

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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708.02 Additional Proceeds from Mortgage Loan

▼ Requirements

If the Borrower is seeking additional proceeds from the Mortgage Loan based on the IRP, then you must ensure that:

- The Mortgage Loan has equal monthly payments of P&I.
- The portion of the Mortgage Loan sized based on the Underwritten NCF meets Fannie Mae's LTV and Underwritten DSCR requirements without considering the IRP cash flow.
- The portion of the Mortgage Loan sized based on the IRP cash flow has an Underwritten DSCR of at least 1.00.
- The financing structure reflects the remaining term of the IRP through a bifurcated note or amortization structure.

In a Forward Commitment transaction, if the IRP is decoupled from the original Section 236 Loan, you do not need to ensure principal amortization during the construction phase.

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Glossary

B

Borrower

Person who is the obligor per the Note.

Synonyms

- Borrowers
- · Borrower's

F

Forward Commitment

Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.

Synonyms

- Forward Commitment's
- Forward Commitments

I

IRP

Interest Reduction Payment

Synonyms

Interest Reduction 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.

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Synonyms

- Mortgage Loans
- Mortgage Loan's

P

P&I

Principal and interest