



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of April 3, 2026

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part II Section 206 Borrower Business Plan	3
GLOSSARY	4



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.



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.

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

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

U

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](#).

Underwritten Capitalization Rate Ratio, expressed as a percentage, of the

- Underwritten Net Cash Flow, divided by
- Underwriting Value.