



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 802.02 Financial Conditions

### Requirements

You must ensure all of the following:

- You have reviewed at least 3 years of the Property's financial operations.
- The Property's financial operations achieved at least a 0.90 DSCR on an Actual Cooperative Property Basis for 2 of the previous 3 years.
- The Board of Directors or managers of the Cooperative Organization approve any increase in the Cooperative Maintenance Fee prior to closing; and any scheduled annual increase cannot exceed 10%.
- A Cooperative Property Sponsor may not own interests to occupy or lease more than 40% of the units in the Cooperative Property, unless the following criteria are met:
  - You deem the financial strength, experience, qualifications, and credit history of the Cooperative Property Sponsor acceptable, per the applicable provisions for Key Principals in [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#) or [Part III, Chapter 9: Small Mortgage Loans](#).
  - The Cooperative Organization consistently demonstrates sound financial operations and market acceptability.
  - There is no on-going litigation between the Cooperative Organization and the Cooperative Property Sponsor.
  - The aggregate annual rental income from the Cooperative Property Sponsor-owned units is greater than the aggregate annual Cooperative Maintenance Fees on those units.



# Glossary

## A

Actual Cooperative  
Property Basis

Financial analysis or valuation of a Cooperative Property conducted based on its actual operating performance.

## B

Borrower

Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## C

Cooperative  
Maintenance Fee

Periodic fee assessed each shareholder or owner of a Cooperative Organization to fund costs and expenses associated with ongoing operations of the Cooperative Property.

### Synonyms

- Cooperative Maintenance Fees

Cooperative  
Organization

Corporation or legal entity where each shareholder or equity owner is granted the right to occupy a unit in a multifamily residential property under a proprietary lease or occupancy agreement.

Cooperative Property

Multifamily residential property owned by a Cooperative Organization.

### Synonyms

- Co-op
- Cooperative



## Cooperative Property Sponsor

Person who invested in, converted, or is converting a residential rental apartment building to a Cooperative Property and continues to own unsold shares in the Cooperative Organization.

## G

### Guarantor

Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

#### **Synonyms**

- Guarantors

## P

### Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

#### **Synonyms**

- Properties
- Property's