Fannie Mae®

Multifamily Selling and Servicing Guide

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Chapter 21 Sponsor-Dedicated Workforce (SDW) Housing Properties

Section 2101 Description

Requirements

An SDW Housing Property is a Property where:

- either
  - all rent restrictions are newly imposed by the Borrower, or
  - new rent restrictions are being added to existing rent restrictions; and
- the aggregate rent restrictions:
  - meet or exceed 20% @ 80%: at least 20% of all units have rent restrictions in place making them affordable to households earning up to the following as adjusted for family size:
    - 80% of AMI; or
    - 100% of AMI in an FHFA-designated "cost-burdened" market; or
    - 120% of AMI in an FHFA-designated "very cost-burdened" market;
  - are in place at the Property by the Mortgage Loan Origination Date; and
  - remain in place during the entire Mortgage Loan term.

An SDW Housing Property is ineligible if:

- 3 or more years of LIHTC restrictions remain; and
- the Borrower intends to enter into the Qualified Contract Process (per Internal Revenue Code Section 42) within 3 years after the Mortgage Loan Origination Date.

Guidance

- FHFA annually designates the "cost-burdened" and "very cost-burdened" markets.
- As designated by FHFA, the income threshold for affordability is:
  - 100% of AMI or below for "cost-burdened" markets; and

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- 120% of AMI or below for "very cost-burdened" markets.

- This market designation is available in the:
  - Very Cost-Burdened and Cost-Burdened Renter Multifamily Markets; and
  - "Sponsor-Dedicated Workforce (SDW) Housing" section of the Affordable Housing & Tax Relief Data Guidance.

Section 2102 Compliance

Requirements

You must:

- ensure the Borrower's execution of the:
  - Modifications to Multifamily Loan and Security Agreement (Sponsor-Dedicated Workforce Housing) (Form 6271.SDW); and
  - Modifications to Security Instrument (Sponsor-Dedicated Workforce Housing) (Form 6325);
- require the Property's compliance within 12 months after the Mortgage Loan Origination Date; and
- ensure the SDW units are at least proportional to the Property's overall unit mix.

Guidance

An example of an acceptable unit mix is:

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

Operating Procedures



You must use the Sponsor-Dedicated Workforce (SDW) Housing Job Aid to commit and Deliver a Mortgage Loan qualifying for a Sponsor-Dedicated Workforce Housing pricing incentive.

Glossary

B

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

D

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 Mae's satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

F

FHFA	Federal Housing Finance Agency.

G

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

L

Lender Contract	Program Documents per the Multifamily Selling and Servicing Agreement. **Synonyms** • Lender’s Contract • Lender Contracts • Contract • Multifamily Selling and Servicing Agreement • MSSA
Low-Income Housing Tax Credit	Federal program offering tax credits to owners of eligible properties that contain low-income occupants and rent restrictions. **Synonyms** • Low-Income Housing Tax Credits • Low Income Housing Tax Credits • LIHTC • LIHTCs

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
Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date

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

S

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities
Security Instrument	Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations. **Synonyms** • Security Instruments • Security Instrument's
Sponsor	Principal equity owner and/or primary decision maker of the Borrower (often the Key Principal or the Person Controlling the Key Principal). **Synonyms** • Sponsors • Sponsor's