

Cooperative Properties

Fannie Mae Multifamily provides financing options for Properties owned by a Cooperative Organization, which is a corporation or other legal entity where each shareholder or equity owner is granted the right to occupy a unit in a multifamily residential property under a proprietary lease or occupancy agreement.

Benefits

- Flexible loan terms
- Competitive pricing
- Certainty and speed of execution
- Customized solutions



Eligibility

- Established Cooperative Properties in Eligible Cooperative Property Markets
- Cooperative Properties with qualified property management and stabilized operating history
- Limited Equity Cooperative Properties for low- and moderate-income families are also eligible
- Overall Property Condition Rating of 2 or better

For More Information contact a Fannie Mae representative or visit the Multifamily Financing Options site for details.

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Term	5 - 30 years
Amortization	Up to 30 years
Interest Rate	Fixed rate
Maximum LTV	55% (on a market rental basis)
Minimum DSCR	1.00x for Actual Cooperative Property operations and 1.55x for Cooperative Market Rental operations.
Property Considerations	<ul style="list-style-type: none"> • The property management company is required to have experience with cooperative properties of like size in the same market. • Operating Reserve balance must be equal to or greater than 10% of annual maintenance fees. • Maintenance fees must be sufficient to achieve a balanced budget. • High levels of ownership by one sponsor or investor (in excess of 40%) will require additional due diligence.
Supplemental Financing	Supplemental Mortgage Loans are available.
Prepayment Availability	Mortgage Loans may be voluntarily prepaid upon payment of yield maintenance.
Rate Lock	30- to 180- day commitments. Borrowers may use the Streamlined Rate Lock option provided that the Board of Directors or managers of the Cooperative Organization approve any required increase in the Cooperative Maintenance Fee prior to using the Streamlined Rate Lock option.

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Recourse	Non-recourse execution is available with standard carve-outs for “bad acts” such as fraud and bankruptcy.
Escrows	Replacement reserve, tax, and insurance escrows may be required. Escrows are typically required for a Limited Equity Cooperative Property.
Third-Party Reports	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
Assumption	Mortgage Loans secured by a Cooperative Property are typically not assumable by another entity.

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