

# Lender Pricing Quotes and Submission Job Aid

High-quality Mortgage Loan package submissions are critical for Fannie Mae's timely review of transactions. All submissions to DUS Gateway should:

1. Ensure all information is clear and accurate.
2. Present all necessary transaction points concisely and completely.
3. Identify and appropriately mitigate all risks.
4. Identify all Form 4660, Guide, and Pricing waivers.
5. Ensure Mortgage Loan options in DUS Gateway are complete and accurate.
6. Include supplementary guidance issued by Fannie Mae, when applicable.
7. Provide applicable supporting documentation (e.g., aged receivables report, Ground Lease analysis, tax abatement information, and regulatory agreements).

## **Information Needed for Mortgage Loan Submission Requests**

### **1. Executive Summary**

- Using objective factors, provide a narrative explaining “the story” of the transaction.
- Identify the Mortgage Loan's purpose (e.g., refinance, Acquisition, construction take-out, or Supplemental Mortgage Loan).
  - Acquisitions should include the following details:
    - purchase price,
    - amount of hard equity,
    - targeted closing date,
    - details on current ownership, and
    - capital improvements made by the seller.
  - Refinances should include the following details:
    - indication of cash in/out/neutral,
    - the current UPB,
    - length of ownership,
    - purchase price if acquired in the past several years,
    - cost basis,
    - amount of remaining hard equity,
    - details on capital expenditures since Acquisition
    - intended use of the cash out proceeds, and
    - a description of the current organizational structure and any changes from the previous structure.
- Identify the execution type: fixed, ARM, SARM, Hybrid ARM, Credit Enhancement Mortgage Loan, Forward Commitment, etc.



- Identify Product/Features: Seniors Housing, MAH, MHC, Student Housing, etc. per the applicable chapter of Part III.
- Identify Mortgage Loan terms: Mortgage Loan amount, Tier, LTV, DSCR, LTC, term, interest-only, and/or amortization.
- Provide a high-level Sponsor introduction, and whether a new Fannie Mae Sponsor (if new, any GSE experience), or a repeat Fannie Mae Sponsor.
- Provide a high-level Property summary: year built, building type (garden, mid-rise, high-rise), number of units, current occupancy, recent completed and planned capital expenditures, and unique attributes.
- Identify if there is any deal broker correspondence involved with transaction.
- Identify the Property's market, submarket, and location.
- Provide the amount of Mission-Driven business.
- Provide the Sources and Uses of funds.

## **2. Strengths, Risks, and Mitigants**

- Provide transaction strengths:
  - Examples: sponsors multifamily experience, significant cash equity, length of ownership, loan economics, capital expenditures, positive inspection ratings, market fundamentals, and/or Property upside.
- Identify transaction risks and mitigants:
  - Examples: cash out, age of asset, market issues, tenant concentration, Property operations, exit scenarios, and/or recent Property transactions.

## **3. Transaction Conditions**

- Summarize additional due diligence you will perform, or loan structuring requirements you will impose, above and beyond normal requirements.
  - Examples: planned inspection of other Sponsor-owned assets in market, Appraisal support for specific expenses, and/or funding of a Completion/Repair Escrow, etc.

## **4. Pre-Review Reasons/Waivers and Loan Options**

- Provide a summary of all requested Pre-Review reasons/waivers, with appropriate support (e.g., Near-Stabilized Property, recent Property transactions, and/or dedicated Student Housing).
- Ensure Pre-Review reasons/waivers and loan options in Narrative and DUS Gateway are consistent.

## **5. Sponsorship Details**

- Identify all Sponsors, Key Principals, and Guarantors.
- Discuss multifamily real estate experience and any exposure with Fannie Mae.
- Include the net worth and liquidity of all Sponsors, Key Principals, and Guarantors.
- Provide SREO details.
- Summarize current transactions closed with the Sponsor.
  - Identify any Fannie Mae transactions with a Property Condition Rating or recent inspection rating of “3” or higher; include explanations from you and the Sponsor.
- Discuss the ownership structure, control of the Borrower, and sources of equity (e.g., Delaware Statutory Trust, TIC structures, Preferred Equity).



