

# CAPITAL MARKET UPDATE

Tel: 800-HJS-1935

www.hjsims.com



FINANCED RIGHT®

Member FINRA/SIPC

## Senior Living New Issue Rates as of 5/23/17

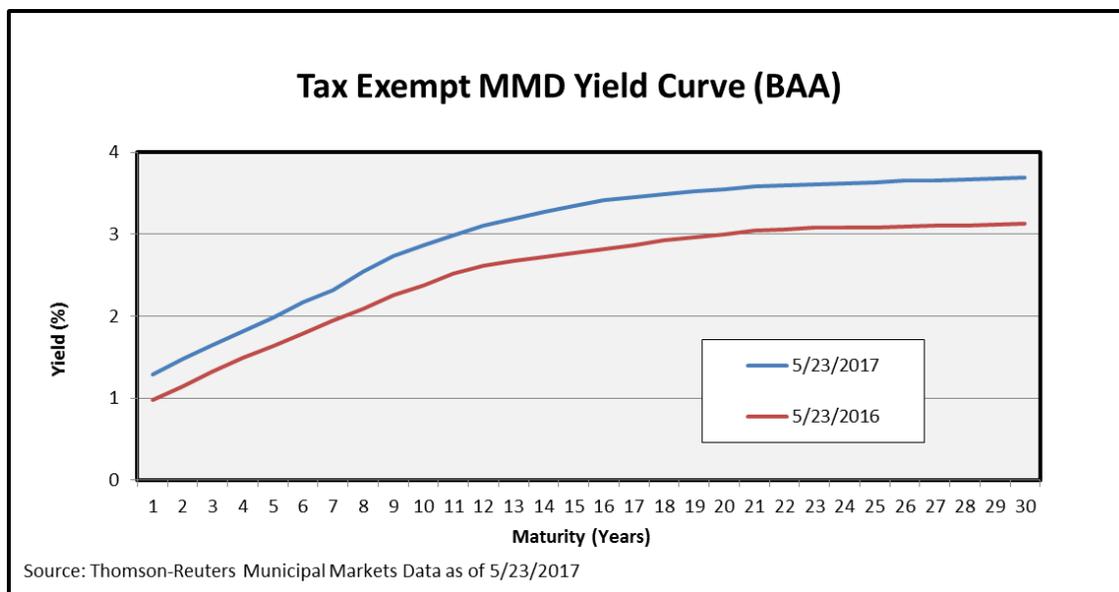
Maturity	Taxable Rates	Tax Free Rates					
	GNMA Taxable	FHA Tax-Exempt	A	BBB	BB	Refinancing & Expansion	Start-Up
5 yr.	NA	1.340%	2.150%	2.350%	2.75%	2.95-3.50%	4.00-4.50%
10 yr.	NA	2.380%	3.000%	3.250%	3.60%	3.90-4.25%	4.50-5.00%
20 yr.	NA	3.180%	3.850%	4.050%	4.65%	4.65-5.10%	5.375-5.875%
30 yr.	3.490%	3.440%	4.000%	4.150%	4.75%	4.90-5.35%	6.00-6.75%

Senior Living new issue rates for borrowers in specialty states are 20-30 basis points lower in yield.

SIFMA Index	LIBOR
0.78%	1.00%

Revenue Bond Index (RBI)	10 Year Treasury	30 Year Treasury
3.92%	2.2820%	2.9420%

	1 Year	3 Year	5 Year	7 Year	10 Year
Weekly SIFMA Swap Rates	1.00%	1.26%	1.44%	1.58%	1.74%
Weekly LIBOR Swap Rates	1.36%	1.66%	1.86%	2.01%	2.18%



## Market Commentary

The reporting season for first quarter corporate earnings has just about ended. The Bank of America-Merrill Lynch put things in some perspective by presenting the market capitalization of Apple at \$803 billion as 38% bigger than the real GDP of Chicago. But not to be outdone is the U.S. bond market. The Commodity Futures Trading Commission released Commitment of Traders data on Tuesday showing that the net-long position of speculators in 10-year Treasury futures exceeded 240,000 contracts, the largest such number in 10 years, an indication that hedge funds have flipped and taken a new fancy to the \$14 trillion Treasury market. The 10-year Treasury closed on Friday at a yield of 2.23%, and the 30-year at 2.89%, both stronger by 9 basis points on the week. The 10-year and 30-year AAA municipal general obligation bond benchmarks had an even stronger showing, with yields closing down more than 10 basis points to 2.01% and 2.87%, respectively.

