Fannie Mae®

Multifamily Selling and Servicing Guide

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TABLE OF CONTENTS

Part III Section 1903.07C Final Permanent Mortgage Loan Amount 3
GLOSSARY 5

1903.07C Final Permanent Mortgage Loan Amount

Requirements

You must ensure the permanent Mortgage Loan amount is less than or equal to the Forward Commitment.

Operating Procedures

Steps	Actions
1	You must determine the permanent Mortgage Loan amount using the Forward Loan Conversion Analysis (Form 4212).
2	If the Property's actual stabilized NCF before permanent Mortgage Loan Delivery is less than the original Forward Commitment underwriting, reduce the permanent Mortgage Loan amount to comply with the Forward Commitment DSCR and LTV.
3	If the permanent Mortgage Loan amount in Step 2 is less than the Forward Commitment Confirmation Mortgage Loan amount, verify the Borrower has secured a source of funds, whether debt or equity, to cover the difference.
4	Ensure any additional debt the Borrower incurs to cover the difference in Step 3, is only secured by a Lien on the Property if • it is an MAH Property, and • the subordinate debt complies with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 704: Third-Party Financing.
5	If the permanent Mortgage Loan amount in Step 2 results in a loan curtailment, • the Borrower must close the permanent Mortgage Loan at the reduced amount, and • you must Deliver the permanent Mortgage Loan at the reduced amount.

Steps	Actions
6	If the Property qualifies for additional financing beyond the Forward Commitment Confirmation Mortgage Loan amount, submit via DUS Gateway: • a request for additional financing; • your conversion documentation; and • a comparative analysis showing the stabilized NCF is greater than the original Forward Commitment underwriting. A new pre-conversion Appraisal is not required if the pre-construction Appraised Value and permanent Mortgage Loan amount comply with the Forward Commitment maximum LTV.
7	Any increase in the permanent Mortgage Loan amount approved by Fannie Mae will: • be limited to the Maximum Loan Amount Increase percentage per the Forward Commitment; • be made on the currently available terms and conditions; and • not be approved simply because construction costs, cost overruns, or change orders were higher than expected.

Glossary

A

Appraisal	Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value • as of a specific date, and • supported by the presentation and analysis of relevant market information. **Synonyms** • Appraisals • Appraisal's
Appraised Value	Appraisers opinion of the Property's market value documented in the Appraisal, on an as is basis, unless use of an as completed basis is specifically permitted per the Guide. **Synonyms** • Appraised Values

B

Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

C

Commitment	Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan. **Synonyms** • Committed • Commitments

D

Debt Service Coverage Ratio	On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments. **Synonyms** • DSCR
Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Maes satisfaction. **Synonyms** • Deliver • Delivered • Deliveries
DUS	Delegated Underwriting and Servicing
DUS Gateway	Multifamily pre-acquisition system, or any successor systems, recording deal registration, Pre-Review and/or waiver tracking, Mortgage Loan Commitments, and decision records.

F

Forward Commitment	Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property. **Synonyms** • Forward Commitment's • Forward Commitments

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

L

Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens
Loan-to-Value Ratio	Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage. **Synonyms** • LTV • LTV Ratio

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
Multifamily Affordable Housing Property	Property that: • complies with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702: MAH Property Eligibility; and • is underwritten per Part III, Chapter 7: Multifamily Affordable Housing Properties. **Synonyms** • MAH • Multifamily Affordable Housing • MAH Property

N

Net Cash Flow	At underwriting or for any specified period, the amount calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • NCF

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

T

Third-Party Financing	Any loan to, or indebtedness of, a Borrower that: • is not a Supplemental Mortgage Loan or Pre-Existing Mortgage Loan; and • either: - requires repayment by the Borrower; or - is forgiven (over time or at maturity) subject to Borrower compliance with certain covenants or conditions.