Fannie Mae DUS® Bond Credit Enhancement Loan

GREYSTONE

Description

Fannie Mae provides credit enhancment for tax-exempt multifamily housing revenue bonds that have low- and moderate-income occupancy restrictions; Fixed rate bonds can be enhanced; Enhancement is rated AA, and can be used in either a new bond issuance, “Refunding,” or a “Credit Substitution”

Loan Amount Minimum

$5,000,000

Loan Terms

10 to 30 years

Amortization

Up to 35 years

Loan to Value Maximum

The greater of 90% of market value or 80% of adjusted value for properties with LIHTC units equal to or above 90%; the greater of 85% of market value or 75% of adjusted value for all others

Coverage Minimum

1.15x for properties with LIHTC units equal to or above 90%; 1.20x for all others

Borrower

Domestic single asset borrowing entity is required

Interest Rate

Risk-based pricing, varies with LTV and DSC ratios

Third Party Reports

MAI appraisal, Physical Needs Assessment, and Environmental Phase I Assessment are required for all deals; Seismic Report is required for properties in Seismic Zone 3 or 4 with other characteristics; A market study may also be required

Reserves

Tax and insurance escrows are required; Repair and Replacement escrow funding is required based on engineer’s Physical Needs Assessment; For loans at less than 65% of value with no deferred maintenance, funding of repair and replacement reserve can be waived, at lender’s discretion

Application and Due Diligence Fees

- $2,500 non-refundable Application Fee to cover internal underwriting costs;
- $12,500 Due Diligence Fee to cover third party reporting

Origination Fee

Fannie Mae requires minimum origination fee equal to one percent of loan amount; can be reduced for loans over $9 million

Timing

Timing is dependent on type of credit enhancement, status of bonds, 3rd party report timing and borrower's submission of due diligence

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