

Fannie Mae Unfunded Forward – Multifamily Affordable Housing

Fannie Mae’s Multifamily Mortgage Business provides a forward rate lock and commitment to fund a permanent mortgage loan for multifamily properties that are eligible for 9% Low Income Housing Tax Credits and undergoing new construction or substantial rehabilitation.

Benefits:

- Protection from interest rate volatility on the permanent loan by locking the interest rate and other key provisions in advance of completing construction
- Certainty and speed of execution

Eligibility:

- New construction
- Properties undergoing substantial rehabilitation, including preservation and rural transactions
- Lenders approved to deliver forward commitments under Fannie Mae’s Multifamily Affordable product line

Description	Fannie Mae provides a 24- to 30-month forward commitment with or without rate lock prior to delivery of the permanent loan
Property Type	Multifamily; new construction and rehabilitation
Loan Amount	Minimum \$1 million
Commitment Period	24- or 30-month forward period, with one 6-month extension available at Lender’s discretion
Term	Up to 30 years
Amortization	30 years
Debt Service Coverage	Minimum 1.15x if LIHTC; 1.20x if other affordable
Loan to Value Maximum	90% if LIHTC; 80% if other affordable
Borrower	Domestic single asset borrowing entity is required
Interest Rate	Spread over applicable treasury as adjusted for loan term, amortization, DSC and LTV
Rate Lock	If applicable, rate lock typically occurs concurrently with construction loan closing at Borrower’s request; subject to loan committee approval
Guaranty	Non-recourse excluding customary carve-outs
Underwriting	Underwriting completed to Fannie Mae DUS standards; Organizational document review and credit due diligence applies
Conversion	Forward commitment converts to permanent loan when property reaches 90% occupancy for 90 days (minimum); Permanent loan amount may be changed based on NOI in place at time of underwriting, subject to applicable shortfall and/or breakage fees; Lender required to complete full underwriting in accordance with standard DUS Guide requirements prior to permanent loan closing
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 reports
Origination Fee	Fannie Mae requires a minimum origination fee equal to 1% of loan amount, can be reduced for loans over \$9 million; origination fee can be charged “outside” of the interest rate as a separate fee, or it can be built into the rate
Fannie Mae Standby Fee	Determined by Fannie Mae prior to rate lock; call for current quotes
Delivery Assurance	3% refundable deposit due prior to rate lock; 1% refundable deposit due if no rate lock option is selected
Other Costs	Borrower is responsible for legal and customary closing costs