

Moderate Rehabilitation (Mod Rehab) Supplemental Mortgage Loan for Multifamily Affordable Properties (MAH)

Fannie Mae Multifamily offers subordinate financing options for multifamily properties that have completed moderate rehabilitation.



Term	5-30 years; must be coterminous with the senior Mortgage Loan or Credit Enhancement Mortgage Loan.
Amortization	Up to 35 years.
Interest Rate	Fixed- and variable-rate options available.
Maximum LTV	<ul style="list-style-type: none"> Up to 85%, depending upon the MAH execution type. Up to 90% for select other cases.
Minimum DSCR	As low as 1.15x, depending upon the MAH execution type.
Mod Rehab Supplemental Mortgage Loan Timing	Within 36 months of origination of the Mod Rehab first Mortgage Loan or Credit Enhancement Mortgage Loan. No one-year waiting period.
Rate Lock	30- to 180-day commitments. Borrowers may lock a rate with the Streamlined Rate Lock option.

Benefits

- Great value-add option for an MBS for Bonds (MTEB) execution
- The Mod Rehab Supplemental Mortgage Loan is excluded from the one Supplemental Mortgage Loan rule
- Loan sizing is comparable to the first lien Mortgage Loan
- Lower pricing than generally available on other Supplemental Mortgage Loans
- Lower cost than refinancing
- Access to additional capital
- Certainty of execution
- Speed in processing and underwriting

Eligibility

- First Mortgage Loan or Credit Enhancement Mortgage Loan identified as Mod Rehab
- Existing Fannie Mae fixed-rate or adjustable-rate Mortgage Loan or Credit Enhancement Mortgage Loan
- Lender must be the servicer of the existing Fannie Mae Mortgage Loan or Credit Enhancement Mortgage Loan
- Fannie Mae must be the only senior lien holder on the property

For More Information

Contact a Fannie Mae representative or visit the Multifamily Affordable Loans Portal for details.

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Accrual	30/360 and Actual/360.
Recourse	Non-recourse execution with standard carve-outs required for “bad acts” such as fraud and bankruptcy.
Escrows	Replacement reserve, tax and insurance escrows are typically required, based on the resulting Underwriting Tier of the combined Pre-Existing Mortgage Loan or BCE and Moderate Rehabilitation Supplemental Mortgage Loan.
Third-Party Reports	Standard third-party reports, including Phase I Environmental Site Assessment and a Property Condition Assessment, may not be required if certain conditions are met.
Assumption	Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.
Tier-dropping	Permitted for fixed rate Moderate Rehab Supplemental Mortgage Loans.
Rehabilitation Requirements	Completed at least \$8,000/unit of property improvements. As a best practice, at least 60% of renovation budget allocated to interior unit improvements.
Verification of Property Improvements	Lender must document all completed rehabilitation work and verify its completion through a site inspection if the work is not performed pursuant to a Completion/Repair Agreement or a Rehabilitation Reserve Agreement.