physical condition; letting a property deteriorate will impact your and your other key principal's ability to obtain loans in the future.

Post-closing: Be aware of your prepayment penalties

Whenever you consider a sale or a refinance of your property, make sure that you fully understand the prepayment penalty clauses in your loan agreement/loan note. This is particularly the case with loans that have yield maintenance or defeasance clauses that cause the prepayment penalty to fluctuate – the more volatile the underlying index that is used for the calculation, the more the multifamily lenders will want to closely monitor a property's progress while the loan is outstanding.

Multifamily Loan Programs

Banks

Newcomers to the multifamily space who do not partner up with an experienced multifamily operator will likely have to use a bank loan for their first deal. Most banks will require full personal recourse except for lower leveraged (usually below 65% LTV) transactions with experienced operators. That recourse element is often the toughest hurdle to overcome, particularly if a buyer requires support from another key principal/guarantor who may not feel comfortable supporting a transaction on a recourse basis.

Loan amount: Typically $500,000+; no maximum, but individual banks have lending limits, which means that they may have to syndicate the loan with other banks (which slows down the process with each bank separately underwriting the deal).

Banks are a good choice for both stabilized and non-stabilized properties and situations that do not fit into an agency loan program, including loan size (e.g. below $1 million, tenant concentration, sponsor experience, etc.).

Loan amount: $500,000+

LTV: 65-75%

DSCR: Typically 1.25x+

Term: Typically 3-7 years, some banks may go up to 10 years

Amortization: Typically 20-25 years; depending on market, it may be as low as 15 years or as high as 30 years

Interest rates: Fixed & adjustable; rates vary significantly from bank to bank

Interest Only: Typically, no more than 1 year if some form of rehab is included

Prepayment: Usually step-down, varies from 1-5%

Lender origination fee: Varies, often 1%

Lender costs (including application fee, third party charges, lender legal): $5,000-$15,000

Financing of rehab: Often willing to finance a portion of rehab

Escrows: Often not required, but escrowing may allow for better terms

Replacement Reserves: Typically $250-350/unit

Recourse: Yes, in most instances

Occupancy: Ideally, 90% physical occupancy for most recent 90 days for stabilized properties but overall much more flexible than agency lenders; may finance non-stabilized properties with low physical and economic vacancies

Assumption: Typically not assumable

Supplemental loan: Typically not available

Experience: Usually, for smaller loans, no prior multifamily experience required

Other important points to remember:

- Banks are often the most accessible lending option for inexperienced borrowers
- Banks will, in most cases, require a depository relationship
- Some banks may require at least one KP/guarantor residing locally or in the state
- Typically require tax returns of all KPs/guarantors
- Large national banks are typically not your best choice; community banks and credit unions are better choices

Fannie Mae:

Loan Amount: $1,000,000+

LTV: Up to 80%

DSCR: 1.25x – 1.35x

Term: Multiple terms up to 30 years, most common: 5, 7, 10, 12 years

Amortization: Typically 30 years

Interest rates: Fixed & adjustable; very attractive rates for non-recourse and higher leverage loans; may grant additional pricing discounts for affordable properties as well as the implementation of energy conversation programs

Interest Only: Multiple years available on a case-by-case basis; full-term interest only available for low-leverage loans

Prepayment: Yield Maintenance; step-down available for a significant rate increase

Lender origination fee: Varies from none to 1%

Lender costs (including application fee, third party charges, lender legal): $15,000-$25,000

Rehab: May finance rehab as long as in-place cash flow supports the loan proceeds.

Escrows: COVID-19 requirement: Principal & Interest escrow from $0 for low leverage loans to 12 months of principal & interest, 18 months for loans under $6 million; higher leverage loans may also require escrowing taxes, insurance and replacement reserves

Replacement Reserves: Typically $250-350/unit

Recourse: Non-recourse, subject to “bad boy” carveouts

Occupancy: 90% physical occupancy for most recent 90 days (for experienced sponsors, physical occupancy may be as low as 85% for acquisitions); minimum 85% economic vacancy (for very experienced sponsors, it may be as low as 75% for acquisitions)

Assumption: Assumable

Supplemental loan: Available, at least $1 million

Experience: Typically requires prior multifamily experience (2+ years) for a similarly sized property

Other important points to remember:

- Fannie Mae offers loan programs for various multifamily asset classes, including mobile home parks, affordable properties, student housing, and senior housing. However, loan terms and sponsor qualification requirements may differ from conventional, "market rate" loan programs.

