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# Multifamily Selling and Servicing Guide

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## 702.01 Eligible Characteristics and Underwriting

### Requirements

You must ensure that an MAH Property has rent or income restrictions that meet or exceed 1 of the following:

- **20% @ 50%:** at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 50% of AMI as adjusted for family size.
- **40% @ 60%:** at least 40% of all units have rent or income restrictions in place making them affordable to households earning no more than 60% of AMI as adjusted for family size (except for New York City, where at least 25% of all units have rent or income restrictions in place, making them affordable to households earning no more than 60% of AMI as adjusted for family size).
- **HAP contract:** at least 20% of all units are subject to a project-based HAP contract.
- **Special Public Purpose:** the Property
  - is subject to an Affordable Regulatory Agreement imposed by a government entity, containing other rent and/or income restrictions,
  - has rent or income restrictions that meet or exceed **20% @ 80%:** at least 20% of all units have rent or income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size, and
  - meets a noteworthy special public purpose.
- **Sponsor-Initiated Affordability:** the Borrower may voluntarily self-impose rent and income restrictions to preserve or create multifamily affordable housing. These restrictions must:
  - require the Property to have
    - rent and income restrictions that meet or exceed **20% @ 80%:** at least 20% of all units have rent and income restrictions in place making them affordable to households earning no more than 80% of AMI as adjusted for family size, and
    - restricted unit rent limits not exceeding 30% of the adjusted AMI;
  - be placed on record against the Property by executing the Sponsor-Initiated Affordability Agreement ([Form 6490](#));
  - be in place at the Property by the Mortgage Loan Origination Date;



- require the Property to comply with the Sponsor-Initiated Affordability Agreement ([Form 6490](#)) within 12 months after the Mortgage Loan Origination Date;
- remain in place during the Mortgage Loan term; and
- be certified annually by the Borrower and monitored by an Administering Agent for compliance with the Sponsor-Initiated Affordability Agreement ([Form 6490](#)).

## Guidance

An MAH Property may also:

- be subject to FHA Risk Sharing;
- be financed using tax-exempt Bonds;
- receive LIHTCs under Section 42 of the Internal Revenue Code, and its related U.S. Treasury regulations;
- be subject to inclusionary zoning (e.g., targeting certain income levels or employees of certain firms or institutions, etc.) or resale restrictions; or
- receive other state, local or federal subsidies which are conditioned on the affordability of some or all of the units in the Property, including Rural Housing Service (RHS) Section 515 Loans, and Loans insured under Section 202 or Section 236 of the National Housing Act.

## Requirements

You must:

- Reflect the impact of the rent or income restrictions in your underwriting.
- Maintain a copy of the applicable Affordable Regulatory Agreement or Property restrictions in your Servicing File.

## Operating Procedures

For any Property with Sponsor-Initiated Affordability, the Borrower must execute the:

- Sponsor-Initiated Affordability Agreement ([Form 6490](#)); and
- Modifications to Multifamily Loan and Security Agreement (Sponsor-Initiated Affordability Restrictions) ([Form 6271](#)).

To commit and Deliver a Mortgage Loan that qualifies as Special Public



Purpose or Sponsor-Initiated Affordability, refer to:

- [Multifamily Affordable Housing Property Definition – Special Public Purpose FAQs](#); and
- [Sponsor-Initiated Affordability FAQs](#).



# Glossary

## A

**Administering Agent** Third-party compliance monitoring company.

**Affordable Regulatory Agreement** Regulatory, land use, extended use, or similar agreement or recorded restriction limiting rents, imposing maximum income restrictions on tenants, or placing other affordability restrictions on the use or occupancy of the Property (whether imposed by a government entity or self-imposed by a Borrower per the Sponsor-Initiated Affordability Agreement (Form 6490)).

## B

**Bonds** Tax-exempt or taxable multifamily revenue bonds, or other tax-exempt or taxable bonds, issued to finance 1 or more Credit Enhancement Mortgage Loan Properties.

**Synonyms**

- Bond

**Borrower** Person who is the obligor per the Note.

**Synonyms**

- Borrowers
- Borrower's

## F

**FHA** Federal Housing Administration

## H

**HAP** HUD project-based Section 8 rental subsidy in the form of a Housing Assistance Payment contract.

**Synonyms**

- Housing Assistance Payment



## 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

### Mortgage Loan Origination Date

Date you fund a Mortgage Loan to the Borrower.

#### **Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

### Multifamily Affordable Housing Property

Property encumbered by a regulatory agreement, land use restriction agreement, extended use agreement, or similar restriction that limits rents that can be charged to tenants, or imposes income limits on tenants.

#### **Synonyms**

- MAH
- Multifamily Affordable Housing
- MAH Property

## P

### 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



Security MBS, PFP MBS, or REMIC.

**Synonyms**

- Securities

Servicing File Your file for each Mortgage Loan serviced.

**Synonyms**

- Servicing Files

Sponsor-Initiated Affordability Voluntary rent and income restrictions recorded against the Property by the Borrower to preserve or create multifamily affordable housing.