

# Multifamily Selling and Servicing Guide

Effective as of November 4, 2025

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#### **Section 206** Borrower Business Plan

#### ▼ Requirements

For Acquisitions or refinances where the Property is being repositioned through a substantial capital improvement plan, you must analyze (and document in your Transaction Approval Memo) the:

- Sponsor's:
  - business plan (either through a written plan or by a conversation with the Sponsor), including
    - market rent growth expectations,
    - any planned capital improvements,
    - any expected rent premiums after renovations,
    - operating expense management, and
    - value appreciation through capitalization rate compression;
  - expected ownership period for the Property relative to the Mortgage Loan term; and
  - expected investment returns from owning/operating the Property, assuming
    - Acquisition at the Underwriting Value, and
    - a hypothetical disposition at the Mortgage Loan's Maturity Date;
- Mortgage Loan's Underwritten Capitalization Rate; and
- motivation in the Property's investment compared to the Borrower's other investment alternatives.

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## **Glossary**

#### A

Acquisition

Any Purchase of either the:

- Property's fee simple or leasehold interest via a deed transfer; or
- Controlling Interest in the Borrower.

#### **Synonyms**

Acquisitions

B

Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- · Borrower's

M

**Maturity Date** 

Date all Mortgage Loan amounts become fully due and payable per the Loan Documents.

#### **Synonyms**

Maturity Dates

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.

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#### **Synonyms**

- Mortgage Loans
- Mortgage Loan's

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



#### **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



#### **Underwriting Value**

Value of the Property determined by the Lender to size the Mortgage Loan per Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation.

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# Underwritten Capitalization Rate

Ratio, expressed as a percentage, of the • Underwritten Net Cash Flow, divided by

Underwriting Value.