- No tax returns required

Freddie Mac:

Loan Amount: $1,000,000+ (Freddie SBL: up to $6 million, $7.5 million up to 100 units)

LTV: Up to 80%

DSCR: 1.25x – 1.35x

Term: Multiple terms up to 30 years, most common: 5, 7, 10, 10 years (Freddie SBL: maximum 10 year fixed or 10 years fixed followed by 10 years adjustable)

Amortization: Up to 30 years

Interest rates: Fixed & adjustable; very attractive rates for non-recourse and higher leverage loans; may grant additional pricing discounts for affordable properties as well as the implementation of energy conversation programs

Interest Only: Multiple years available on a case-by-case basis; full-term interest only available for low-leverage loans

Prepayment: Defeasance; step-down available for a significant rate increase for conventional loans, very attractive step-down options under the Freddie SBL program

Lender origination fee: Varies from none to 1%

Lender costs (including application fee, third party charges, lender legal): $15,000-$25,000

Financing of rehab: Not available

Escrows: COVID-19 requirement: Principal & Interest escrow from $0 for low leverage loans to 9 months of principal & interest, 12 months for Freddie SBL; higher leverage loans may also require escrowing taxes and insurance

Replacement Reserves: Typically $250-350/unit

Recourse: Non-recourse, subject to “bad boy” carveouts

Occupancy: 90% physical occupancy for most recent 90 days (for experienced sponsors, physical occupancy may be as low as 85% for acquisitions); minimum 85% economic vacancy (for very experienced sponsors, it may be as low as 75% for acquisitions)

Assumption: Assumable

Supplemental loan: Not available for Freddie SBL, available for conventional with a $1 million minimum

Experience: Conventional loans typically requires prior multifamily experience (2+ years) for a similarly sized property; none to very limited experience required for Freddie SBL subject to certain conditions such as professional third party management, sponsor/KP living near property, etc.

Other important points to remember:

- Freddie Mac offers loan programs for various multifamily asset classes, including mobile home parks, affordable properties, student housing, and senior housing. However, loan terms and sponsor qualification requirements may differ from conventional, “market rate” loan programs.

- No tax returns required

CMBS:

Loan Amount: $3,000,000+

LTV: Up to 75%

DSCR: 1.25x or higher

Term: Typically, 7 – 10 years

Amortization: Up to 30 years

Interest rates: Fixed

Interest Only: Multiple years available on a case-by-case basis; full-term interest only available for low-leverage loans

Prepayment: Defeasance

Lender origination fee: Varies from none to 1%

Lender costs (including application fee, third party charges, lender legal): $40,000 – $70,000

Financing of rehab: Not available

Escrows: Varies

Replacement Reserves: Typically $250-350/unit

Recourse: Non-recourse, subject to “bad boy” carveouts

Occupancy: 90% physical occupancy for most recent 90 days (for experienced sponsors, physical occupancy may be as low as 85% for acquisitions); minimum 85% economic vacancy (for experienced sponsors, it may be as low as 75% for acquisitions)

Assumption: Assumable

Supplemental loan: Not available

Experience: Varies

Other important points to remember:

- Often the only non-recourse option if a property or a sponsor will not meet agency standards
- Prone to last-minute retrading of loan terms
- Assumptions take much longer than agency loan assumptions

FHA/HUD:

Loan Amount: $1,000,000+

LTV: Up to 83.3% (market rate properties); up to 90% for select affordable properties

DSCR: 1.176x (market rate); as low as 1.11x for select affordable properties

Term: 35 years

Amortization: Fully amortizing (35 years)

Interest rates: Fixed; very attractive rates

Interest Only: Multiple years available on a case-by-case basis; full-term interest only available for low-leverage loans

