



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## 802.01 Basic Conditions

### Requirements

You must ensure 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 a Property Condition Rating of 2 or better, per the MBA Standard Inspection Form.



# Glossary

## C

**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 Property** Multifamily residential property owned by a Cooperative Organization.

### Synonyms

- Co-op
- Cooperative

## 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

## 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



## 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

## Property Condition Rating

An assessment of the Property's overall condition per the MBA Standard Inspection Form, expressed on a scale from 1 (the best Property Condition Rating) to 5 (lowest Property Condition Rating).

### **Synonyms**

- Property Condition Ratings