Fannie Mae®

Multifamily Selling and Servicing Guide

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Section 701 Generally

701.01 Description

☑ Requirements

To qualify as an MAH Mortgage Loan, the MAH Property must:

- comply with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702: MAH Property Eligibility; and
- be underwritten per Part III, Chapter 7: Multifamily Affordable Housing Properties.

701.02 Underwriting

☑ Requirements

You must:

- reflect the impact of the rent and income restrictions in your underwriting;
- apply the MAH Property underwritten DSCR, underwritten LTV, and underwriting Interest Rate Floors per Form 4660 to the:
  - LIHTC Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03A: LIHTC;
  - HAP Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03B: HAP Contract; and
  - Rent and Income Restricted Properties Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03C: Properties with Both Rent Restrictions and Income Restrictions;
- apply the conventional mortgage loan underwritten DSCR, underwritten LTV, and underwriting Interest Rate Floors per Form 4660 to the:
  - Rent or Income Restricted Properties Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03D: Properties with Either Rent Restrictions or Income Restrictions;
  - SPP Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03E: Special Public

Purpose; and

- SIA Affordability Type per Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702.03F: Sponsor-Initiated Affordability; and

- maintain, in your Servicing File, a copy of any applicable
  - Affordable Regulatory Agreement, and/or
  - Private Affordability Agreement.

701.03 Committing and Delivery

Operating Procedures

To commit and Deliver a Mortgage Loan for a Property subject to rent or income restrictions (even if the Property does not qualify as an MAH Property), refer to the Affordable Housing & Tax Relief Data Guidance.

Glossary

A

Affordable Regulatory Agreement	Recorded or unrecorded regulatory, land use, extended use, restrictive covenant, or similar agreement or restriction that is imposed by a Public Entity, placing rent, income, or other affordability restrictions on the use or occupancy of the Property, but which does not include a HAP Contract. **Synonyms** • Affordable Regulatory Agreements

D

Debt Service Coverage Ratio	On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments. **Synonyms** • DSCR
Delivery	Submission of all correct, accurate, and certifiable documents, data, and information with all applicable documents properly completed, executed, and recorded as needed, and any deficiencies resolved to Fannie Mae's satisfaction. **Synonyms** • Deliver • Delivered • Deliveries

F

Form 4660	Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans. **Synonyms** • Multifamily Underwriting Standards

G

Guide	Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise. **Synonyms** • DUS Guide

H

HAP Contract	An agreement providing a HUD Section 8 rental subsidy for the Property in the form of a: • project-based voucher contract (PBV), or • project-based rental assistance contract (PBRA). **Synonyms** • Housing Assistance Payment • HAP • HAP Contracts

L

Lender Contract	Program Documents per the Multifamily Selling and Servicing Agreement. **Synonyms** • Lender’s Contract • Lender Contracts • Contract • Multifamily Selling and Servicing Agreement • MSSA

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Loan-to-Value Ratio	Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage. **Synonyms** • LTV • LTV Ratio
Low-Income Housing Tax Credit	Federal program offering tax credits to owners of eligible properties that contain low-income occupants and rent restrictions. **Synonyms** • Low-Income Housing Tax Credits • Low Income Housing Tax Credits • LIHTC • LIHTCs

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

Multifamily Affordable Housing Property	Property that: • complies with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 702: MAH Property Eligibility; and • is underwritten per Part III, Chapter 7: Multifamily Affordable Housing Properties. **Synonyms** • MAH • Multifamily Affordable Housing • MAH Property

P

Private Affordability Agreement	Recorded or unrecorded regulatory, land use, extended use, restrictive covenant, agreement, or restriction that is imposed by any non-Public Entity, placing rent, income, or other affordability restrictions on the use or occupancy of the Property. **Synonyms** • Private Affordability Agreements
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

Servicing File	Your file for each Mortgage Loan serviced. **Synonyms** • Servicing Files

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

Underwritten Debt Service Coverage Ratio	Ratio of Underwritten Net Cash Flow to the annual debt service for a Mortgage Loan amount based on a level debt service payment with the applicable amortization, and calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis, as adjusted for the applicable products and features in Part III. **Synonyms** • Underwritten DSCR