



FANNIE MAE DUS[®] Moderate Rehabilitation (Mod Rehab) Supplemental

Arbor offers subordinate financing options for multifamily properties that have completed moderate rehabilitation.

LOAN TERM	5-30 years; must be coterminous with the senior mortgage loan
AMORTIZATION	Up to 30 years
INTEREST RATE	Fixed and variable rate options available
MAXIMUM LTV	Combined LTV as high as 75%, depending upon asset class and use of proceeds; may be higher for Multifamily Affordable Housing properties and assumptions
MINIMUM DSCR	Combined DSCR as low as 1.25x, depending upon asset class and use of proceeds; may be lower for Multifamily Affordable Housing properties
MOD REHAB SUPPLEMENTAL MORTGAGE LOAN TIMING	Within 36 months of origination of the Mod Rehab first mortgage loan; no one-year waiting period
BENEFITS	<ul style="list-style-type: none"> • The Moderate Rehabilitation Supplemental Mortgage Loan is excluded from the one supplemental loan rule • The loan sizing and pricing is comparable to the first lien mortgage loan • Lower cost than refinancing • Access to additional capital • Certainty of execution • Speed in processing and underwriting
ELIGIBILITY	<ul style="list-style-type: none"> • Stabilized Conventional, Multifamily Affordable Housing, Seniors Housing, Student Housing Properties, and Manufactured Housing Communities • First mortgage loan identified as Moderate Rehabilitation • Existing Fannie Mae fixed-rate or adjustable-rate mortgage loans • Arbor must be the servicer of the existing Fannie Mae mortgage loan • Fannie Mae must be the only debt holder on the property
RATE LOCK	Standard Rate Lock
ACCRUAL	30/360 and actual/360
RECOURSE	Nonrecourse 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 tier of the combined preexisting mortgage loan 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

An average of at least \$10,000 per unit of property 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