Fannie Mae®

# Multifamily Selling and Servicing Guide

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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:

- 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.

# Glossary

## B

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|---|---|
| Borrower | Person who is the obligor per the Note.<br><br>**Synonyms**<br>• Borrowers<br>• Borrower's |

## C

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|---|---|
| Commitment | Contractual agreement between you and Fannie Mae where Fannie Mae agrees to buy a Mortgage Loan at a future date in exchange for an MBS, or at a specific price for a Cash Mortgage Loan, and you agree to Deliver that Mortgage Loan.<br><br>**Synonyms**<br>• Committed<br>• Commitments |

## D

| | |
|---|---|
| Debt Service Coverage Ratio | On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments.<br><br>**Synonyms**<br>• DSCR |

## F

| | |
|---|---|
| Forward Commitment | Commitment to purchase a permanent Mortgage Loan for a to-be constructed or rehabilitated Property.<br><br>**Synonyms**<br>• Forward Commitment's<br>• Forward Commitments |

## I

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| | |
|---|---|
| IRP | Interest Reduction Payment<br><br>**Synonyms**<br>• Interest Reduction Payment |

## L

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|---|---|
| Loan-to-Value Ratio | Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage.<br><br>**Synonyms**<br>• LTV<br>• LTV Ratio |

## M

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|---|---|
| Mortgage Loan | Mortgage debt obligation evidenced, or when made will be evidenced, by<br>• the Loan Documents, or<br>• a mortgage debt obligation with a Fannie Mae credit enhancement.<br><br>**Synonyms**<br>• Mortgage Loans<br>• Mortgage Loan's |

## N

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|---|---|
| Net Cash Flow | At underwriting or for any specified period, the amount calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis and the applicable products and features in Part III.<br><br>**Synonyms**<br>• NCF |

| | |
|---|---|
| Note | Instrument evidencing a Mortgage Loan obligation, including<br>• Form 6010 series,<br>• any other Fannie Mae-approved note, and<br>• all applicable<br>  - addenda,<br>  - schedules, and<br>  - exhibits.<br><br>**Synonyms**<br>• Notes |

# P

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|---|---|
| P&I | Principal and interest |
| Principal | Person who owns or controls, in the aggregate, directly or indirectly (together with that Person's Immediate Family Members, if an individual), specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.<br><br>**Synonyms**<br>• Principals |

# U

| | |
|---|---|
| Underwritten Debt Service Coverage Ratio | Ratio of Underwritten Net Cash Flow to the annual debt service for a Mortgage Loan amount based on a level debt service payment with the applicable amortization, and calculated per Part II, Chapter 2: Valuation and Income, Section 203: Income Analysis, as adjusted for the applicable products and features in Part III.<br><br>**Synonyms**<br>• Underwritten DSCR |