The heavy calendar of tax-exempt issuance last week met with solid demand. \$214 million of new money flowed into high yield municipal bond funds, and buyers had several new money and refunding issues to consider. The City of Centerville, Ohio sold \$80.9 million of non-rated improvement and refunding bonds for Graceworks, including 2050 term bonds priced at 5.25% to yield 4.79%. The 30-year non-rated term bonds of Aldersgate in Charlotte issued through the North Carolina Medical Care Commission priced with a coupon of 5.00% to yield 4.55%, while the same maturity of the non-rated Wisconsin Health and Educational Facilities Authority transaction for Odd Fellows Rebekah Home in Green Bay priced at par to yield 5.25%. The Michigan Finance Authority issued \$44.2 million of BB+ rated revenue and refunding bonds for Lawrence Technological University, which featured a 2047 maturity priced at 5.00% to yield 4.73%. The \$20.7 million non-rated revenue refunding bonds of the Lac Courte Oreilles Bank of Lake Superior Chippewa Indians of Wisconsin due in 2032 sold with a 6.75% coupon at a yield of 7.00%. And the Canyons Metropolitan District No. 5 in Colorado came with a \$59.4 million non-rated deal with a maximum yield of 6.20% in 2047.

This week, as focus turns to the minutes of the last Federal Open Market Committee and the coming Memorial Day weekend marking the start of summer, the Hudson Yards Infrastructure Corporation is dominating the \$7 billion new issue market with its \$2.1 billion A+ rated financing. In the high yield sector, the City of Baltimore has a \$285.3 million BBB-minus rated Convention Center Hotel refunding and a \$49.4 million non-rated East Baltimore Research Park project financing, and the Tarrant County Cultural Education Facilities Finance Corporation has a \$232.9 million non-rated financing for Ventana by Buckner in Dallas, Texas. Bond markets will close early on Friday, and we at HJ Sims will pause with the nation to remember our fallen heroes and thank the families of those who made the ultimate sacrifice to protect our freedoms.

## 32 Days after Submission to HUD, Sims Mortgage Funding (SMF) Refinances 2 Multifamily Rental Properties in Louisiana Totaling \$23.4 Million



*Magnolia Trace Apartment Homes*



*Waterview at Sugar Mill Pond*

*“When you work with a mortgage banker for 15 years they become as much a part of your team as your architects, engineers and contractors. Sims has consistently delivered positive results and have closed deals that otherwise would have never happened. Their knowledge of each HUD program is unsurpassed, and it is very obvious that every HUD office they have worked with has the utmost confidence and respect for their team. With the respect from the different offices, they are able to reach out to the higher levels of HUD to solve problems. We look forward to working with Sims for many years to come, and we strongly recommend them to any company interested in completing a HUD loan.”*

- David Alexander, Managing Partner, Vintage Realty Company

<b>Partnered Right</b>	<ul style="list-style-type: none"> <li>Vintage Realty Company had two outstanding HUD-insured multifamily loans with high interest rates and was looking to refinance as quickly as possible in a volatile interest rate environment.</li> </ul>
<b>Structured Right</b>	<ul style="list-style-type: none"> <li>SMF developed two refinancing loans under an expedited HUD program that would allow Vintage to access the market quickly. Moreover, SMF obtained a key waiver from HUD to further speed the process.</li> </ul>
<b>Executed Right</b>	<ul style="list-style-type: none"> <li>HUD approved one application in 16 days; the second approval followed 16 days later. Both loans closed on the same day at the end of the month, minimizing the payment of double interest.</li> </ul>
<b>Financed Right®</b>	<ul style="list-style-type: none"> <li>The refinancings will generate combined annual cash-flow savings of approximately \$210,000. Interest and mortgage insurance premium savings over the life of the new loans will be approximately \$4,650,000.</li> </ul>



## 32 Days after Submission to HUD

Cont. from Page 3

### Partnered Right

SMF recently closed \$6,778,300 and \$15,785,600 in loans for Vintage Realty Company for its Magnolia Trace and Waterview at Sugar Mill multifamily properties in Alexandria and Youngsville, LA. Each loan had a high interest rate relative to current market conditions; however, the volatility of the market required that the refinancings be completed as expeditiously as possible.

### Structured Right

SMF underwrote two refinancing loans, insured under the HUD Section 223(a)(7) program, which features an expedited application and underwriting process. For the Magnolia Trace application, SMF obtained a key waiver from HUD, eliminating the need for a Project Capital Needs Assessment. This saved loan closing costs, shortened the timeframe to complete the application by approximately 30 days and froze Magnolia Trace's annual deposit to its reserve fund for replacements at its current amount.

