Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of November 16, 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 III Section 606 Property Income and Underwritten NCF 3
GLOSSARY 9

© 2026 Fannie Mae. Trademarks of Fannie Mae.

Requirements

You must use the following table to calculate Underwritten NCF.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
CALCULATION OF NET RENTAL INCOME		
1		GROSS RENTAL INCOME[1] actual MH Site rents in place where Manufactured Homes are installed under leases with residents in occupancy, plus market rents for vacant MH Sites and MH Sites with vacant Manufactured Homes based on a current rent roll (multiplied by 12).
2	PLUS	To the extent deducted as an operating expense, MH Site rents for other non-revenue MH Sites, such as: • MH Sites with model Manufactured Homes deducted in the "model apartment" operating expense in the "general and administrative" category; and • actual MH Site rent from employee Manufactured Homes deducted in the "employee" operating expense in the "payroll and benefits" category.
	EQUALS	GROSS POTENTIAL RENT (GPR)
3	MINUS	Physical vacancy[2] • market rents for vacant MH Sites based on a current rent roll (multiplied by 12); and • net rental collections for occupied MH Sites where the Manufactured Home is vacant, and the MH Site rent is paid by the MH Community owner, prior occupants, or a third party (e.g., a retail creditor).
4	MINUS	Concessions the aggregate amount of forgone residential rental income from incentives granted to tenants for signing leases, such as free rent for 1 or more months, move-in allowance, etc.[2]
5	MINUS	Bad debt the aggregate amount of unpaid rental income determined to be uncollectable, including any adjustments to other income for bad debt.[2]
	EQUALS	NET RENTAL INCOME (NRI)[3,4]

