

Fannie Mae Moderate Rehabilitation Loan Program

GREYSTONE

Description

Non-recourse, assumable financing for the acquisition or refinance of any asset class with planned capital improvements in excess of \$8,000 per unit for the entire property.

Rehabilitation Restriction

At least 60% of renovation budget should be allocated to interior unit improvements. Must be completed within 36 months of the Mortgage Loan Origination Date

Underwriting

The amount of rehab per unit is based on total number of residential units, rather than the number of units being rehabilitated

Loan Amount

Minimum \$10,000,000

Loan Terms

5-30 years

Loan to Value Maximum

80%

Coverage Minimum

1.25x

Interest Rate

Risk-based pricing

Prepayment

Flexible

Completion Repair & Rehabilitation Reserve Agreement

If \$20,000 per unit repairs or higher, a Rehabilitation Work Evaluation Report is required. A Completion Repair Guaranty that covers the entire scope of the rehabilitation work is required. Borrower must execute a Modifications to Multifamily Loan and Security Agreement and must: 1) identify on the Rehabilitation Work Schedule the planned scope of the Rehabilitation Work, including all of the Rehabilitation Work items, estimated costs, allowance for cost overruns, and completion dates; and 2) complete a budget for the planned Rehabilitation Work, and fund into the Rehabilitation Reserve Account: the entire budgeted amount of all Rehabilitation Work not identified as Completion/Repairs by the PCA.

Third Party Reports

MAI Appraisal, Physical Needs Assessment, and Environmental Phase I Assessment

Reserves

Tax and Insurance escrows are required; Repair and Replacement escrow funding is required.

Application Fee

\$25,000; covers third party reports and processing/underwriting costs

Origination Fee

Competitive

Legal Fees

\$15,000 to \$20,000, varying with characteristics of the transaction

Timing

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

Rate Lock

Rate lock occurs after borrower's acceptance of commitment

Assumability

Loan is assumable, subject to lender approval of proposed replacement borrower

Supplemental

Available 12 months after closing, in addition to the mod rehab supplemental which is available 36 months after closing (see below)

Mod Rehab Supplemental

- Eligible properties
 - ▶ Existing Fannie Mae fixed- or adjustable- rate loans within 36 months of acquisition of the Mod Rehab eligible first mortgage loan.
- Term
 - ▶ 5-30 years, to coincide with terms of initial loan
- LTV
 - ▶ Up to 75% depending on asset class and use of proceeds
- Minimum DSCR
 - ▶ 1.25x depending on asset class and use of proceeds
- Delegation
 - ▶ Yes
- Loan Timing
 - ▶ No one-year waiting period
- Tier Dropping
 - ▶ Allowed, subject to Fannie Mae approval
- Interest Rate
 - ▶ Fixed or variable

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