

DUS® Supplemental Financing

Fannie Mae's Multifamily Mortgage Business offers subordinate permanent mortgage loan financing options for multifamily properties with pre-existing senior Fannie Mae financing.

Benefits:

- Lower cost than refinancing
- Access to additional capital
- Flexible financing
- Certainty and speed of execution

Eligibility:

- Existing, stabilized, conventional, Multifamily Affordable Housing, Seniors Housing, Student Housing, and Manufactured Housing Communities properties
- Standard existing Fannie Mae fixed-rate or variable-rate mortgage loans
- Bond Credit Enhancement transactions are eligible with prior approval of Fannie Mae

Description	Non-recourse, supplemental financing is available on existing DUS loans serviced by CRELender as a property's value and income stream increase
Loan Terms	5-, 7-, 10- or 15-year balloon; 20-, 25- or 30-year fully amortizing; Supplemental loans can be coterminous or non-coterminous (extending more than two years beyond the term of the first loan)
Waiting Period	One year gap required between closing of most recent loan and closing of additional supplemental loan
Limit on Number of Loans	A maximum of one supplemental loan is permitted; a second is permitted in conjunction with a sale if the existing financing is assumed by purchaser
Amortization	25 or 30 years, based on property condition
Loan to Value Maximum	The supplemental mortgage plus the unpaid balance of the first mortgage can total a maximum of 75% of current value on acquisitions and 70% on refinances
Coverage Minimum	Combined coverage on both first and second mortgages not to exceed 1.30x in most cases
Borrower	Borrowing entity is existing entity on the first mortgage
Interest Rate	Risk-based pricing, varying with LTV and DSC ratios
Prepayment Terms	Yield Maintenance with no lockout or Defeasance
Third Party Reports	MAI Appraisal and Physical Needs Assessment are required for all deals; Seismic Report update may be required for properties in Seismic Zones 3 and 4
Reserves	Typically, reserve funding is similar to that related to first mortgage; If engineering assessment indicates that pre-existing reserves are inadequate, reserve requirements may be increased
Application Fee	Approximately \$10,000; covers 3 rd party reports and underwriting costs
Origination Fee	Fannie Mae requires minimum origination fee equal to 1% of loan amount; 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 3 rd party report timing and borrower's submission of due diligence
Rate Lock	Typically, lock occurs after commitment is issued; Early Rate Lock option is available, allowing rate lock within 3-4 weeks of application