

Multifamily DUS® MBS



We're your partner for the life of your loan – no other master servicer, no B-piece buyer. No kidding.

Our Delegated Underwriting and Servicing (DUS) MBS is like no other security in the marketplace. Unlike a conduit execution, our loans are securitized on a single-asset basis, providing creative structuring flexibility. Investors trust our unique risk-sharing model, creating demand that translates into certainty of execution for multifamily borrowers. Best of all, our life-of-loan servicing relationship means it's always just the borrower, lender, and Fannie Mae.

Fannie Mae creates DUS MBS supported by loans on multifamily properties with a minimum of five units. Most of our MBS are backed by a single loan on a multifamily asset. DUS MBS offer Fannie Mae's guaranty of timely payment of principal and interest. DUS Lenders can originate fixed-rate, adjustable-rate, fully-amortizing, and full- or part-term interest-only multifamily mortgage loans.

Seamless and certain

- Innovative structures that can be tailored to meet your individual needs
- Loan terms of varying length and flexible prepayment periods are available
- Strong investor demand for our guaranteed securities helps keep borrower interest rates low
- Add-ons, renovations, and other complex features can be structured up-front

Rely on us

- Single-asset security allows for customized loan structures
- Delegated risk-sharing model provides certainty of execution, faster decisions, and quicker loan closings
- Experts who know the business and understand complex transactions
- Life-of-loan servicing means no other master or special servicer and seamless post-closing activities

Contact a Fannie Mae representative to learn more about how our financing solutions can help you compete.



Investors value our DUS MBS – and that’s great news for lenders and borrowers

Dan Dresser, Vice President, Credit Pricing and Capital Markets

Dear Fannie Mae Partner,

I frequently hear from our Customer Engagement team that lenders and borrowers are hungry for information about the investors in our securities. You want to know who these investors are and why they place such a high value on our DUS MBS.

Who are our investors?

Money managers, banks, insurance companies, and mutual fund complexes are the primary investors in Guaranteed Multifamily Structures (GeMS[™]), the structured products that the Fannie Mae Capital Markets team creates from DUS MBS we purchase. We’ve built an investor base of more than 200 such firms over the last several years. Hundreds more institutional investors prefer to invest in individual DUS MBS, building their own portfolios from our securities. In fact, it is quite likely that your bank, 401k fund, or insurance company invests in our DUS MBS or GeMS.

What do investors look for in a security?

Investors value our MBS and structured GeMS securities for their stable cash flows, high credit quality, liquidity, and prepayment protection. Investor demand for Fannie Mae’s Multifamily MBS ebbs and flows over time, but the number of investors involved continues to grow.

Investors know that our DUS MBS are reliable and well supported by the broker/dealer community. Our securities have been trading on the market for over 20 years, and that track record matters. Only DUS MBS have weathered three decades’ worth of market cycles and periods of disruption – and are still thriving.

Why is the Fannie Mae DUS MBS model superior?

Fannie Mae Multifamily partners with our lenders and borrowers in every market, every day, and in every economic climate. Though market volatility affects everyone, Fannie Mae’s Multifamily platform is uniquely suited to help provide a predictable execution through risk-sharing, transparent trading, and flexibility of execution.

Shared risk

DUS is the only model that aligns the lenders’ interests with the investors’ interests. Risk sharing means we don’t need to sell a B-piece or mezzanine bonds. Investors know that lenders believe in the credit quality of their production because they retain a portion of the risk.

Competitive trading

The DUS model allows the lender to seek multiple investor bids on behalf of the borrower. This is unique to our program and provides a level of transparency and certainty not available in other executions. This competition is good for the borrower, the lender, and the investors. The lender’s ability to access multiple sources of capital (MBS bidders) ensures that borrowers get the best possible rate.

Flexible execution

DUS is designed to perform in changing markets. Our structures are customizable to meet the borrower’s needs with different yield maintenance terms, longer forward settlements, and effective ways to manage interest rate risk, like our Streamlined Rate Lock.

What’s the role of the Capital Markets group?

Our role is to help provide and enhance liquidity for the Fannie Mae Multifamily platform, and match borrower/lender supply with investor demand. That means we bid on all Fannie Mae Multifamily production when it rate locks. It also means that we make markets in existing DUS MBS and create structured products (GeMS) from DUS MBS. We also act as a clearinghouse for market information for lenders and an educational resource for investors – all these activities are designed to help efficiently match your loans with the appropriate MBS investors.

If you have any questions about DUS or Capital Markets, please don’t hesitate to reach out.

Best,
Dan