



Fannie Mae®

Multifamily Selling and Servicing Guide

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702.02 Minimum Conversion Debt Service Ratio

Requirements

To convert...	You must...
A Mortgage Loan to a fixed rate	Confirm the Minimum Conversion Debt Service Ratio (per the Interest Rate Conversion Agreement) is met.
A Supplemental Mortgage Loan to a fixed rate	Confirm the Minimum Conversion Debt Service Ratio is met using the sum of <ul style="list-style-type: none">• the current annual combined debt service of all Pre-Existing Mortgage Loans (using the maximum interest rate for any variable rate Pre-Existing Mortgage Loan), plus• the annual debt service of the converted fixed rate Supplemental Mortgage Loan.



Glossary

I

Interest Rate
Conversion Agreement

Document describing the terms and conditions when a Mortgage Loan interest rate may convert from an adjustable rate to a fixed rate.

M

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

P

Pre-Existing Mortgage
Loan

Multifamily residential real estate loan secured by Liens against the Property having higher priority than the Lien securing the Subordinate Loan purchased by Fannie Mae.

Synonyms

- Pre-Existing Mortgage Loans

S

Supplemental Mortgage
Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

Synonyms

- Supplemental Mortgage Loans