

TDM	729.89	915.51	185.62	▲25.43%	FLR	660.27	745.28	85.01	▲12.88%
HUM	749.73	924.29	174.56	▲23.28%	UVD	155.59	181.57	25.98	▲16.70%
DMW	833.72	1004.01	170.29	▲20.43%	QUV	440.55	540.21	99.66	▲22.62%
YZJ	903.49	1127.46	223.97	▲24.79%	HZT	285.51	344.98	59.47	▲20.83%
GLY	982.07	1219.39	237.32	▲24.17%	PCW	811.44	1029.66	218.22	▲26.89%
VDA	113.74	143.41	29.67	▲26.09%	AIK	361.77	451.39	89.62	▲24.77%
UVV	468.08	535.41	67.33	▲14.38%	ZJJ	858.36	994.57	136.21	▲15.87%
HJS	545.49	659.05	113.56	▲20.82%	RHJ	894.79	1046.68	151.89	▲16.97%
ECC	566.96	664.69	97.73	▲17.24%	VOV	425.08	509.95	84.87	▲19.97%

PPJ	912.63	1038.36	125.73	▲13.78%	ZGK	391.59	491.48	99.89	▲25.51%
UAD	1300.55	1655.62	355.07	▲26.43%	BNY	969.21	1130.65	161.44	▲16.66%
PAQ	121.17	1641.66	1520.49	▲1257.75%	EDM	735.11	912.29	177.18	▲24.10%
POP	61.58	75.84	14.26	▲23.17%	WDM	101.22	125.22	24.00	▲23.75%

How a HUD Rate Is Determined

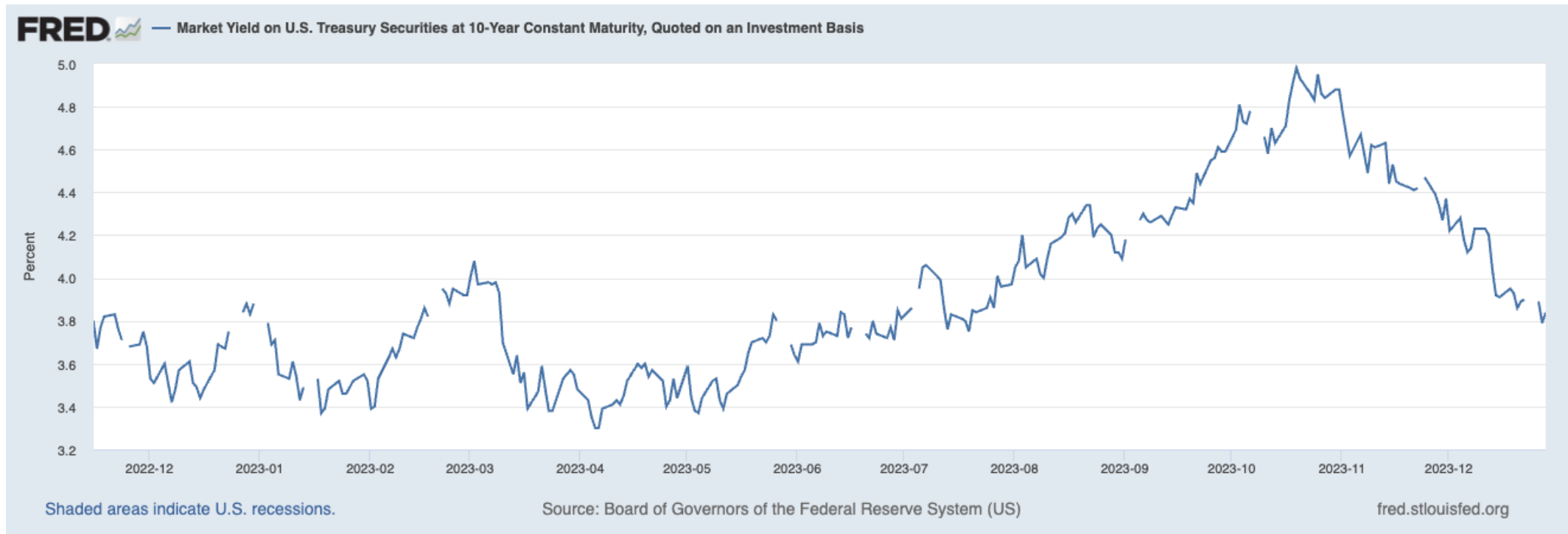
The interest rate calculation process for multifamily and healthcare/senior living loans

