

# Multifamily Selling and Servicing Guide

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# **704.03** Collateral and Credit Support

#### ▼ Requirements

You must ensure the Mortgage Loan obtains the same credit support and collateral as any subordinate loan, including any

- recourse to the Borrower or any guarantor, or
- additional collateral.

You may secure the subordinate loan with a Lien on the Property if the Lien:

- is subordinated to the Security Instrument's Lien per
  - Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 704.07: Subordination Agreement,
  - Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 704.08: Lien Priority and Title Insurance Policy, and
  - Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 704.09: Form of Subordinate Loan Documents; and

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includes only the same collateral covered by the Mortgage Loan's Security Instrument.



# **Glossary**

# $\mathbf{B}$

Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- · Borrower's

# L

Lien

Lien, mortgage, bond interest, pledge, security interest, charge, or encumbrance of any kind.

#### **Synonyms**

Liens

# 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

# 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).

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# **Synonyms**

- Properties
- Property's



# S

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

Subordinate Loan

Multifamily residential real estate loan secured by a Lien against the Property having a lesser priority than the Lien securing another multifamily residential real estate loan on the same Property.

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#### **Synonyms**

Subordinate Loans