

Description

Non-recourse, assumable fixed rate financing for the acquisition or refinance of stabilized multifamily rental or cooperative properties

Loan Term

5-, 7-, 10- or 15-year balloon; 20-, 25- or 30-year fully amortizing

Amortization

25 or 30 years, based on property condition; Interest-only financing is available

Loan to Value Maximum

Maximum 80% of appraised value, or if property has been purchased within the past 12 months, 80% of lower of: a) purchase price, plus value added renovation, plus 3% closing costs, or b) appraisal

Coverage Minimum

1.25x minimum

Borrower

Domestic single asset borrowing entity is required

Interest Rate

Risk-based "Tier" pricing, varying with LTV and DSC ratios

Prepayment Terms

Yield Maintenance with no lockout, Defeasance, or fixed, step-down prepayment schedules

Third Party Reports

MAI Appraisal, Physical Needs Assessment, and Environmental Phase I Assessment are required, plus Seismic Report may be required for properties in Seismic Zones 3 and 4

Reserves

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

Application Fee

\$15,000; covers third party reports and processing/underwriting costs

Origination Fee

Fannie Mae requires minimum origination fee equal to 1% of loan amount for loans of \$9 million or less; Minimum fee for loans over \$9 million through \$20M is the greater of 0.8 percent or \$90,000; Fees decrease further as increasing loan size; Origination fee can be charged "outside" of the interest rate as a separate fee, or it can be built into the rate

Legal Fees

\$8,000 to \$12,000 varying with characteristics of the deal

Timing

45-60 days from application to commitment; dependent on third party report timing and borrower's submission of due diligence

Rate Lock

Typically, lock occurs after commitment is issued; Streamlined Rate Lock option is available, allowing an expedited rate lock

Assumability

Loan is assumable, subject to lender approval of proposed replacement borrower; Fees include 1% assumption fee, part of which is paid to Fannie Mae, and a \$3,000 processing fee to cover lender's underwriting expenses