



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## TABLE OF CONTENTS

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Part II Section 101 Eligible Properties .....	3
101.01 Generally .....	3
101.02 Expanded Housing Choice .....	4
GLOSSARY .....	7



## Section 101 Eligible Properties

### 101.01 Generally

#### Requirements

For a Mortgage Loan to be eligible for purchase, it must be secured by a multifamily residential property that meets all of the following:

- contains at least 5 dwelling units;
- does not include a stand-alone building containing less than 5 dwelling units (e.g., a single-family structure), unless it:
  - was originally constructed as part of a single multifamily development; or
  - is situated on the same tax parcel, or shares a tax parcel boundary, with a
    - multifamily property, or
    - MH Community;
- has suitable bathroom and cooking facilities within each unit;
- is located in 1 of the 50 states of the United States, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, or Guam;
- is located on a publicly dedicated, all-weather road, or is accessible by a satisfactory easement from this type of road;
- consists of either a single parcel or multiple parcels per [Part II, Chapter 1: Attributes and Characteristics, Section 102.01: Single Borrower Ownership](#);
- any commercial space is:
  - physically part of, and connected to, the multifamily space; or
  - a stand-alone building that is on the same tax parcel;
- has adequate water and sewer service, which may be delivered by a public utility or, where commercially acceptable for the market area, by a private system or utility;
- offers a suitable level of utility service (e.g., electrical, natural gas, refuse removal, etc.) for the market area;
- either complies with all applicable statutes, rules, regulations, and housing and building codes, or is being appropriately remediated;



- does not contain any Modular Housing; and
- has access to police and emergency services.

### ➔ Guidance

To determine if a single-family structure was originally constructed as part of a single multifamily development, you should consider if all buildings:

- were originally constructed at the same time;
- were historically bought, operated, and sold as 1 Project since originally constructed;
- are generally consistent in physical appearance, with distinct boundaries such as
  - signage,
  - gates/fencing,
  - shared parking, or
  - dedicated streets;
- are located on a single tax parcel or adjacent tax parcels;
- are configured without any non-Borrower owned parcels or buildings separating/splitting or within the multifamily development; and
- are not part of a predominately homeowner development.

## 101.02 Expanded Housing Choice

### ➔ Guidance

A Mortgage Loan is eligible for a pricing incentive if the Borrower and Property comply with this Section.

### ☑ Requirements

For Expanded Housing Choice pricing incentive eligibility, all of the following must be met:

- The Borrower agrees to:
  - accept Housing Choice Vouchers throughout the Mortgage Loan term;
  - not discriminate against applicants, tenants, their family members, and occupants for using Housing Choice Vouchers to pay rent and other lawful fees, including



- applying stricter screening standards,
- charging larger security deposits, rent, or fees, or
- subjecting them to additional community rules;
- advertise the Property and/or available units
  - with participating Public Housing Agencies, and
  - on <https://www.affordablehousing.com> (or successor site); and
- execute a
  - Modification to Multifamily Loan and Security Agreement (Expanded Housing Choice) ([Form 6273](#)), and
  - Payment Guaranty (Pricing Incentive Recapture) ([Form 6020.PIR](#)).
- The Property:
  - is located in
    - Texas, or
    - North Carolina;
  - is not already required to accept Housing Choice Vouchers as a financing condition, such as per
    - an Affordable Regulatory Agreement,
    - Sponsor-Initiated Affordability Agreement, or
    - LIHTC agreement; and
  - on the Mortgage Loan Origination Date, has at least 20% of its units within the applicable HUD Fair Market Rent or Small Area Fair Market Rent, as adjusted per the applicable Public Housing Agency payment standard, with the qualifying unit mix being in proportion to the Property's overall unit mix.

## Operating Procedures

Use the [Housing Choice Vouchers: Expanded Housing Choice \(EHC\) Job Aid](#) to commit and Deliver a Mortgage Loan qualifying for an Expanded Housing Choice pricing incentive.

## Guidance



For an acceptable unit mix within the applicable HUD Fair Market Rent or Small Area Fair Market Rent, the qualifying units must be proportional to the Property's overall unit mix. An acceptable unit mix at a sample 100-unit building would be:

Sample 100-Unit Building		
Apartment Type	Number of Units	Minimum 20% Unit Mix
Studio	10	2
1 Bedroom	50	10
2 Bedroom	30	6
3 Bedroom	10	2
Total	100	20



# Glossary

## A

Affordable Regulatory Agreement

Regulatory, land use, extended use, or similar agreement or recorded restriction limiting rents, imposing maximum income restrictions on tenants, or placing other affordability restrictions on the use or occupancy of the Property (whether imposed by a government entity or self-imposed by a Borrower per the Sponsor-Initiated Affordability Agreement ([Form 6490](#))).

## B

Borrower

Person who is the obligor per the Note.

### Synonyms

- Borrowers
- Borrower's

## H

HUD

U.S. Department of Housing and Urban Development

### Synonyms

- HUD's

## M

Modular Housing

Property on which the multifamily Improvements are constructed of sections built off-site, such as modular, prefabricated, panelized, or sectional housing, and then assembled and installed on-site on a permanent foundation (and not a chassis).

### Synonyms

- Cardinal



## 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

## Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## **P**

## Payment Guaranty

Guaranty executed by a Key Principal on Form 4502 series or [Form 6020 series](#), or approved by Fannie Mae.

## Project

Multifamily buildings

- on multiple Properties,
- owned by the same Borrower, and
- that comply with [Part II, Chapter 1: Attributes and Characteristics, Section 102.01: Single Borrower Ownership](#).

### **Synonyms**

- Projects

## 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





## S

Security

MBS, PFP MBS, or REMIC.

### **Synonyms**

- Securities

Sponsor-Initiated  
Affordability

Voluntary rent and income restrictions recorded against the Property by the Borrower to preserve or create multifamily affordable housing.