© 2026 Fannie Mae. Trademarks of Fannie Mae.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
1 Includes the MH Site rent for any Affiliate-Owned Manufactured Home or Borrower-owned Manufactured Homes, but excludes the rent (or that portion of the rent) for the Manufactured Home. 2 The total of Items 3, 4, and 5 must equal the greater of • the difference between the trailing 3-month net rental collections (annualized) and GPR, or • 5% of GPR. If a rent increase with verified actual collections was instituted within the trailing 3 months, then NRI may be calculated based on the trailing 1-month net rental collections (annualized). 3 If NRI is greater than the trailing 1-month of actual NRI (annualized), then reduce to actual NRI. 4 You must assess any decline in NRI per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis, and adjust Underwritten NRI as required.		
CALCULATION OF OTHER INCOME		
6	PLUS	Actual other income generated through ongoing operations. The income must: • be stable; • be common in the market; • exclude one-time extraordinary non-recurring items; and • be supported by prior years. You must assess the individual month's other income within the prior full-year operating statement or, at a minimum, an operating statement covering at least the trailing 6 months (annualized). If there are fluctuations, you may use other income that exceeds the trailing 3-month other income (annualized), provided it does not exceed the highest 1-month other income used in the trailing 3-month other income calculation.
7	PLUS	For RV Sites with lease terms of 30 days or more, the lesser of • actual average net collections for the past 3 years, or • the current trailing 12-month RV Site rents, minus a 10% vacancy.[5]
CALCULATION OF COMMERCIAL INCOME[6]		
8	PLUS	Actual income from leased and occupied commercial space per Part II, Chapter 1: Attributes and Characteristics, Section 111: Commercial Leases.
9	PLUS	Actual average RV Site rental income for RV Sites with lease terms of less than 30 days.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
10	PLUS	Actual MH Site rental income for Manufactured Homes that predate the Manufactured Home HUD Code.
11	MINUS	10% of the actual commercial space income (total of Items 8, 9, and 10).
12	PLUS	Commercial parking income (e.g., public parking) that does not exceed actual trailing 12-month collections.[6]
5 If the average RV Site rental income for RV Sites with lease terms of 30 days or more is greater than 20% of EGI, then reduce to 20% of EGI. 6 If net commercial income is greater than 10% of EGI, then reduce to 10% of EGI. Additionally, total RV Site income from Items 7 and 9 (less 10% vacancy) cannot exceed 20% of EGI.		
13	PLUS	Laundry and, vending, parking, and all other income per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis.
	EQUALS	EFFECTIVE GROSS INCOME (EGI)
CALCULATION OF OPERATING EXPENSES		
14	MINUS	Line-by-line stabilized operating expenses. Stabilized operating expenses are the expenses during normal ongoing Property operations, not affected by a • lease-up, • rehabilitation, or • other short-term positive or negative factors. Non-recurring, extraordinary operating expenses must not be included. You must assess: • past operating history; • the Appraiser's expense analysis; • all information available to you (including Property contracts, utility bills, real estate tax assessments, insurance policies, and comparable assets); and • the Borrower's budget (in the case of an Acquisition). You must: • analyze historical operations at the Property; and • apply an appropriate increase over the prior year's operations in determining an estimate.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
15	MINUS	Property management fee equal to the greatest of: • 3% of EGI; • actual property management fee, provided you - exclude any portion of a non-arm's length property management fee that is subordinated to the Mortgage Loan, and - include any known contractual fee increases occurring over the next 24 months; or • Appraiser's concluded market property management fee.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
16	MINUS	Real estate taxes based on the greatest of: • actual future tax bill(s) covering a full calendar year; • prior full year's taxes multiplied by 103%; or • in California, the sum of: - any special assessments; plus - the millage rate multiplied by the greater of the ▪ Mortgage Loan amount, or ▪ assessed value. You must, for: • Borrower-owned Manufactured Homes, include ad valorum taxes; • any Tax Abatement expiring within 36 months after the Mortgage Loan Origination Date, include fully assessed real estate taxes; • any Property whose sale would trigger an automatic reassessment, include any expected increase; • any Property with an annual or scheduled reassessment within 12 months after the Mortgage Loan Origination Date, include any expected increase; and • all Properties: - use the most recently available assessed value (even if preliminary); and - do not use expected results from a protest, unless the protest is legally binding on the Borrower and taxing authority. If the Property has real estate Tax Abatements,they must: • be in effect at closing, per written documentation from the state or local tax assessor; and • survive a foreclosure on the Mortgage Loan such that Fannie Mae or a subsequent owner will retain the abatement, exemption, deferral, or PILOT (i.e., it is tied to the Property and not the owner). If the timeframe for the real estate Tax Abatement is shorter than the Mortgage Loan term, or begins phasing out or expires within 5 years after the Maturity Date, you must consider: • a Bifurcated Mortgage Loan structure (i.e., 2 notes secured by a single first Lien Security Instrument); • an amortization schedule that accommodates the elimination of the abatement; or • providing clear justification and support in the refinance analysis.

REQUIRED UNDERWRITTEN NCF (MANUFACTURED HOUSING COMMUNITY)		
Item	Function	Description
17	MINUS	Insurance per Item 17(c) in Part II, Chapter 2: Valuation and Income, Section 203.01: Underwritten Net Cash Flow (Underwritten NCF).
18	MINUS	Utilities, water and sewer, repairs and maintenance, payroll and benefits, advertising and marketing, professional fees, general and administrative, ground rent, and all other expenses per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis.
	EQUALS	UNDERWRITTEN NET OPERATING INCOME (UNDERWRITTEN NOI)
19	MINUS	Replacement Reserve expense per Part II, Chapter 4: Lease Audits, Inspections, and Reserves, Section 406: Replacement Reserve, with a minimum annual amount of $25 per MH Site.
	EQUALS	UNDERWRITTEN NCF

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
Affiliate	When referring to an affiliate of a Lender, any other Person or entity that Controls, is Controlled by, or is under common Control with, the Lender. When referring to an affiliate of a Borrower or Key Principal: • any Person that owns any direct ownership interest in Borrower or Key Principal; • any Person that indirectly owns, with the power to vote, 20% or more of the ownership interests in Borrower or Key Principal; • any Person Controlled by, under common Control with, or which Controls, Borrower or Key Principal; • any entity in which Borrower or Key Principal directly or indirectly owns, with the power to vote, 20% or more of the ownership interests in such entity; or • any other individual that is related (to the third degree of consanguinity) by blood or marriage to Borrower or Key Principal. **Synonyms** • Affiliates • Affiliate's

© 2026 Fannie Mae. Trademarks of Fannie Mae.

