

Sponsor-Initiated Affordability (SIA)

Fannie Mae Multifamily offers a product that provides better pricing and underwriting flexibility to incentivize the voluntary creation or preservation of units that are affordable.

Benefits

- Flexible loan terms
- Competitive pricing
- Supports affordable and workforce housing providers
- Potential DSCR Flexibility to 1.20 on a Pre-Review basis for deals with deeper affordability*
- Certainty of execution
- Speed in processing and underwriting



Eligibility

- Existing, stabilized conventional Properties
- Minimum of 20% of units are affordable to residents earning 80% of area median income (AMI) or less, as adjusted for family size
- Rent does not exceed 30% of adjusted AMI for unit size
- Rent and income restrictions must be in place by the Mortgage Loan Origination Date
- The Property must be compliant with the Sponsor-Initiated Affordability Agreement within 12 months of the Mortgage Loan Origination Date

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

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Term	5 to 30 years
Amortization	Up to 30 years
Interest Rate	Fixed and variable rate options available. Structured ARM Loans with a lockout period of less than two years are not eligible.
Maximum LTV	80%
Minimum DSCR	1.25x, with potential flexibility to go to 1.20*
Sponsor-Initiated Affordability Agreement	<p>Borrower executes a:</p> <ul style="list-style-type: none"> • Sponsor-Initiated Affordability Agreement (Form 6490) that is recorded against the Property and remains in place during the entire Mortgage Loan term; and • Modifications to Multifamily Loan and Security Agreement (Sponsor-Initiated Affordability Restrictions) (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

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Prepayment Availability	Flexible prepayment options are available, including yield maintenance and declining prepayment premium. Mortgage Loans may be voluntarily prepaid upon payment of the required prepayment premium per the Loan Documents.
Rate Lock	30- to 180-day Rate Lock periods are available
Accrual	30/360 and Actual/360
Escrows	Replacement Reserve, tax, and insurance escrows are typically required.
Third-Party Reports	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
Assumption	Mortgage Loans are typically assumable, subject to review and approval of the proposed new borrower’s financial capacity and experience.
Asset Management	The Property must be compliant with the Sponsor-Initiated Affordability Agreement within 12 months of the Mortgage Loan Origination Date. Lender is responsible for notifying Fannie Mae of non-compliance.
*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% of AMI or less; • actual rents on restricted units are at least 10% below comparable market rents; and • the Borrower is an Affiliate of a repeat Sponsor.