



Fannie Mae®

---

# Multifamily Selling and Servicing Guide

Effective as of May 8, 2025

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



**TABLE OF CONTENTS**

---

Part III Section 802 Eligible Mortgage Loans ..... 3

    802.01 Basic Conditions ..... 3

    802.02 Financial Conditions ..... 3

    802.03 Property Management Conditions ..... 4

    802.04 Other Considerations ..... 4

GLOSSARY ..... 6



## Section 802 Eligible Mortgage Loans

---

### Requirements

Fannie Mae will only purchase a Cooperative Mortgage Loan if each shareholder or other equity owner in the Cooperative Organization is granted the right to occupy a unit in the Property under a proprietary lease or other occupancy agreement.

You must:

- Examine the organizational documents of the Cooperative Organization.
- Ensure that the terms of these documents allow you to originate a Loan secured by the Property in compliance with the Guide.
- Review the composition and experience of the Cooperative Organization's Board of Directors or managers.

### 802.01 Basic Conditions

#### Requirements

You must ensure for all the following:

- The Mortgage Loan has a fixed rate.
- Any commercial lease is determined to be a Material Commercial Lease based on 5% or more of total gross income calculated on a Cooperative Market Rental Basis.
- The Property is located in a Cooperative Property Eligible Market per Form 4660.
- The Property has an overall condition of 2 or better, as shown on the Comprehensive Assessment Addendum tab of the MBA Standard Inspection Form.

### 802.02 Financial Conditions

#### Requirements

You must ensure all of the following:

- You have reviewed at least 3 years of the Property's financial operations.
- The Property's financial operations achieved at least a 0.90 DSCR on an Actual Cooperative Property Basis for 2 of the previous 3 years.



- The Board of Directors or managers of the Cooperative Organization approve any increase in the Cooperative Maintenance Fee prior to closing; and any scheduled annual increase cannot exceed 10%.
- A Cooperative Property Sponsor may not own interests to occupy or lease more than 40% of the units in the Cooperative Property, unless the following criteria are met:
  - You deem the financial strength, experience, qualifications, and credit history of the Cooperative Property Sponsor acceptable, per the applicable provisions for Key Principals in [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#) or [Part III, Chapter 9: Small Mortgage Loans](#).
  - The Cooperative Organization consistently demonstrates sound financial operations and market acceptability.
  - There is no ongoing litigation between the Cooperative Organization and the Cooperative Property Sponsor.
  - The aggregate annual rental income from the Cooperative Property Sponsor-owned units is greater than the aggregate annual Cooperative Maintenance Fees on those units.

### 802.03 Property Management Conditions

#### Requirements

You must ensure all of the following:

- Except for Small Mortgage Loans, the Property must be managed by a property management company that currently manages:
  - at least 3 other Cooperative Properties in the same market as the Property;
  - a minimum of 350 Cooperative Property units in the aggregate; and
  - another Cooperative Property of similar size to the Property.
- For Small Mortgage Loans, a Property with more than 25 units must be managed by a property management company with at least 3 years of experience managing a Cooperative Property of similar size.

#### Guidance

The Borrower may manage a Property securing a Small Mortgage Loan with 25 units or less.



## 802.04 Other Considerations

### ➔ Guidance

A Cooperative Mortgage Loan does not have to comply with the following:

- identification of a Key Principal or Principal and the applicable related analysis and obligations per [Part I, Chapter 3: Borrower, Guarantor, Key Principals, and Principals](#), or [Part III, Chapter 9: Small Mortgage Loans](#);
- Ground Lease Rents per [Part II, Chapter 1: Attributes and Characteristics, Section 104.02: Ground Lease Rents](#)
- Minimum Occupancy per [Part II, Chapter 1: Attributes and Characteristics, Section 105: Minimum Occupancy](#);
- Occupancy per [Part III, Chapter 9: Small Mortgage Loans, Section 903: Occupancy](#); and
- Property Management per [Part III, Chapter 9: Small Mortgage Loans, Section 906: Property Management](#).



## Glossary

### A

Actual Cooperative  
Property Basis

Financial analysis or valuation of a Cooperative Property conducted based on its actual operating performance.

### B

Borrower

Person who is the obligor per the Note.

#### **Synonyms**

- Borrowers
- Borrower's

### C

Cooperative  
Maintenance Fee

Periodic fee assessed each shareholder or owner of a Cooperative Organization to fund costs and expenses associated with ongoing operations of the Cooperative Property.

#### **Synonyms**

- Cooperative Maintenance Fees

Cooperative Market  
Rental Basis

Financial analysis or valuation of a Cooperative Property conducted as if it were operated as a conventional multifamily property subject to applicable rental restrictions.

Cooperative  
Organization

Corporation or legal entity where each shareholder or equity owner is granted the right to occupy a unit in a multifamily residential property under a proprietary lease or occupancy agreement.



## Cooperative Property

Multifamily residential property owned by a Cooperative Organization.

### **Synonyms**

- Co-op
- Cooperative

## Cooperative Property Sponsor

Person who invested in, converted, or is converting a residential rental apartment building to a Cooperative Property and continues to own unsold shares in the Cooperative Organization.

## **F**

## Form 4660

Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

### **Synonyms**

- Multifamily Underwriting Standards

## **G**

## Ground Lease

Contract for the rental of land, usually on a long term basis.

## Guarantor

Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

### **Synonyms**

- Guarantors



## Guide

Multifamily Selling and Servicing Guide controlling all Lender and Servicer requirements unless a Lender Contract specifies otherwise.

### **Synonyms**

- DUS Guide

## 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

## M

### Material Commercial Lease

Lease, sublease, license, concession, grant, or other possessory interest

- for commercial purposes comprising 5% or more of the Property's annual EGI, or
- relating to:
  - solar power, thermal power generation, or co-power generation, or the installation of solar panels or any other electrical power generation equipment, and any related power purchase agreement; or
  - any Property dwelling units leased to
    - a Borrower Affiliate,
    - any Key Principal, or
    - any Principal.

### **Synonyms**

- Material Commercial Leases





MBA

Mortgage Bankers Association

**Synonyms**

- MBA's

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

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](#).

**Synonyms**

- Principals

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



## Small Mortgage Loan

Mortgage Loan with an original loan amount less than or equal to \$9 million.

### **Synonyms**

- Small Mortgage Loans