Prepayment: Step-down prepayment during the first 10 years, followed by 1%

Lender origination fee: Varies from none to 1%

Lender costs (including application fee, mandatory mortgage insurance premium, third party charges, lender legal): varies based on loan amount; significantly higher than banks and Fannie Mae/Freddie Mac

Rehab: Yes, subject to various limitations

Escrows: COVID-19 requirement: Principal & Interest 9 months of principal & interest, Replacement Reserves: Typically $400 – $900/unit; depending on the condition of the property, the initial replacement deposit may be several thousand dollars per unit

Recourse: Non-recourse, subject to “bad boy” carveouts

Occupancy: 90% physical occupancy for most recent 90 days (for experienced sponsors, physical occupancy may be as low as 85% for acquisitions); minimum 85% economic vacancy (for experienced sponsors, it may be as low as 75% for acquisitions)

Assumption: Assumable

Experience: Typically requires prior multifamily experience (2+ years) for a similarly sized property

Other important points to remember:

- Not suitable for inexperienced multifamily borrowers
- FHA/HUD offers various loan programs, including construction financing
- It will typically take 6-12 months from application to close
- Much tighter oversight of operations than for bank loans and Fannie Mae/Freddie Mac

Life Insurance

Loan Amount: $3,000,000+

LTV: Up to 70%, typically 55 – 65%

DSCR: 1.25x

Term: Multiple terms up to 30 years, most common: 5 – 15 years

Amortization: Up to 30 years

Interest rates: Fixed

Interest Only: Multiple years available on a case-by-case basis

Prepayment: Yield Maintenance; limited step-down availability

Lender origination fee: Varies from none to 1%

Lender costs (including application fee, third party charges, lender legal): $15,000-$50,000

Rehab: Typically not available

Escrows: Varies from lender to lender

Replacement Reserves: Typically $250-350/unit

Recourse: Non-recourse, subject to “bad boy” carveouts

Occupancy: 90% physical occupancy for most recent 90 days; minimum 85% economic vacancy

Assumption: Assumable in some cases

Supplemental loan: In some cases

Experience: Typically requires longer history of multifamily ownership

Other important points to remember:

- Good option with very attractive rates for low leverage loans
- Prefer good to excellent assets in major MSAs
- Prefer very strong sponsors

Bridge/Hard Money:

Loan Amount: $1,000,000+ (most bridge loans: $5,000,000+)

LTV/LTC: Up to 80%

DSCR/Debt yield: varies

Term: 1-3 years, with 1-2 year extension options)

Amortization: interest only

Interest rates: Fixed and adjustable options; from mid-single digits to mid-teens, mostly variable rates combined with mandatory interest rate cap

Interest Only: Yes

Prepayment: 6-12 months lockout, then no prepayment

Lender origination fee: Varies from 1 - 5%

Exit fee: Varies from 1 – 3%

Lender costs (including application fee, third party charges, lender legal): $25,000 – 50,000

Financing of rehab: yes

Escrows: Interest reserves until underwritten stabilization is reached

Replacement Reserves: Often waived, some $250-350/unit after 1 year

Recourse: Both recourse and non-recourse options, subject to “bad boy” carveouts

Occupancy: Varies; some lenders finance fully vacant properties

Assumption: Not available

Supplemental loan: Not available

Experience: Typically requires experience with non-stabilized/distressed properties

Other important points to remember:

- Great for distressed properties
- Should only be used by experienced and financially strong operators

Utilizing a Commercial Mortgage Broker For Your Multifamily Financing

When it comes to financing a multifamily property, many buyers may hesitate on whether they should utilize a commercial mortgage broker to save a mortgage broker fee. Buyers often assume they can save money by going directly to a lender. The reality is that, unless a borrower is a large entity that can afford a full-time in-house expert handling the financing needs for all of their properties, most borrowers do not have the expertise to identify the most appropriate lenders, negotiate the most favorable terms and close without hiccups with the best possible loan proceeds and at the lowest interest rate applicable at that time.