### Executed Right

Waterview was approved by HUD within 16 days and Magnolia Trace 16 days later. The GNMA securities issued for the loans that were being prepaid require interest to be paid through the end of the month, regardless of when the loan is paid off. By coordinating the closings of the new loans on the same day on the last day of the month, SMF eliminated the "double payment" of interest on the loans being refinanced and the new loans. Closing two loans on the same day also minimized the client's legal costs.

### Financed Right®

By moving quickly to complete the Section 223(a)(7) loan applications and obtaining HUD approvals on a timely basis, SMF delivered two effective refinancings for its longstanding client, Vintage Realty Company. The combined interest savings will be approximately \$4,650,000 over the new loan terms; annual cash-flow savings on a combined basis is approximately \$210,000.

The Magnolia and Waterview at Sugar Mill loans are the 21<sup>st</sup> and 22<sup>nd</sup> loans SMF has closed for Vintage.

**For additional information, please contact Kerrie Tomasiewicz at 201-307-9383 or [ktomasiewicz@simsmortgage.com](mailto:ktomasiewicz@simsmortgage.com).**

---



**For more information, please contact an HJ Sims banker.**

**Fairfield, CT**

William Sims	203-418-9001	<a href="mailto:wsims@hjsims.com">wsims@hjsims.com</a>
Jeff Sands	203-418-9002	<a href="mailto:jsands@hjsims.com">jsands@hjsims.com</a>
Andrew Nesi	551-427-5135	<a href="mailto:anesi@hjsims.com">anesi@hjsims.com</a>
Mackenzie Welch	203-418-9024	<a href="mailto:mwelch@hjsims.com">mwelch@hjsims.com</a>
Krystal Murphy	203-418-9028	<a href="mailto:kmurphy@hjsims.com">kmurphy@hjsims.com</a>

**Rockville, MD**

Aaron Rulnick	301-424-9135	<a href="mailto:arulnick@hjsims.com">arulnick@hjsims.com</a>
Patrick Mallen	203-418-9009	<a href="mailto:pmallen@hjsims.com">pmallen@hjsims.com</a>

**Bloomington, MN**

Mark Landreville	952-683-7509	<a href="mailto:mlandreville@hjsims.com">mlandreville@hjsims.com</a>
Jay Hromatka	952-683-7506	<a href="mailto:jhromatka@hjsims.com">jhromatka@hjsims.com</a>
Christina Rapp	952-683-7507	<a href="mailto:crappl@hjsims.com">crappl@hjsims.com</a>

**Philadelphia, PA**

James Bodine	215-854-6428	<a href="mailto:jbodine@hjsims.com">jbodine@hjsims.com</a>
--------------	--------------	--

**Austin, TX**

Curtis King	512-519-5003	<a href="mailto:cking@hjsims.com">cking@hjsims.com</a>
James Rester	901-652-7378	<a href="mailto:jrester@hjsims.com">jrester@hjsims.com</a>
Brett Edwards	512-519-5001	<a href="mailto:bedwards@hjsims.com">bedwards@hjsims.com</a>

**Orlando, FL**

Robert Gall	407-313-1701	<a href="mailto:rgall@hjsims.com">rgall@hjsims.com</a>
Kerry Moynihan	407-313-1702	<a href="mailto:kmoynihan@hjsims.com">kmoynihan@hjsims.com</a>
Brian Paolo	407-313-1707	<a href="mailto:bpaolo@hjsims.com">bpaolo@hjsims.com</a>

**Montvale, NJ -Sims Mortgage Funding - 201-307-9383**

Anthony Luzzi	<a href="mailto:aluzzi@simsmortgage.com">aluzzi@simsmortgage.com</a>
Kerrie Tomasiewicz	<a href="mailto:ktomasiewicz@simsmortgage.com">ktomasiewicz@simsmortgage.com</a>
Andrew Patykula	<a href="mailto:apatykula@simsmortgage.com">apatykula@simsmortgage.com</a>

---

*The material presented here is for information purposes only and is not to be considered an offer to buy or sell any security. This report was prepared from sources believed to be reliable, but it is not guaranteed as to accuracy, and it is not a complete summary or statement of all available data. Information and opinions are current up to the date of publication and are subject to change without notice. The purchase and sale of securities should be conducted on an individual basis considering the risk tolerance and investment objective of each investor and with the advice and counsel of a professional advisor. All investments involve risk and may result in a loss of principal. Investors should carefully consider their own circumstances before making any investment decision. This is not a solicitation to buy or an offer to sell any particular investment.*