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# Hey, big lender!

## New developments cozy up to mortgage lenders

By MAX GROSS

**I**n the past couple years, the phrase "new condo" has been treated like an obscenity by banks that have been asked for mortgages. So, developers have taken it upon themselves to go into full MPAA bleep-out mode.

New developments such as Griffin Court have gotten themselves pre-approved by lenders. They've also taken pains to get FHA approval, which sometimes allows buyers to put down as little as 3.5 percent of the purchase price.

"We have four or five lenders who have approved the property," says Alchemy's Ken Horn, who developed Griffin Court.

So far, none of Griffin Court's offers have blown up due to a mortgage issue.

That's good news, because shopping for a mortgage on your own doesn't seem to be any easier than it was when the financial crisis began.

"Obviously, banks want to lend," says Melissa Cohn, president of the Manhattan Mortgage Company. But, Cohn adds, "I haven't seen banks ease up their standards."

"If anything, it's just as difficult," says Matt Hackett, underwriting manager for Equity Now, a direct mortgage lender. "Guidelines are not loosening. Banks are more focused on reading guidelines as strictly as possible."

Since 2008, the mortgage market has been a tough nut to crack. While rates fell to historic lows, it was difficult to get banks to approve even well-



heeled customers, much less those buying in new buildings whose closings were not yet assured.

(And while the rates were attractive enough to lure buyers into the mortgage market, that's starting to change. At the beginning of this week, a vanilla 30-year fixed mortgage was 4.75 percent, according to Bankrate.com. "Two months ago, it was close to

4 percent," says Cohn.)

But by getting FHA approval, new buildings have greatly reduced the chance that their buyers will be turned away. And because an FHA loan requires much less money down, buyers will have to come up with less cash. (Buyers can theoretically be loaned as much as 96.5 percent of the purchase price.)

There are "a lot more



**YOUR DAY IN COURT:** It's still harder to get a mortgage than it was at the height of the market, but developers like Alchemy have gotten their buildings, including Griffin Court (above and left), pre-approved by multiple banks before the selling starts. This paves the way for more banks to start lending.

buildings in the boroughs that are FHA-approved," Hackett says. A year or two ago if you "searched that list [of FHA-approved projects], you'd find five or six buildings — now you'd get pages."

That said, a lot of new buildings that have gotten their buildings pre-approved by banks offer higher rates.

"There's a smaller portfolio of lenders willing to finance in a presale building," Cohn says. However, once a certain number of units sell, "more banks will be willing" to lend in the building.

"Now it's beholden on developers" to secure financing, Horn says. "That's a twist in the market."

# AUCTION

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