Fannie Mae (DUS®): Credit Facility

Fannie Mae Multifamily provides a credit facility execution that allows borrowers to arrange flexible financing terms for a portfolio of properties on a cross-collateralized and cross-defaulted basis, with property addition, property release, property substitution, and borrow-up capabilities for all asset classes.

Overview	
Credit Facility Size	Minimum initial advance of $100 million with unlimited expansion capacity.
Term	Typically, 15 year Credit Facility, with 5 -15 year loan terms, available for maturity laddering.
Interest Rate	Fixed, variable, or a combination thereof. Variable-rate advances may be converted to fixed rate. An interest rate cap or other hedging arrangement is generally required for all variable-rate advances.
Amortization	Interest-only and amortizing available, based upon property and pool performance.
Maximum Facility LTV / Minimum Facility DSCR	Up to 80% LTV depending upon asset class and product type. DSCR generally starting at 1.25x depending upon asset class and product type. Multifamily Affordable Housing may start at 1.20x.
Structuring Options/Features	Single or multiple loans. Single or multiple collateral pools. No rebalancing required. No unused capacity fees. All structuring options/features subject to the terms of the Master Credit Facility Agreement (MCFA).
Prepayment Availability	Flexible prepayment options available, including partially pre-payable debt, yield maintenance and declining prepayment premium.
Borrower Entity	A single purpose, bankruptcy-remote entity is required for each borrower and any general partner, managing member, or sole member that is an entity. Borrowers must have common sponsorship.
Rate Lock	30- to 180-day commitments. Borrowers may lock a rate with the Streamlined Rate Lock option.
Recourse	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy.

Escrows	Replacement reserve, tax, and insurance escrows are typically required.
Third-Party Reports	Standard third-party reports required, including Appraisal, Phase I, Environmental Site Assessment, and Property Condition Assessment.
Assumption	Assumption of the entire facility is permitted upon satisfaction of the requirements of the Master Credit Facility Agreement. Fannie Mae charges the following fees:
Fees	Structuring fee: 10 basis points on each advance. Other fees (e.g. due diligence, substitution, release, assumption, and review) will apply.
Property Considerations	Financial and operating covenants and geographic diversity requirements determined on a case-by-case basis.

Benefits & Features*	
Speed / Ease of Execution	Pre-negotiated loan documents provide for certainty of execution and fast closings for facility expansions.
Flexibility	Ladder maturities with multiple tranches of debt.
Property Additions	Expansion feature allows easy addition of properties.
Property Releases	Allows opportunistic sale or release of properties.
Property Substitutions	Retain favorable interest rates with property substitutions.
Borrow-Ups	Recognize portfolio improvements with multiple first lien borrow-ups.

** Subject to the terms of the Master Credit Facility Agreement.*