



# 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"><li>• submit the modifications to Fannie Mae for review and approval, and</li><li>• if approved by Fannie Mae, add the events or obligations to the appropriate Loan Document.</li></ul>
Refinance Analysis	<p>Prepare a refinance analysis that:</p> <ul style="list-style-type: none"><li>• incorporates the terms of both the Mortgage Loan and the Preferred Equity;</li><li>• demonstrates that the Borrower will<ul style="list-style-type: none"><li>- maintain a positive equity position in the Property throughout the term of the Mortgage Loan, or</li><li>- have some other incentive (e.g., continuing cash flow) to remain committed to the Property and its successful operation; and</li></ul></li><li>• 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.</li></ul>



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"><li>• Hard Preferred Equity, and</li><li>• Soft Preferred Equity if modifications to the transfer provisions of the Loan Documents are requested for the benefit of the Soft Preferred Equity holder.</li></ul>
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"><li>• Hard Preferred Equity, and</li><li>• Soft Preferred Equity if modifications to the transfer provisions of the Loan Documents are requested for the benefit of the Soft Preferred Equity holder.</li></ul>



# Glossary

## B

**Borrower** Person who is the obligor under the Note.

**Synonyms**

- Borrowers
- Borrower's

## G

**Guarantor** Key Principal or other Person who executes a Payment Guaranty, a Non-Recourse Guaranty, or any other guaranty in connection with the Mortgage Loan.

**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 documents evidencing, securing, or guaranteeing the debt obligation executed for a Mortgage Loan and approved by Fannie Mae.

**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

## **P**

## Property

Multifamily residential property securing the Mortgage Loan and including the land (or Leasehold interest in land), Improvements, and personal property (as defined in the Uniform Commercial Code).

### **Synonyms**

- Properties
- Property's