



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 13, 2025

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706.04 Additional Underwriting and Loan Documents

☒ Requirements

You must underwrite the ROAR Loan per the following table.

Topic	Description
Underwritten NCF	GPR must comply with Part III, Chapter 7: Multifamily Affordable Housing Properties, Section 703.01: Underwritten NCF ; Underwritten NCF can be based on the Restabilized Residential Occupancy and normalized operating expenses achievable within 18 months after the Mortgage Loan Origination Date.
Appraisal	The Appraisal must include an opinion of the Property's market value on both an "as is" and an "as completed" basis that incorporates the ROAR Work to be completed after the Mortgage Loan Origination Date.
Occupancy During ROAR Work	Physical Occupancy: minimum of 50%; and Economic Occupancy: minimum of 50%.
Minimum DSCR During ROAR Work	Using the ROAR Stressed NCF, actual fixed interest rate, and maximum loan amount based on the "as completed" value <ul style="list-style-type: none">• 0.75 on an amortizing basis, or• 1.00 on an interest-only basis, if applicable.
Rehabilitation Reserve Agreement	Required.
Key Principal Guaranties	The Key Principal must execute a <ul style="list-style-type: none">• Completion Guaranty (Form 6018), and• an operating deficit guaranty.



Topic	Description
Letter of Credit	<p>Any Letter of Credit must:</p> <ul style="list-style-type: none">• comply with Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit; and• equal at least 125% of the difference between the maximum Mortgage Loan amount based on<ul style="list-style-type: none">- the "as completed" value, and- the "as is" value.
Additional Credit Support	<p>May be required.</p>
Underwriting Fee	<p>You must:</p> <ul style="list-style-type: none">• charge the Borrower an underwriting fee equal 3 basis points of the Mortgage Loan amount; and• pay that amount to Fannie Mae.



Glossary

A

Appraisal

Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value

- as of a specific date, and
- supported by the presentation and analysis of relevant market information.

Synonyms

- Appraisals
- Appraisal's

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

G

Guaranty

Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.

K

Key Principal

Person who

- controls and/or manages the Borrower or the Property,
- is critical to the successful operation and management of the Borrower and the Property, and/or
- may be required to provide a Guaranty.

Synonyms

- Key Principals
- Key Principal's

L



Letter of Credit

Letter of Credit approved by Fannie Mae per [Part I, Chapter 2: Mortgage Loan, Section 204: Letters of Credit](#).

Synonyms

- Letters of Credit
- Letter of Credit's
- LOC
- LOCs

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

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

R



Rehabilitation Reserve Agreement	Borrower's agreement to undertake identified Rehabilitation Work, the terms for funding the Rehabilitation Work, and the disbursement of funds from the Rehabilitation Reserve Account (e.g., Form 6222 or Form 4523).
Restabilized Residential Occupancy	Achievement of Underwritten NCF for 3 consecutive months after completion of the ROAR Work.
ROAR Loan	Reduced Occupancy Affordable Rehabilitation Loan
ROAR Stressed NCF	Minimum Underwritten NCF projected to occur during the ROAR Work period at a ROAR Property.