Would you draft your own purchase and sale agreement or loan agreement or get the help of an experienced real estate lawyer? Most will agree that spending the money on legal counsel is worth the money. You should look at the value a multifamily/commercial mortgage broker brings to the table in the same manner – yes, you will have to pay a fee, but the value you will get in return is well worth that fee, assuming that you engage a highly experienced and qualified multifamily/commercial mortgage broker. It will:

- Save you money
- Save you time and stress
- Increases certainty of closing

Let’s go over a few aspects of the multifamily financing process and how a commercial mortgage broker can help buyers save time and money (and a lot of headaches):

1) **Identifying the most suitable lenders:**

Not all lenders are suitable for a particular property (age, condition, stabilized vs. non-stabilized, operating history, etc.), market, sub-market, and borrower’s experience and financial strength. A good commercial mortgage broker will be able to identify the most suitable lenders.

2) Creating competition among lenders

Once suitable lenders are identified, an experienced multifamily mortgage broker can create competition among those prospective lenders. During that process, it is important to pick lenders not just based on their offered terms but also based on the broker's assessment of whether a lender is likely able to close with those terms (essentially weeding out unrealistic term sheets based on unrealistic lender underwriting). This is a crucial process to ensure that a lender is picked with the highest possible certainty of closing!

3) Reviewing loan application

An experienced commercial mortgage broker will go through the loan application with a fine comb and identify terms and fees that may not be market standard and/or negotiable. A borrower doing a few deals per year just does not have the experience to identify items that seem "off" or negotiable.

4) Handholding the lender due diligence

Even experienced multifamily borrowers are overwhelmed with the long list of due diligence items that need to be addressed promptly. An experienced multifamily mortgage broker will ensure that none of the items fall through the cracks and potentially derail a successful and timely closing.

5) Helping to fix problems during the underwriting process

Virtually all multifamily loan underwritings will face some challenges, such as an appraisal with lower-than-expected valuation and/or too high underwritten expenses, a property condition assessment that lists unexpected immediate repairs, a negative environmental report, sudden operational deterioration at the property, higher than expected insurance quotes, problematic background checks of sponsors/guarantors, deterioration in the lending market, etc., etc. Any of those items can completely derail the financing of a multifamily property, causing a so-called retrade (lowering loan proceeds or a change in terms) or a lender to pull out completely. This is when a highly experienced multifamily mortgage broker will go into high gear to save/rescue the deal, and is therefore worth every penny he/she is paid. The close relationship the broker has with a lender will help to sort out many problems that a borrower directly would not be able to solve!

6) Reviewing the loan commitment

As with the loan application, a detailed review of the loan commitment is crucial. A great multifamily mortgage broker will not only verify that all the terms match the original loan application but also identify anomalies, “junk fees”, previously undisclosed terms and conditions, etc. that may need to be corrected/addressed.

7) Rate lock: Ensuring that a lender is not padding the rate

Except for bank and Freddie SBL loans with rates typically “locked” at the time of the loan application, most loans are not rate-locked until a few weeks or days before closing. What does this mean? A lender will get on the phone with you and their “trading desk” to lock in the interest rate of your loan. Unless you are constantly talking to lenders, it would be impossible to know whether the quoted rate is in line with the current market environment and lending spreads. If spreads improved or deteriorated since you applied for the loan, would you know by how much? A highly experienced multifamily mortgage broker has the pulse on the market and will make sure that your rate is locked in a fair manner and that the lender is not “padding the rate” in their favor. This is an area where a broker can save your real money!

8) Closing: Ensuring a smooth closing

The days before a multifamily closing tend to be hectic and often chaotic, with everyone struggling to resolve all the outstanding items. An experienced commercial mortgage broker will consistently follow up with all parties to ensure that nothing falls through the cracks that could potentially derail or delay a successful closing.

9) **Post closing: Helping to sort out issues with the lender's servicing**

A good multifamily mortgage broker will help with issues that may arise post-closing, particularly in cases where a borrower faces challenges to get draw requests funded in a timely fashion, but he/she can also help with reporting disputes, etc.

CONTACT US TO HELP YOU WITH YOUR NEXT MULTIFAMILY OR COMMERCIAL LOAN!

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