

# Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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# **Section 1002** Underwriting

#### ✓ Requirements

You must ensure that the maximum ARM Loan amount is the lowest of the amount:

- calculated applying the applicable minimum DSCR per Form 4660 for both the
  - maximum lifetime interest rate limit, and
  - Fixed Rate Test per Form 4660;
- calculated using the applicable maximum LTV per Form 4660; and
- you determined is appropriate.

You must use the Fixed Rate Test interest rate to determine the UPB for the refinance risk analysis per Part II, Chapter 2: Valuation and Income, Section 204: Refinance Risk Analysis.

For an ARM 5/5 Loan, you must:

- instruct the PCA Consultant to determine all required Property capital improvements over a 12-year period (i.e., the initial 5-year adjustable rate term, plus the optional 5-year adjustable rate term, plus 2 years); and
- calculate the Replacement Reserve based on the required capital improvements during the first 5-year adjustable rate term, plus 2 years.

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# **Glossary**

#### 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

## P

**PCA Consultant** 

Individual or firm conducting a PCA and preparing a PCA Report.

#### **Synonyms**

• PCA Consultant's

#### **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

# R

#### Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

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### **Synonyms**

Replacement Reserves

# IJ



Unpaid Principal Balance UPB

Synonyms
• UPBs

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