



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## Section 301 Description

### Requirements

A Moderate Rehabilitation Mortgage Loan is secured by a Property that will undergo at least \$8,000 per unit of Rehabilitation Work. This Chapter does not apply to Properties with a lesser amount of rehabilitation work.

Product Description	
Minimum Per Unit Cost for Rehabilitation Work	<p>\$8,000 per unit:</p> <ul style="list-style-type: none"><li>• based on the total number of residential units at the Property, not the number of units being rehabilitated; and</li><li>• includes the estimated cost of all Completion/Repairs identified in the PCA (or MBA Standard Inspection Form, if applicable).</li></ul>
Rehabilitation Timing	<p>The Rehabilitation Work must be completed as follows:</p> <ul style="list-style-type: none"><li>• items identified as Completion/Repairs in the PCA, per <a href="#">Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 405: Completion/Repairs</a>;</li><li>• Efficiency Measures qualifying for a <a href="#">Green Rewards Mortgage Loan</a>, per <a href="#">Part III, Chapter 4: Green Mortgage Loans</a>;</li><li>• if the Moderate Rehabilitation Mortgage Loan meets the requirements for using the Appraised Value on an "as completed" basis (per <a href="#">Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation</a>), then the Rehabilitation Work may be completed after the 12-month period, but not later than 36 months after the Mortgage Loan Origination Date; and</li><li>• all other Rehabilitation Work, in a timely manner, but not later than 36 months after the Mortgage Loan Origination Date.</li></ul>



Product Description	
Completion/Repair Escrows	For Completion/Repairs identified in aPCA, if you require full or partial funding of a Completion/Repair Escrow, any higher funding amount you require above the estimated cost of Completion/Repairs must be funded.
Mezzanine Financing	If the Rehabilitation Work is funded through Mezzanine Financing, you must also comply with <a href="#">Part III, Chapter 16: Mezzanine Financing and Preferred Equity</a> .



# Glossary

## A

**Appraisal** Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value

- as of a specific date, and
- supported by the presentation and analysis of relevant market information.

### **Synonyms**

- Appraisals
- Appraisal's

**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

## C

**Completion/Repair Escrow** Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.

**Completion/Repairs** Repairs or capital item replacements and deferred maintenance:

- identified per the Property Condition Assessment; and
- required per the
  - Completion/Repair Schedule, or
  - Completion/Repair Agreement.

### **Synonyms**

- Completion/Repair

## E



## Efficiency Measures

Energy- and water-efficiency measures that the Borrower agrees to implement per the Multifamily Loan Agreement to qualify as a Green Rewards Mortgage Loan, and which project a reduction in the Property's annual energy or water consumption.

### **Synonyms**

- Efficiency Measure

## L

### Lease

Written agreement between an owner and the tenant of a Property stipulating the conditions for possession and use of real estate for a specified period of time and rent.

### **Synonyms**

- Leases

## M

### MBA

Mortgage Bankers Association

### **Synonyms**

- MBA's

### Mezzanine Financing

Subordinate debt financing provided to a direct or indirect owner of a Borrower that is secured by a pledge of the direct or indirect equity interest in the Borrower held by the owner, and not by a Lien on the Property.

### 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**

## Preferred Equity

A direct or indirect equity investment in an entity providing that investor with preferred rights to receive dividends, distributions, payments, or returns relative to other equity owners.

## 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

## **R**

## Rehabilitation Work

Aggregate repairs, replacements, or improvements (including all Completion/Repairs) required to be performed and completed within a specified time period after the Mortgage Loan Origination Date for a Moderate Rehabilitation Property.