



Fannie Mae®

Multifamily Selling and Servicing Guide

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1501.01 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.

1501.01A 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](#).

1501.01B 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
- have a minimum \$1 million origination balance.



1501.01C Loss Sharing

Requirements

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

1501.01D 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
- 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 enhancement.

Synonyms

- Mortgage Loans
- Mortgage Loan's