

# Multifamily Selling and Servicing Guide

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### 1601.01 Description

## ✓ Requirements

A Mortgage Loan with Mezzanine Financing is permitted only if

- the Mezzanine Financing is originated by an approved DUS Lender Affiliate (DLA Mezzanine Financing), or
- Fannie Mae approves the Mezzanine Financing from another source (non-DLA Mezzanine Financing) on a case-by-case basis.

Before underwriting non-DLA Mezzanine Financing, you must contact the Deal Team.

#### **1601.01A** Eligible Mortgage Loans

#### Requirements

Mortgage Loans with Mezzanine Financing must:

- be newly originated;
- have an original principal balance of at least
  - \$10 million, for DLA Mezzanine Financing, or
  - \$50 million, for non-DLA Mezzanine Financing;
- be fixed rate; and
- be flagged for MBS additional disclosure per Form 4098.

#### **1601.01B** Eligible Terms

## ▼ Requirements

Mezzanine Financing must:

- have a fixed rate or fixed mezzanine rate of return without escalations;
- not have a maturity date, redemption date, trigger date, or require repayment of the Mezzanine Financing during the term of the Mortgage Loan; and

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have a minimum \$1 million origination balance.



#### **1601.01C** Loss Sharing

## ✓ Requirements

Loss sharing is required on all Mortgage Loans with Mezzanine Financing.

## 1601.01D Lender's Loan Application

## **☑** Requirements

Your loan application form must:

require the Borrower to indicate whether it has or intends to obtain Mezzanine Financing as part of its organizational or capital structure; and

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inform the Borrower that you may delay approval or revoke any prior approval if the Borrower changes its intention to obtain Mezzanine Financing.



## **Glossary**

B

Borrower Person who is the obligor per the Note.

**Synonyms** 

Borrowers

· Borrower's

D

DUS Delegated Underwriting and Servicing

L

Lender Affiliate Other Person or entity that Controls, is Controlled by, or

is under common Control with, the Lender.

M

MBS Mortgage-Backed Security

Mezzanine Financing Subordinate debt financing provided to a direct or

indirect owner of a Borrower that is secured by a pledge of the direct or indirect equity interest in the Borrower held by the owner, and not by a Lien on the Property.

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

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enhancement.

**Synonyms** 

Mortgage Loans

Mortgage Loan's