

Workforce Housing Social Impact Financing: Sponsor-Dedicated Workforce Housing

Arbor's Fannie Mae Multifamily Loan Program offers Sponsor-Dedicated Workforce (SDW) Housing, a product initiative that provides better pricing and more flexible underwriting to incentivize the creation and preservation of units that are affordable at up to 80% of Area Median Income (AMI) or, in certain metros, up to 100%-120% of AMI.

Benefits

- Creation and preservation of workforce housing affordable to households earning 80%- 120% of AMI
- Flexible loan terms
- Competitive pricing
- Supports socially responsible housing providers
- Certainty of execution
- Speed in processing and underwriting, with simple loan document modifications
- Straightforward annual rent-monitoring process
- Can be combined with Fannie Mae Green Financing

Eligibility

- Existing, stabilized convention properties
- A minimum of 20% of units must be made affordable to households earning up to 80% of AMI or, in certain metros, up to 100%- 120% of AMI
- The identified units will have workforce housing rents for the mortgage loan term
- Rent affordability levels are identified and in place by the mortgage loan origination date
- The property has 12 months from the mortgage loan origination date to comply with the SDW rent restrictions. The lender is responsible for notifying Fannie Mae of non-compliance

Term

5-30 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

Loan Document Requirements

- Modifications to loan agreement (Sponsor-Dedicated Workforce Housing) (Form 6271.SDW); and
- Modifications to security agreement (Sponsor-Dedicated Workforce Housing) (Form 6325)

Annual Compliance Requirements

The servicer manages the affordability requirements, including verification of the SDW rent restrictions. The borrower must annually submit a certification of compliance via the Supplemental Loan Agreement Certification (Form 6620.Supplemental.SDW) and rent rolls to the servicer

Execution

MBS

Supplemental Financing

Supplemental mortgage loans are available

Prepayment Availability

Mortgage loans may be voluntarily prepaid upon payment of the applicable prepayment premium, either yield maintenance or graduated prepayment premium

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 comply with the SDW rent restrictions within 12 months of the mortgage loan origination date. The lender is responsible for notifying Fannie Mae of compliance