Affiliate-Owned Manufactured Home	Manufactured Home or park model home located on an MH Site that is owned by an Affiliate of the Borrower. **Synonyms** • Affiliate-Owned Manufactured Homes • Affiliate-Owned Home • Affiliate-Owned Homes
Appraiser	Person engaged to estimate a Property's market value per USPAP. **Synonyms** • Appraiser's • Appraisers

B

Bifurcated Mortgage Loan	Single Senior Mortgage Loan that is evidenced by 2 Notes with the same payment and collateral priority. **Synonyms** • Bifurcated Mortgage Loans
Borrower	Person who is the obligor per the Note. **Synonyms** • Borrowers • Borrower's

E

Effective Gross Income	For any specified period, the Property's total Net Rental Income, plus commercial income, plus other income, all calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • EGI



G

Gross Potential Rent	On an annual basis or any specified period, the total actual and potential rent for a Property per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • GPR

H

HUD	U.S. Department of Housing and Urban Development **Synonyms** • HUD's

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
Lien	Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind. **Synonyms** • Liens

M

Manufactured Home	Factory-built home complying with the Manufactured Home HUD Code. **Synonyms** • Manufactured Homes

Manufactured Home HUD Code	National Manufactured Home Construction and Safety Standards Act of 1974 (HUD Code) (42 USC 5401 et seq) and the Manufactured Home Construction and Safety Standards (24 CFR Part 3280), as amended.
Manufactured Housing Community	Residential real estate development with lots on which manufactured homes are located, together with amenities, utility services, landscaping, roads, and other infrastructure. **Synonyms** • Manufactured Housing Property • MH Community • MH Community's • MH Communities • MHC
Manufactured Housing Site	Developed lot within an MH Community on which a Manufactured Home can be located. **Synonyms** • MH Site • MH Sites
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

Mortgage Loan Origination Date	Date you fund a Mortgage Loan to the Borrower. **Synonyms** • Mortgage Loan's Origination Date • Origination Date

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
Net Operating Income	At underwriting or for any specified period, the Property's total Effective Gross Income minus operating expenses. **Synonyms** • NOI
Net Rental Income	For any specified period, the Property's net rental income calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • NRI

Note	Instrument evidencing a Mortgage Loan obligation, including • Form 6010 series, • any other Fannie Mae-approved note, and • all applicable - addenda, - schedules, and - exhibits. **Synonyms** • Notes

P

PILOT	Payment In Lieu Of Taxes. **Synonyms** • PILOTs
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

Replacement Reserve	Custodial Account the Borrower funds during the Mortgage Loan term for Replacements. **Synonyms** • Replacement Reserves

Replacements	Capital item replacements and major maintenance needs identified by the Property Condition Assessment or otherwise required. **Synonyms** • Replacement

S

Security	MBS, PFP MBS, or REMIC. **Synonyms** • Securities
Security Instrument	Instrument creating a lien or encumbrance on 1 or more Properties and securing the Loan Document obligations. **Synonyms** • Security Instruments • Security Instrument's

T

Tax Abatement	Any abatement, reduction, lessening, exemption, or deferral of real estate or other taxes levied against a Property, including any PILOT. **Synonyms** • Tax Abatements

U

Underwritten Net Operating Income	Net Operating Income as adjusted by the Lender per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III. **Synonyms** • Underwritten NOI