Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 103 Multiple Properties

103.01 Single Borrower Ownership

☑ Requirements

If more than 1 Property secures a Mortgage Loan, you must determine if all multifamily buildings are part of the same Project. Buildings on multiple Properties are a single Project if all Properties:

- are only separated by publicly dedicated or private streets primarily intended for local residents or access to the Property, and not by major arteries or thoroughfares (i.e., streets primarily intended for traffic traveling through the area); and
- have the following characteristics:
  - all buildings have been operated as a single complex (e.g., no buildings are marketed separately to tenants);
  - the Properties are within
    - 0.5 miles or less of each other, and
    - the same submarket;
  - amenities at any building are available to tenants in other buildings;
  - amenities located in one building do not materially, adversely affect the rents at other buildings without similar amenities; and
  - the overall building configuration across the Properties does not result in elevated vacancy levels at any building.

If multiple Properties are not part of the same Project, you must:

- collect detailed individual data for each Property, including separate
  - rent rolls, and
  - operating statements;
- enter each Property in the Properties section of DUS Gateway;
- complete a Multifamily Affordability Estimator (MAE) for each Property per Part I, Chapter 2: Mortgage Loan, Section 201: Registration and Multifamily Affordability Estimator;
- require every third-party report to assess
  - the Properties in each Project separately, and

- all Properties in the aggregate; and

- enter each Property as a separate Property Collateral record in C&D.

When a Mortgage Loan not in a Credit Facility is secured by multiple Properties (whether in the same or multiple Projects), each multifamily Property must individually:

- comply with the minimum occupancy requirements in
  - Part II, Chapter 1: Attributes and Characteristics, Section 107: Minimum Occupancy, or
  - Part III, Chapter 9: Small Mortgage Loans, Section 903: Occupancy;
- be located in the same MSA; and
- have an acceptable Property condition based on
  - your site inspection, and
  - any required PCA.

Guidance

For a Mortgage Loan secured by multiple Properties not part of the same Project, you may:

- accept a consolidated third-party report for multiple Projects, if each Property is identified and assessed separately; and
- consolidate the Underwritten NCF and overall underwriting in a single Transaction Approval Memo.

103.02 Joint and Several Borrower Ownership

Requirements

If...	Then...
A Mortgage Loan • is made to joint and several Borrowers, • is secured by multiple Properties, and • has a Property owned by a different Borrower.	The Mortgage Loan and each Borrower must comply with • Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.01: Single-Asset Entity, • Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 302.03: Joint and Several Borrowers with Multiple Properties , and • Part II, Chapter 1: Attributes and Characteristics, Section 103.01: Single Borrower Ownership.

Glossary

B

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

C

Collateral	Property, Personal Property, or other property securing a Mortgage Loan.
Credit Facility	Structured Transaction governed by a Master Credit Facility Agreement requiring Mortgage Loans and Properties to be • cross-defaulted, and • cross-collateralized. **Synonyms** • Credit Facilities • Credit Facility's

D

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.

G

Guarantor	Key Principal or other Person executing a • Payment Guaranty, • Non-Recourse Guaranty, or • any other Mortgage Loan guaranty. **Synonyms** • Guarantors
Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

K

Key Principal	Person who • controls and/or manages the Borrower or the Property, • is critical to the successful operation and management of the Borrower and the Property, and/or • may be required to provide a Guaranty. **Synonyms** • Key Principals • Key Principal's

M

Metropolitan Statistical Area	Geographic delineation for a metropolitan area determined by the U.S. Census Bureau. **Synonyms** • MSA • MSA's

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 Committing and Delivery System	Electronic committing and delivery system used for issuing and confirming Commitments for acquiring Mortgage Loans, or any such successor system. **Synonyms** • C&D • Multifamily Committing and Delivery Systems

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

Principal	Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors. **Synonyms** • Principals

Project	Multifamily buildings • on multiple Properties, • owned by the same Borrower, and • that comply with Part II, Chapter 1: Attributes and Characteristics, Section 103.01: 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
Property Condition Assessment	Assessment of the Property's physical condition and historical operation. **Synonyms** • PCA • PNA • Physical Needs Assessment • PCAs

S

Small Mortgage Loan	Mortgage Loan with an original loan amount less than or equal to $9 million. **Synonyms** • Small Mortgage Loans