



Fannie Mae DUS™

DUS Plus Mezz

DESCRIPTION

Deutsche Bank Berkshire Mortgage offers financing through Fannie Mae *DUS Plus* (mezzanine financing combined with a conventional fixed-rate DUS loan). Both the DUS loan and the Mezz loan are closed together simultaneously and are serviced by DB, saving you money. Borrowers should have sufficient assets and liquidity to support both the first mortgage and the mezzanine loan. DUS Plus mezzanine financing is available for the acquisition or refinance of DUS-eligible multifamily properties, except that it is currently not available for the following types of properties or transactions: Dedicated Student Housing, Seniors Housing, Manufactured Housing Communities, and Multifamily Affordable Housing, loans on cooperative properties, loans for moderate rehabilitation, bond credit enhancements, or multiple-asset transactions.

BENEFITS / FEATURES

- Additional leverage up to 85% combined LTV and 1.10x combined DSCR.
- **Favorable prepayment terms:** After a 1-year lockout, the mezzanine loan is prepayable according to a declining prepayment schedule that starts at a 2% prepayment premium and declines by 0.5% per year.
- DUS Supplemental Loans can be used to pay off the mezzanine loan as well as to provide future additional leverage as justified.
- **Fast processing and underwriting:** DUS lenders have delegated authority to underwrite and rate lock both the conventional DUS loan and the mezzanine loan without prior review.
- **Ease and certainty of closing:** DUS lenders control the underwriting and closing processes. DUS Plus loans will use standard documentation, making them easy to close.
- **No Intercreditor Agreement to negotiate!**
- **Competitive pricing:** The mezzanine loan has a competitive rate that, when blended with the rate on the underlying DUS loan, offers very attractive all-in pricing.
- **One-stop customer service:** The DUS lender will service both the conventional DUS loan and the mezzanine loan.

LOAN STRUCTURE

LOAN AMOUNT	The mezzanine loan amount must be a minimum of \$187,500 and a maximum of 10% of the underwritten value of the property.
.....	The underlying DUS loan must be greater than \$3 million and less than \$25 million.
LOAN TO VALUE	85% (maximum combined LTV of the conventional DUS loan and the mezzanine loan).
DEBT SERVICE COVERAGE	1.10x (minimum combined DSCR of the conventional DUS loan and the mezzanine loan).
LOAN TERMS	Mezzanine loans may have a term of up to 10 years consisting of a 5-year term followed by an automatic extension for an additional 2 years, followed by up to three additional 1-year extensions subject to the property producing a 1.00x DSCR. However, the mezzanine loan must be coterminous with the underlying DUS loan.
.....	The underlying DUS loan may be for any standard term.
AMORTIZATION	Up to 30 years. Interest-only options are available subject to certain restrictions.
RECOURSE	The mezzanine lender will have recourse to the mezzanine borrower if the mezzanine or mortgage borrower declares bankruptcy. The conventional DUS loan will also be recourse to the mortgage borrower and any Key Principal if the mortgage borrower declares bankruptcy.

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- RATES.....Competitive rates priced daily. Call for quote.
-The mezzanine loan has a fixed rate for the first 5 years and then converts to a variable rate based on a predetermined fixed spread to 3-month LIBOR. The spread remains constant for the automatic 2-year extension as well as for any subsequent 1-year extensions.
-The underlying conventional DUS loan must be fixed-rate and may use cash or MBS executions.
- MEZZANINE INVESTOR FEE 1.5 - 2.0% of the mezzanine loan.

OPTIONAL FEATURES

- EARLY RATE LOCKAvailable for the conventional DUS loan, allowing the borrower to lock a rate 45 to 365 days in advance of closing. The mezzanine loan can be committed and rate locked up to 4 months in advance of closing.
- SUBORDINATE FINANCING.....DUS supplemental mortgage available. The first DUS Supplemental Loan on a property must be used to pay off the mezzanine loan in its entirety and is subject to Tier 2 requirements (80% LTV / 1.25x DSCR). Subsequent DUS Supplemental Loans will be available subject to standard underwriting guidelines.
- ASSUMABILITY Fully assumable with Lender's and mezzanine investor consent and upon payment of 1% fee to the mezzanine investor and the standard 1% transfer fee for the conventional DUS loan.
- PREPAYMENT.....The mezzanine loan may not be prepaid during the first year. After the 1-year lockout, there is a declining prepayment premium schedule beginning at 2% in year 2, 1.5% in year 3, 1% in year 4 and 0.5% in year 5. No prepayment premium is charged during the final 90 days of the fixed-rate period or during the variable-rate extension periods.
-The conventional DUS loan may use any applicable prepayment option.
- EXTENDED MATURITY.....Available for qualified transactions with 5, 7, 10 or 15 year terms that use Cash Execution that allows 1-year floating rate extension.