

FANNIE MAE DUS®

Affordable Housing Preservation

Offering long-term financing or refinancing solutions for stabilized rental properties with rent and income restrictions.

BENEFITS

- Flexible underwriting to specific affordable developments.
- Competitive pricing.
- Flexible loan terms, and fixed- or variable-rate financing options.
- Certainty and speed of execution.

ELIGIBILITY	Expiring Low-Income Housing Tax Credit deals, Refinancing of existing tax-exempt bond deals, Properties eligible for the Rental Assistance Demonstration (RAD) program, Properties with HUD Section 8 HAP Contracts, Properties with existing Rural Housing Service (RHS) Section 515 loans, Loans insured under Sections 202 or 236 of the National Housing Act.
TERM	5 - 30 years.
AMORTIZATION	Up to 35 years.
INTEREST RATE	Fixed- and variable-rate options available.
MAXIMUM LTV	80%.
MINIMUM DSCR	1.20x (fixed-rate).
PROPERTY CONSIDERATIONS	Low-income qualifying restrictions required and must be recorded: 20% or more units rented to families earning at or below 50% of Area Median Income (AMI); 40% or more units rented to families earning at or below 60% of AMI; or Project-Based Housing Assistance Payments contract (Section 8) covering 20% or more units.
SUPPLEMENTAL FINANCING	Supplemental Loans are available.
PREPAYMENT AVAILABILITY	Flexible prepayment options available, including yield maintenance and declining prepayment premium.
RATE LOCK	30- to 180-day commitments. Borrowers may lock a rate with the Streamlined Rate Lock option.
ACCRUAL	30/360 and Actual/360.
THIRD-PARTY SUBORDINATE FINANCING	Hard subordinate debt (which requires scheduled repayment of principal) is permitted only if provided by a public, quasi-public, or not-for-profit lender and combined debt service coverage cannot fall below 1.05x. Soft subordinate debt is permitted subject to requirements which include capping payments at 75% of available Property cash flow after payment of senior liens and Property operating expenses.
RECOURSE	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.
ESCROWS	Replacement reserve, tax, and insurance escrows are typically required.
THIRD-PARTY REPORTS	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
ASSUMPTION	Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.

In its prequalifying review, Lument will attempt to estimate both the loan amount and the fees and costs associated with the transaction. Actual loan amounts and actual fees and expenses may vary from the prequalifying estimates. A prequalifying estimate is not a commitment to make a loan.

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