



# Multifamily Selling and Servicing Guide

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## 711.02 Eligibility

### 711.02A Borrowers, Key Principals, Guarantors, and Principals

#### Requirements

You must ensure that the Borrower (and each Key Principal, Guarantor, and Principal) is not on the most current “List of Parties Excluded from Federal Procurement or Nonprocurement Programs”.

### 711.02B Generally

#### Requirements

You must ensure that:

- All FHA Risk Sharing Mortgage Loans are fixed rate with no interest-only period.
- The minimum Mortgage Loan term is 15 years.
- The Property qualifies as an MAH Property.
- Rent, income, and/or occupancy restrictions are in effect for at least the term of the Mortgage Loan. For MAH Properties with remaining affordability restrictions of less than 18 years, the affordability restrictions will be considered senior to the Lien of the Mortgage Loan when enforcing restrictions.

### 711.02C Cash Out

#### Guidance

There is no limit on the amount of cash out in an FHA Risk Sharing transaction.



## Glossary

### B

**Borrower** Person who is the obligor under the Note.

**Synonyms**

- Borrowers
- Borrower's

### F

**FHA Risk Sharing** MAH Mortgage Loan with mortgage insurance from FHA.

### G

**Guarantor** Key Principal or other Person who executes a Payment Guaranty, a Non-Recourse Guaranty, or any other guaranty in connection with the Mortgage Loan.

**Synonyms**

- Guarantors

### K

**Key Principal** Person(s) who control and/or manage the Borrower or the Property, are critical to the successful operation and management of the Borrower and the Property, and who may be required to provide a Guaranty.

**Synonyms**

- Key Principals

### 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

## **P**

## Principal

Person who owns or controls specified interests in the Borrower per Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals, Section 303: Key Principals, Principals, and Guarantors.

### **Synonyms**

- Principals

## Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's