

DUS Supplemental Financing

Description	Non-recourse, supplemental financing is available on existing DUS loans as a property's value and income stream increase. Borrower has the ability to take out additional equity over life of the original loan.
Loan Terms	5, 7, 10 or 15 year balloons; 20, 25 or 30 year fully amortizing. Supplemental loans can be coterminous or non-coterminous (extending more than two years beyond the term of the first loan). Interest rates on the non-coterminous loans are lower than those on co-terminous loans.
Waiting Period	One-year gap required between closing of most recent loan and closing of additional supplemental loan.
Limit on Number of Loans	A maximum of two supplemental loans are permitted. A third is permitted in conjunction with a sale if the existing financing is assumed by purchaser.
Amortization	25 or 30 years, based on property condition.
Loan-to-Value Maximum	The supplemental mortgage plus the unpaid balance of the first mortgage can total a maximum of 80% of current value in most cases.
Coverage Minimum	Combined coverage on both first and second mortgages not to exceed 1.25x in most cases.
Borrower	Borrowing entity is existing entity on the first mortgage.
Interest Rate	Risk-based pricing varies with LTV and DSC ratios.
Prepayment	Yield Maintenance with no lockout or Defeasance.
Third Party Reports	MAI appraisal and Physical Needs Assessment are required for all deals; Seismic Report update may be required for properties in Seismic Zone 4.
Reserves	Typically, reserve funding is similar to that related to first mortgage. If engineering assessment indicates that pre-existing reserves are inadequate, reserve requirements may be increased.
Application Fee	Approximately \$8,000, to cover 3rd party reports and underwriting costs.

Continued on Reverse

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Origination Fee	Fannie Mae requires a minimum origination fee equal to one percent of loan amount. Origination fee can be charged “outside” of the interest rate as a separate fee, or it can be built into the rate.
Legal Fees	\$8,000 to \$10,000, varying with characteristics of the deal.
Timing	45 - 50 days from application to commitment; dependent on 3rd party report timing and borrower’s submission of due diligence.
Rate Lock	Typically lock occurs after commitment is issued; Early Rate Lock option is available, allowing rate lock within 3-4 weeks of application.