



Fannie Mae®

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# 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](#)
- includes only the same collateral covered by the Mortgage Loan's Security Instrument.



# Glossary

## 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).

### 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.

#### **Synonyms**

- Subordinate Loans