# Fannie Mae DUS<sup>®</sup> Sponsor-Initiated Affordability (SIA) Loan

# Description

Sponsor-Initiated Affordability is made for existing, conventional properties and provides sponsors lower borrowing costs when they create or preserve a minimum of 20% of units affordable to those renters earning 80% or less of area median income (AMI) for the life of the loan

# **Benefits**

- Lower interest rate and competitive pricing
- Flexible loan terms
- Up to 80% LTV
- Certainty of execution
- Speed in underwriting and processing
- Rent and Income restrictions ensure positive impact for households living at or below 80% of AMI

#### Term

5 - 30 years

# Amortization

Up to 30 years

#### Loan Amount

Minimum \$6M and Structured ARM Loans with less than a two-year lockout period are not eligible for pricing incentives

### Maximum LTV

80%

### **Minimum DSCR**

1.25x, with potential flexibility to go to 1.20 for deals with deeper affordability

### **Sponsor-Initiated Affordability Agreement**

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).

### **Annual Compliance Requirements**

The affordability compliance requirements must be managed by a third-party Administering Agent and include annual verification of the rent and income restrictions

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#### **Prepayment Terms**

Lockout period of 12 months. Can be prepaid before A Note.

## **Supplemental Financing**

Allowed on the Senior Mortgage; proceeds shall be utilized to pay off the Mezzanine Loan

# **Execution Option(s)**

MBS

### **Supplemental Financing**

Supplemental Mortgage Loans are available

#### Rate Lock

30- to 180-day Rate Lock periods are available

#### **Asset Management**

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 noncompliance.

### Potential DSCR Flexibility on a PreReview Basis

DSCR at 1.20 will be considered on a Pre-Review, case-by-case basis if the Property meets the following criteria:

- Property located in a Strong or Eligible MSA market
- At least 50% of the residential units have rents and incomes restricted at 80% or below
- 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
- Actual rents on restricted units are at least 10% below comparable market rents
- The Borrower is an Affiliate of a repeat Sponsor

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