

Sponsor-Initiated Affordability



Interested in supporting more affordable rents? Our special financing helps you do just that.

As the need for affordable housing continues to grow, we are finding more creative solutions to expand affordability and increase affordable housing. Sponsor-Initiated Affordability provides sponsors lower borrowing costs when they create or preserve a minimum of 20% of units affordable to those renters earning 80% or less of area median income (AMI) for the life of the loan.

Flexible and better pricing

- Lower interest rate and competitive pricing.
- Flexible loan terms
- Up to 80% LTV
- Certainty of execution
- Speed in underwriting and processing
- Rent and Income restrictions ensure positive impact for households living at or below 80% of AMI

Rely on Us

- Single-asset security allows for customized Mortgage 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 seamless post-closing activities

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

Fannie Mae is with you each step of the way, when you use our Sponsor-Initiated Affordability product initiative. We'll provide you with extensive training and a compliance toolkit. Our life-of-loan servicing means no other master servicer or special servicer is involved, ensuring seamless post-closing activities – a foundation of the DUS[®] model. Together we can ensure access to affordable housing for years to come.

Fannie Mae Sponsor-Initiated Affordability

Term	5 – 30 years
Loan Amount	Competitive pricing. Structured ARM Loans with less than a two-year lockout period are not eligible for pricing incentives.
Maximum LTV	80%
Minimum DSCR	1.25x, with potential flexibility to go to 1.20*
Sponsor-Initiated Affordability Agreement	Borrower executes a Sponsor-Initiated Affordability Agreement (Form 6490) that is recorded against the Property and remains in place during the entire Mortgage Loan term. Borrower also executes a Modifications to Loan Agreement (Sponsor-Initiated Affordability) (Form 6271).
Annual Compliance Requirements	The affordability compliance requirements must be managed by a third-party Administering Agent and include annual verification of the rent and income restrictions.
Execution Options	MBS
Supplemental Financing	Supplemental Mortgage Loans are available.
Rate Lock	30- to 180-day Rate Lock periods are available.
Asset Management	The Property must be compliant with the Affordability Agreement within 12 months of the Mortgage Loan Origination Date. Lender is responsible for notifying Fannie Mae of noncompliance.
Potential DSCR Flexibility* on a Pre-Review Basis	<p>DSCR at 1.20 will be considered on a Pre-Review, case-by-case basis if the Property meets the following criteria:</p> <ul style="list-style-type: none"> • Property located in a Strong or Eligible MSA market. • At least 50% of the residential units have rents and incomes restricted at 80% or below. • Actual rents on restricted units are at least 10% below comparable market rents. • The Borrower is an Affiliate of a repeat Sponsor.