

Reduced Occupancy Affordable Rehab (ROAR) Execution

Fannie Mae Multifamily provides permanent mortgage loan financing for Multifamily Affordable Housing (MAH) Properties in need of renovations, eliminating the need for a construction loan.



Term	5 - 30 years.
Amortization	Up to 35 years.
Interest Rate	Fixed- and variable-rate options. Variable-rate only available for a Credit Enhancement Mortgage Loan for a bond transaction.
Maximum LTV	Up to 90% “as stabilized.”
Minimum DSCR	1.15x – 1.20x “as stabilized.”
Execution	Cash or Credit Enhancement Mortgage Loan for a bond transaction. Interest only available, structured to match the rehab period.
Loan Size	\$5,000,000 minimum; no maximum.
Eligible Properties	Stabilized Multifamily Affordable Housing Properties undergoing renovations up to \$120,000 per unit.
Eligible Borrowers	Strong Borrowers with demonstrated tenant-in-place rehab track record.
Rate Lock	30- to 180-day commitments.
Prepayment Availability	Flexible prepayment options available, including yield maintenance and declining prepayment premium.

Benefits

- Flexible permanent loan solution that allows the sponsor to rehabilitate more efficiently
- Eliminates need for a construction loan or forward commitment
- Increased leverage opportunities when underwritten to as-improved rents
- Interest only during rehab period

Eligibility

- Existing, stabilized Multifamily Affordable Housing properties undergoing renovations
- Borrowers and Lenders with demonstrated experience
- Available for both acquisition and refinance

For More Information

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

fanniemaemultifamilyaffordable.com



Rehab Period Key Terms

Rehab Period	12 – 15 months.
Rehab Period Occupancy	During the rehabilitation period occupancy may drop from stabilized levels to a minimum of 50%.
Rehab Period – DSCR	During the rehabilitation period, DSCR may drop from stabilized levels to a minimum of: <ul style="list-style-type: none"> • 1.0x (Interest-only basis) • 0.75x (Amortizing basis)
Rehab Escrow	Rehab funds escrowed by Lender.
Re-stabilization	Fully stabilized no later than 15 months after Mortgage Loan origination.
Fannie Mae UW Fee	3 bps.
Recourse	Non-recourse execution with standard carve-outs for “bad acts” such as fraud and bankruptcy. Construction Completion and Operating Deficit Guarantees required during the rehabilitation and stabilization period.