



Fannie Mae®

Multifamily Selling and Servicing Guide

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1602.02 Underwriting

Requirements

For any Mortgage Loan with Preferred Equity, you must comply with the following table.

| Topic | Requirements |
|--------------------|--|
| Guaranty | <p>If the holder of the Preferred Equity benefits from a guaranty or similar indemnity that contains recourse events or similar obligations not otherwise contained in the Loan Documents, you must</p> <ul style="list-style-type: none">• submit the modifications to Fannie Mae for review and approval, and• if approved by Fannie Mae, add the events or obligations to the appropriate Loan Document. |
| Refinance Analysis | <p>Prepare a refinance analysis that:</p> <ul style="list-style-type: none">• incorporates the terms of both the Mortgage Loan and the Preferred Equity;• demonstrates that the Borrower will<ul style="list-style-type: none">- maintain a positive equity position in the Property throughout the term of the Mortgage Loan, or- have some other incentive (e.g., continuing cash flow) to remain committed to the Property and its successful operation; and• concludes that there will be sufficient cash flow, NCF growth, and residual value to pay off the Mortgage Loan and the Preferred Equity (if applicable) at maturity. |



| Topic | Requirements |
|-----------------------|---|
| Replacement Guarantor | <p>Identify an acceptable replacement guarantor that complies with the Guide for Key Principals for any Mortgage Loan with</p> <ul style="list-style-type: none">• Hard Preferred Equity, and• Soft Preferred Equity if modifications to the transfer provisions of the Loan Documents are requested for the benefit of the Soft Preferred Equity holder. |
| Loan Documents | <p>Use the Loan Documents for Preferred Equity per the Loan Documentation Requirements (Form 6000) for any Mortgage Loan with</p> <ul style="list-style-type: none">• Hard Preferred Equity, and• Soft Preferred Equity if modifications to the transfer provisions of the Loan Documents are requested for the benefit of the Soft Preferred Equity holder. |



Glossary

B

Borrower Person who is the obligor per the Note.

Synonyms

- Borrowers
- Borrower's

G

Guarantor Key Principal or other Person executing a

- Payment Guaranty,
- Non-Recourse Guaranty, or
- any other Mortgage Loan guaranty.

Synonyms

- Guarantors

Guaranty Payment Guaranty, Non-Recourse Guaranty, or other guaranty by a Guarantor for the Mortgage Loan.

L

Loan Documentation Requirements Loan Documents listed in [Form 6000](#) applicable to the particular Mortgage Loan execution and/or product and features.

Loan Documents All Fannie Mae-approved documents evidencing, securing, or guaranteeing the Mortgage Loan.

Synonyms

- Loan Document
- Mortgage Loan Document
- Mortgage Loan Documents

M



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