Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 502 Eligible Properties

502.01 Eligible Properties

☑ Requirements

You must ensure that a Seniors Housing Property has the following design features:

- convenience features for the elderly in all units, such as grab bars in the bathrooms and emergency pull-cords or equivalent safety items;
- a fully operational sprinkler system throughout each level of each building (including all units and common areas), regardless of local building code or other governmental requirements;
- a commercial kitchen for preparing meals for residents;
- kitchens or kitchenettes containing a refrigerator, microwave or comparable cooking element, and sink in each Independent Living unit, and also in, each Assisted Living unit if consistent with the market; and
- bathrooms in each Independent Living and Assisted Living unit.

502.02 Ineligible Properties

☑ Requirements

Fannie Mae will not purchase any Mortgage Loan secured by a Seniors Housing Property:

- comprised of only Skilled Nursing units;
- that does not meet the Skilled Nursing NCF Test per Part III, Chapter 5: Seniors Housing Properties, Section 504.02: Skilled Nursing NCF Test; or
- if the original Seniors Housing Mortgage Loan UPB exceeds 100% of the lesser of:
  - the portion of the Appraised Value attributed to land and all Improvements; or
  - for a Seniors Housing Property Acquisition, the portion of the Property's Acquisition price per the final title company settlement statement attributed to land and all Improvements, but excluding any portion attributed to
    - Intangible Property, and/or

- Personal Property (but including fixtures if customarily valued as real estate in the market).

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
Appraised Value	Appraiser’s opinion of the Property's market value documented in the Appraisal, on an “as is” basis, unless use of an “as completed” basis is specifically permitted per the Guide. **Synonyms** • Appraised Values
Assisted Living	Seniors Housing Property offering services limited to non-medical personal care, including ADL assistance, which are typically licensed and regulated by a state or local governmental authority. **Synonyms** • AL

I

Improvements	Buildings, structures, improvements, and alterations, including the multifamily housing dwellings, now or hereafter constructed or placed on the Property, including all fixtures (as defined in the UCC). **Synonyms** • Improvements'

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Independent Living	Seniors Housing providing limited programs of assistance for domestic activities (e.g. meals, housekeeping, activities, transportation, etc.), and typically resembles market rate units. **Synonyms** • IL
Intangible Property	Business value, goodwill, and any other intangible value attributed to the Property being operated as a multifamily housing development.

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

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

Personal Property	Furniture, fixtures, equipment, and other tangible personal property located on or used in connection with the Property.

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

Seniors Housing Property	Multifamily residential rental property with any combination of Independent Living, Assisted Living, Alzheimer's/Dementia Care, or Skilled Nursing units. **Synonyms** • Seniors Housing • Seniors Housing Properties
Skilled Nursing	Seniors Housing Property with units that are highly regulated and provide 24-hour resident supervision and registered nursing care services.

U

UPB	Unpaid Principal Balance **Synonyms** • UPBs