Presented by



KimmyMae

Level 1: the Benchmark 10 yr treasury yield





Level 2: Wall Street Bid (Credit) Spread

- There are many factors that determine the investor spread for Ginnie Mae securities backed by HUD project loans. Among them are:
 - The spreads for residential pass-throughs
 - The spreads for AAA CMBS
 - FNMA DUS spreads
 - The availability of GNPL securities vs. demand from the secondary market
 - Competition among the various Wall Street houses for ginnies
 - Inflation assumptions
 - Prepayment assumptions
- Current investor spreads for permanent loans are about 100 bps over the 10-year treasury yield.

(1/20/24)

Level 3: Servicing Spread (0.25% minimum)

Fixed: GNMA servicing

GNMA charges 0.13% per annum to insure the securities against default. This insurance protects the investor from losing the 1% assignment fee charged by HUD, and 30 days worth of lost interest. GNMA remits the principal and interest payments to the investor, even if the borrower fails to pay the servicing lender.

The 0.13% is not negotiable.

Fixed: Lender servicing

GNMA requires the lender to charge a minimum of 0.12% per annum to perform the tasks associated with servicing the loan. HUD allows the lender to charge up to 0.37% to perform these duties, so borrowers can shop lenders for the lowest “servicing spread.”

0.12% of servicing spread is worth up to about 1% of the value of the mortgage, depending on market conditions.

+

For 99% of HUD multifamily loans, the maximum total servicing spread including GNMA and Lender spread, is 0.50%. SPP pools are the exception.

Level 4: Lender rate premium

- Due to the financial wizardry of CMBS securitization, loans are not typically sold as “par” securities. Investors need excess yield to generate the profit they need for securitization.
- Most loans have 0.25%-0.50% added to the rate. This “yield premium” results in excess yield for the investor, and profit for the lender.
- Green and “broadly affordable” deals are limited to total fees (including origination fees) of 5% if they are applying for the lowest MIP.

Permanent Loan Rate Summary ex: 223(f)

- Benchmark Yield* (10 yr) 4.15%
 - Investor Spread* 1.00%
 - Servicing/GNMA** 0.25%
 - Lender Profit Spread 0.25%
- This spread is negotiable and should be decided when you sign your engagement letter.*
- **Total Borrower Rate 5.65%**

Indicative rate as of 4:10 pm, 1/20/24

**These rates fluctuate regularly and cannot be locked in advance.*

***This rate can be as little as .25% and as much as .50%*

Construction Loan Rate Summary ex: 221(d)(4)

- Benchmark Yield* (10 yr) 4.15%
 - Investor Spread* 1.50%
 - Servicing/GNMA** 0.25%
 - Lender Profit Spread 0.25%
- This spread is negotiable and should be decided when you sign your engagement letter.*
- **Total Borrower Rate 6.15%**

Indicative rate as of 4:10 pm, 1/20/24

**These rates fluctuate regularly and cannot be locked in advance.*

***This rate can be as little as .25% and as much as .50%*

MIP, Not Included in Mortgage Rate, Charged To Borrowers Annually

01

HUD charges a Mortgage Insurance Premium (MIP) to protect the government from claims against its mortgage insurance fund. This pool of money does not actually stay at HUD, though. It is remitted to the US Treasury.

02

HUD charges market rate multifamily and healthcare permanent loans (nursing homes, assisted living, and hospitals) the following: 0.60% (MF) or 0.65% (HC) per annum for the life of the loan.

03

HUD, to incentivize low-income housing and “green” housing, charges a reduced MIP of 0.25% for loans that qualify. Most loans today fit into this category because of green energy improvements.

In Conclusion

If lenders aren't charging you loan fees because "fees kill deals," they're certainly selling your loan's securities for a profit.

Lenders have no incentive or obligation to tell you about this profit. HUD is unable to measure bond prices and interest rates.

At KimmyMae, we'll help you negotiate with your lender to contract the lowest possible interest rate with transparency. This is achieved through mentorship and the use of our proprietary platform.

We're working on creating a Best Execution process for HUD, DUS, and SBA loans.

Thank you for visiting!

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