



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Chapter 14 Split Mortgage Loans and Bifurcated Mortgage Loans

### Section 1401 Description

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#### Requirements

A Split Mortgage Loan consists of 2 Mortgage Loans, a Senior Mortgage Loan and a Subordinate Loan, that are underwritten concurrently. A Split Mortgage Loan allows the Borrower to divide the debt or increase the leverage on a property.

A Bifurcated Mortgage Loan is a single Senior Mortgage Loan that is evidenced by 2 Notes with the same payment and collateral priority. A Bifurcated Mortgage Loan allows the Borrower to deleverage a portion of the debt.

Split Mortgage Loans and Bifurcated Mortgage Loans are sometimes referred to as A/B Structures. Split Mortgage Loans and Bifurcated Mortgage Loans are not the same as the Dual Commitment Option described in [Part IV, Chapter 3: Streamlined Rate Lock, Section 307: Dual Commitment Option](#).

### Section 1402 Characteristics

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#### Requirements

Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Closing	Subordinate Loan closing must occur on, or within 12 months after, the Senior Mortgage Loan closing.	Must occur on the same date.
Loan Amount	Aggregate original principal amounts of the Senior Mortgage Loan and the Subordinate Loan.	Aggregate original principal amounts of the 2 Notes.  If any proceeds are based on an IRP, <a href="#">Part III, Chapter 7: Multifamily Affordable Housing Properties</a> applies.
Purpose	Either Acquisition or refinancing.	Either Acquisition or refinancing.



Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Underwriting	<p>The 2 Mortgage Loans must:</p> <ul style="list-style-type: none"> <li>• not have a combined LTV higher than the maximum standard for a Senior Mortgage Loan;</li> <li>• not have a combined DSCR lower than the minimum standard for a Senior Mortgage Loan; and</li> <li>• be cross-defaulted.</li> </ul>	<p>Must not have a combined:</p> <ul style="list-style-type: none"> <li>• LTV higher than the maximum standard for a Senior Mortgage Loan; and</li> <li>• DSCR lower than the minimum standard for a Senior Mortgage Loan.</li> </ul>
Interest Rate Structures	<p>Either a fixed or variable interest rate.</p> <p>If you use a combination of fixed and variable interest rates, you must comply with <a href="#">Part III, Chapter 13: Supplemental Mortgage Loans</a>.</p>	<p>Either a fixed or variable interest rate.</p> <p>If you use a combination of fixed and variable interest rates, each Note must have its own MBS.</p>
Documentation	<p>2 separate sets of Loan Documents: 1 for the Senior Mortgage Loan and 1 for the Subordinate Loan.</p>	<p>1 set of Loan Documents, but evidenced by 2 separate Notes.</p> <p>The Notes must be pari passu.</p>
Securitization	<p>2 separate MBS: 1 for the Senior Mortgage Loan and 1 for the Subordinate Loan.</p> <p>Additional Disclosure per <a href="#">Form 4098</a> will be required if a partial release of collateral is permitted for either Mortgage Loan.</p>	<p>1 MBS unless multiple Interest Rate Structures.</p> <p>Additional Disclosure per <a href="#">Form 4098</a> must be required if a partial release of collateral is permitted for either Note.</p>
Hazard Insurance	<p>Coverage based on the combined UPB of the Senior Mortgage Loan and the Subordinate Loan.</p>	<p>Consistent with Senior Mortgage Loans.</p>



Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Title Insurance	Separate title insurance policies for the Senior Mortgage Loan and Subordinate Loan, in the respective amounts of each loan.	Consistent with Senior Mortgage Loans.
UCC Financing Statements	Filings for both the Senior Mortgage Loan and Subordinate Loan.	Consistent with Senior Mortgage Loans.

### ➔ Guidance

Topic	Split Mortgage Loans	Bifurcated Mortgage Loans
Maturity Date	2 Mortgage Loans may have different Maturity Dates if the Subordinate Loan is resubordinated per <a href="#">Part III, Chapter 13: Supplemental Mortgage Loans</a> .	2 Notes may have different Maturity Dates and Yield Maintenance Period End Dates.



# Glossary

## A

### Acquisition

Any Purchase of either the:

- Property's fee simple or leasehold interest via a deed transfer; or
- Controlling Interest in the Borrower.

#### **Synonyms**

- Acquisitions

### Additional Disclosure

Information you provide that is published as an addendum to the disclosure documents when an MBS is issued and describes special Security, Mortgage Loan, or Property characteristics or terms that differ from those described in the standard Multifamily MBS Prospectus.

#### **Synonyms**

- Additional Disclosures
- Special Disclosure

## B

### Bifurcated Mortgage Loan

Single Senior Mortgage Loan that is evidenced by 2 Notes with the same payment and collateral priority.

#### **Synonyms**

- Bifurcated Mortgage Loans

### Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's

## D



Dual Commitment  
Option

For a Streamlined Rate Lock Mortgage Loan trade with the Multifamily Trading Desk, your ability to increase the Mortgage Loan Rate Lock amount.

## I

IRP

Interest Reduction Payment

### **Synonyms**

- Interest Reduction Payment

## L

Loan Documents

All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

### **Synonyms**

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

## M

Maturity Date

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

### **Synonyms**

- Maturity Dates

MBS

Mortgage-Backed Security

Mortgage Loan

Mortgage debt obligation evidenced, or when made will be evidenced, by

- the Loan Documents, or
- a mortgage debt obligation with a Fannie Mae credit enhancement.

### **Synonyms**

- Mortgage Loans
- Mortgage Loan's



## N

**Note** Instrument evidencing a Mortgage Loan obligation, including

- [Form 6010 series](#),
- any other Fannie Mae-approved note, and
- all applicable
  - addenda,
  - schedules, and
  - exhibits.

### **Synonyms**

- Notes

## S

**Senior Mortgage Loan** Senior loan purchased by Fannie Mae.

### **Synonyms**

- Senior Mortgage Loans

**Streamlined Rate Lock** Optional process permitting a Rate Lock before completing full Mortgage Loan underwriting, per [Part IV, Chapter 3: Streamlined Rate Lock](#).

### **Synonyms**

- SRL

**Subordinate Loan** Multifamily residential real estate loan secured by a Lien against the Property having a lesser priority than the Lien securing another multifamily residential real estate loan on the same Property.

### **Synonyms**

- Subordinate Loans

## U

**UCC** Uniform Commercial Code



UPB

Unpaid Principal Balance

**Synonyms**

- UPBs