

## FANNIE MAE DUS®

# Sponsor-Initiated Affordability

Doing well by doing good. Help stabilize communities and expand affordability.

### BENEFITS

- Flexible loan terms.
- Competitive pricing. Mortgage Loans under \$6M are not eligible for pricing incentives.
- Supports socially responsible investing.
- Potential DSCR Flexibility to 1.20 on Pre-review basis for deals with deeper affordability\*.
- Certainty of execution.
- Speed in processing and underwriting.

<b>ELIGIBILITY</b>	<ul style="list-style-type: none"> <li>• Existing, stabilized conventional Properties.</li> <li>• Minimum of 20% of units are affordable at 80% of AMI or less, as adjusted for family size.</li> <li>• Rent does not exceed 30% of adjusted AMI for unit size.</li> <li>• Borrower must execute a Sponsor-Initiated Affordability Agreement (Form 6490).</li> <li>• Borrower must execute a Modifications to Loan Agreement (Sponsor-Initiated Affordability) (Form 6271) and the Key Principal executes a Payment Guaranty (Pricing Incentive Recapture) (Form 6020.PIR).</li> <li>• Rent and income restrictions must be in place by the Mortgage Loan Origination Date.</li> <li>• The Property must be compliant with the Sponsor-Initiated Affordability Agreement within 12 months of the Mortgage Loan Origination Date.</li> </ul>
<b>TERM</b>	5 - 30 years.
<b>AMORTIZATION</b>	Up to 30 years.
<b>INTEREST RATE</b>	Fixed- and variable-rate options available.
<b>MAXIMUM LTV</b>	80%.
<b>MINIMUM DSCR</b>	1.25x, with potential flexibility to go to 1.20*.
<b>SPONSOR-INITIATED AFFORDABILITY AGREEMENT</b>	Borrower executes a Sponsor-Initiated Affordability Agreement (Form 6490) that is recorded against the Property and remains in place during the entire Mortgage Loan term. Borrower also executes a Modifications to Loan Agreement (Sponsor-Initiated Affordability) (Form 6271) and the Key Principal executes a Payment Guaranty (Pricing Incentive Recapture) (Form 6020.PIR).
<b>ANNUAL COMPLIANCE REQUIREMENTS</b>	The affordability compliance requirements must be managed by a third-party Administering Agent and include annual verification of the rent and income restrictions.
<b>EXECUTION OPTIONS</b>	MBS.
<b>SUPPLEMENTAL FINANCING</b>	Supplemental Mortgage Loans are available.
<b>PREPAYMENT AVAILABILITY</b>	Mortgage Loans may be voluntarily prepaid upon payment of yield maintenance for fixed-rate Mortgage Loans or declining prepayment premium for variable-rate Mortgage Loans.
<b>RATE LOCK</b>	30- to 180-day Rate Lock periods are available.
<b>ACCRUAL</b>	30/360 and Actual/360.
<b>ESCROWS</b>	Replacement reserve, tax, and insurance escrows are typically required.
<b>THIRD-PARTY REPORTS</b>	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.

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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<b>ASSUMPTION</b>	Mortgage Loans are typically assumable, subject to review and approval of the proposed new borrower's financial capacity and experience.
<b>ASSET MANAGEMENT</b>	The Property must be compliant with the Affordability Agreement within 12 months of the Mortgage Loan Origination Date. Lender is responsible for notifying Fannie Mae of non-compliance.
<b>POTENTIAL DSCR FLEXIBILITY ON A PRE-REVIEW BASIS*</b>	DSCR at 1.20 will be considered on a Pre-Review, case-by-case basis if the Property meets the following criteria: <ul style="list-style-type: none"><li>• Property located in a Strong or Eligible MSA market.</li><li>• At least 50% of the residential units have rents and incomes restricted at 80% of AMI or less.</li><li>• Actual rents on restricted units are at the maximum of the restricted levels allowed for the Property (e.g., if the maximum restricted rent is \$1,000, the actual rent cannot be below that level).</li><li>• Actual rents on restricted units are at least 10% below comparable market rents.</li><li>• The Borrower is an Affiliate of a repeat Sponsor.</li></ul>

*\*Work with your Deal Team to determine eligibility.*