



Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

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 301 Zoning and Legal Non-Conforming Uses	3
GLOSSARY	4



Section 301

Zoning and Legal Non-Conforming Uses

Requirements

For each Property, you must:

- Identify the current zoning or land use designation.
- Determine whether the use conforms to those designations.

If the use of the Property is a legal non-conforming use, you must:

- Determine whether Improvements can be reconstructed to a level that would support a Tier 2 DSCR in case of full or partial casualty.
- Analyze the impact on the Mortgage Loan if the Borrower is not allowed to rebuild.

Guidance

To assess the Borrower's ability to rebuild Improvements on a non-conforming Property to a level that would support a Tier 2 DSCR, you should consider:

- the continued marketability and economic viability of the Property;
- the percentage of damage that could occur before the Property would be forced to comply with current zoning requirements, and how to apply that percentage to the Property's market value, assessed value, replacement cost, and unit count;
- for Properties with multiple buildings, whether a Tier 2 DSCR would be supported by a single building or the complex as a whole; and
- the amount and type of insurance coverage maintained by the Borrower.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

I

Improvements Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now constructed or hereafter constructed or placed on the land upon which the Property is located, together with all fixtures (as defined in the Uniform Commercial Code).

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

P

Property Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

Synonyms

- Properties
- Property's