- Discuss local experience in the market; provide mitigants and/or business plans if the Sponsor or Property manager has limited experience in the market or is non-local.
- Identify and mitigate known headline risks (e.g., lawsuits, negative internet searches/press, fair housing violation/sanctions, and association with bad actors).
- Identify any unique sources of equity (e.g., Preferred Equity, Mezzanine, or Crowdfunding)
- Identify if a Limited Experience Owner is involved in the transaction.

## **6. Management**

- Identify existing/intended Property management (Borrower-affiliated or third-party).
- Discuss experience (local, regional, and/or national).
- Discuss experience with managing a similar product type (MAH, Seniors, MHC, etc.)

## **7. Collateral**

- Provide details regarding the date of construction, most recent renovation, and planned capital improvements.
- Detail building count, unit mix, configuration, stories, commercial space/units, and amenities (in-unit, common area).
- Discuss any tenant concentrations (e.g., Student, Military, Short-term leases).
- Discuss Property delivery and lease-up timeline.
- For Student Housing transactions, discuss distance to campus, available transportation, percentage of student tenancy, and pre-leasing.
- For Military Housing transactions, discuss tenant concentration, stability of nearby bases, deployment risk, and base closure risk.
- Commercial space
  - Include commercial rent roll details (tenant, type of business, square footage, monthly rent, rent/square foot, lease type, lease term, lease commencement/expiration, and extension options remaining).
  - Provide tenant status (occupied paying rent, occupied delinquent, occupied with concessions, and leased vacant):
    - Leased vacant details: Indicate when the tenant is expected to occupy and commence rent payments.
    - Provide details of any concessions being offered (amount, term, etc.).
    - Provide details of delinquent tenants.
  - Tenant improvements: Discuss payback schedule over lease term if required by contract.
  - Commercial space calculation: Include total commercial space square footage and total net rentable area (NRA); calculate total percentage of commercial square footage.
  - Net commercial income calculation: Calculate net commercial income as a percentage of effective gross income (EGI).

## **8. Market Analysis**

- Discuss market and submarket fundamentals, strengths, and weaknesses (job growth/loss, population growth/loss, vacancy rates, rent growth, unit supply, absorption, and concession trends).
- Identify economic demand drivers (employers, entertainment, and retail).



- Discuss the Property's location within the market/submarket.

## **9. Underwriting/Income Analysis**

- Provide support for underwritten income and expense conclusions:
  - Example: Underwrote 6% physical vacancy although historical property trends and market data indicate a higher physical vacancy.
  - Example: Elevated bad debt across the T-12. Obtain 90-day delinquency report. Provide details/reason for delinquencies and Borrower's plan to improve delinquencies and reduce bad debt.
  - Example: Any estimates or changes to real estate taxes are discussed and supported.
- Near-Stabilized Properties:
  - Provide historical leasing analysis and future leasing projections.
  - Include information on unit move-ins and move-outs since leasing inception.
  - Include historical occupancy, current occupancy, and pre-leasing (anticipated occupancy).
  - Discuss lease-up timeline, upcoming renewals, retention ratio, and lease trade-outs.
  - Discuss bad debt, concessions, incentives, discounts and allowances for any new leases and renewals.

## **10. Valuation**

- For acquisitions, provide the purchase price and any credits listed in the purchase and sale agreement.
- For refinances, the following should be considered:
  - Sales comparables to support the preliminary Underwritten Capitalization Rate and value/price per unit by using your portfolio data, verified third-party data, DUS Insights and/or other reliable sources.
  - If available, provide the Appraisal's preliminary or concluded value and any additional support for their capitalization rate.

## **11. Exit Analysis**

- Alternative exits: Discuss changes to assumptions with supporting information and sources.
- Include fully assessed real estate taxes for a Property that benefits from a tax abatement, exemption, deferral, or PILOT that expires during the Mortgage Loan term, or that phases out/expires within 5 years of the Maturity Date.