

FANNIE MAE DUS®

Reduced Occupancy Affordable Rehab (ROAR)

Permanent mortgage loan financing for Multifamily Affordable Housing (MAH) Properties in need of renovations, eliminating the need for a construction loan.

BENEFITS

- Flexible permanent loan solution that allows the sponsor to rehabilitate more efficiently.
- Eliminates need for a construction loan or forward commitment.
- Increased leverage opportunities when underwritten to as-improved rents.
- Interest only during rehab period.

ELIGIBILITY	<ul style="list-style-type: none"> • Existing, stabilized Multifamily Affordable Housing properties undergoing renovations. • Borrowers and Lenders with demonstrated experience. • Available for both acquisition and refinance.
TERM	5 - 30 years.
AMORTIZATION	Up to 35 years.
INTEREST RATE	Fixed- and variable-rate options. Variable-rate only available for a Credit Enhancement Mortgage Loan for a bond transaction.
MAXIMUM LTV	Up to 90% "as stabilized".
MINIMUM DSCR	1.15x – 1.20x "as stabilized".
EXECUTION	Cash or Credit Enhancement Mortgage Loan for a bond transaction. Interest only available, structured to match the rehab period.
LOAN SIZE	\$5,000,000 minimum; no maximum.
ELIGIBLE PROPERTIES	Stabilized Multifamily Affordable Housing properties undergoing renovations up to \$120,000 per unit.
ELIGIBLE BORROWERS	Strong borrowers with demonstrated tenant-in place rehab track record.
RATE LOCK	30- to 180-day commitments.
PREPAYMENT AVAILABILITY	Flexible prepayment options available, including yield maintenance and declining prepayment premium.
REHAB PERIOD	12 – 15 months.
REHAB PERIOD OCCUPANCY	During the rehabilitation period occupancy may drop from stabilized levels to a minimum of 50%.
REHAB PERIOD – DSCR	During the rehabilitation period, DSCR may drop from stabilized levels to a minimum of: <ul style="list-style-type: none"> • 1.0x (Interest-only basis). • 0.75x (Amortizing basis).
REHAB ESCROW	Rehab funds escrowed by Lender.
RE-STABILIZATION	Fully stabilized no later than 15 months after Mortgage Loan origination.
FANNIE MAE UW FEE	3 bps.
RECOURSE	Non-recourse execution with standard carve-outs for "bad acts" such as fraud and bankruptcy. Construction Completion and Operating Deficit Guarantees required during the rehab and stabilization period.