

Multifamily Selling and Servicing Guide

Effective as of December 1, 2025

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Section 1102 Underwriting

▼ Requirements

You must calculate the minimum Underwritten DSCR based on an amortizing debt service constant.

Minimum Underwritten DSCR	
Term	Equals the sum of the
Maximum Note Rate	 minimum Cap Strike Rate as set by Fannie Mae for the Mortgage Loan, plus Mortgage Loan margin equal to the sum of the Investor spread, Guaranty Fee, and Servicing Fee.
Debt Service Constant	Maximum Note Rate, plus applicable amortization factor based on the Maximum Note Rate.

You must ensure the maximum SARM Loan amount is the lesser of the amount:

- calculated using the:
 - minimum DSCR per Form 4660 for both the
 - Maximum Note Rate for the adjustable interest rate, and
 - Fixed Rate Test described in Form 4660; and
 - maximum LTV Ratio per Form 4660; or
- 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.

Guidance

The amortization used to underwrite the SARM Loan is different than the actual SARM Loan amortization schedule, which uses fixed monthly principal installments.

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Glossary

C

Cap Strike Rate

Index interest rate specified in the Interest Rate Cap Agreement at or above which a payment obligation will be triggered by the Interest Rate Cap provider.

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

Guaranty Fee

Fee retained by Fannie Mae for credit enhancing a Mortgage Loan or assuming credit risk on a Mortgage Loan, and which may be expressed as a percentage.

Synonyms

Guaranty Fees

I

Investor

MBS Investor for an MBS Mortgage Loan, or Fannie Mae for a Cash Mortgage Loan.

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Synonyms

- Investors
- Investor's

M



Maximum Note Rate

Equals the sum of the:

- minimum Cap Strike Rate as set by Fannie Mae; and
- · Mortgage Loan margin equal to the sum of the
 - Investor spread,
 - Guaranty Fee, and
 - Servicing Fee.

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

S

Servicing Fee

Fee a Servicer receives for collecting payments, managing operational procedures, and assuming your portion of credit risk for a Mortgage Loan, and which may be expressed as a percentage.

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Synonyms

Servicing Fees



UPB

Unpaid Principal Balance

Synonyms

• UPBs