

FANNIE MAE DUS®

Cooperative Properties

Fannie Mae Multifamily provides financing options for properties owned by a Cooperative Organization, which is a corporation or other legal entity where each shareholder or equity owner is granted the right to occupy a unit in a multifamily residential property under a proprietary lease or occupancy agreement.

BENEFITS

- Flexible loan terms.
- Competitive pricing.
- Certainty and speed of execution.
- Customized solutions.

ELIGIBILITY	<ul style="list-style-type: none"> • Existing stabilized Cooperative Properties in eligible Cooperative Property markets. • Cooperative corporations with strong management and solid operating history. • Limited equity cooperative properties for low- and moderate-income families are also eligible. • Overall Property condition rating of two or better.
TERM	5 - 30 years.
AMORTIZATION	Up to 30 years.
INTEREST RATE	Fixed-rate.
MAXIMUM LTV	55% (on a market rental basis).
MINIMUM DSCR	1.0x on actual underwritten operations; 1.55x when utilizing market rate rentals.
PROPERTY CONSIDERATIONS	<p>The property management company is required to have experience with cooperative properties of like size and market.</p> <p>Reserve balance must be equal to or greater than 10% of annual maintenance fees.</p> <p>Maintenance fees must be sufficient to achieve a balanced budget.</p> <p>High levels of ownership by one sponsor or investor (in excess of 40%) will require additional due diligence.</p>
SUPPLEMENTAL FINANCING	Supplemental Mortgage Loans are available.
PREPAYMENT AVAILABILITY	Loans may be voluntarily prepaid upon payment of yield maintenance.
RATE LOCK	30- to 180- day commitments. Borrowers may lock a rate using the Streamlined Rate Lock option.
RECOURSE	Non-recourse execution is available with standard carve-outs for “bad acts” such as fraud and bankruptcy.
ESCROWS	Replacement reserve, tax, and insurance escrows may be required, depending on the Underwriting Tier. Escrows are typically required for a Limited Equity Cooperative Property.
THIRD-PARTY REPORTS	Standard third-party reports required, including Appraisal, Phase I Environmental Site Assessment, and Property Condition Assessment.
ASSUMPTION	Loans are typically assumable, subject to review and approval of the new borrower’s financial capacity and experience.