



Multifamily Selling and Servicing Guide

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Section 106

Phased Properties

Requirements

If the Property is a Phased Property, you must evaluate

- how the Property will be affected by other phases of the complex, and
- whether the Property will be able to succeed independently from other phases.

Guidance

In determining whether a Phased Property is viable as a separate Property, you should consider whether:

- its ownership and operation are separate from all other phases of the complex;
- the Borrower is able to provide a separate leasing office for the Property;
- your underwriting has discounted any benefits derived from staff or facilities that the Property shares with other phases;
- the records and accounts used to underwrite the Property are separate from the records and accounts of other phases;
- the Property is marketable to tenants or a new owner, separately from other phases;
- the Property is visible to the public without passing through another phase of the complex;
- the Property is accessible from a public roadway;
- any cross-easements for the complex will survive an adverse action against another phase; and
- any development of a future phase could materially interfere with or disturb the occupancy, marketability, or living environment of the Property.

In assessing the impact of future phases on a Property, you should consider

- the short-term impact of construction activity, and
- long-term implications for the continued economic viability of the Property, taking into account the allocation of costs for shared facilities (such as roadways).

Requirements



You may only Deliver a Mortgage Loan on a Phased Property if Fannie Mae holds all other Mortgage Loans secured by other phases of the complex.

When the Phased Property is owned or Controlled by the same Borrower or Principals as the other phases in the complex:

- all Fannie Mae Mortgage Loans on each phase must be cross-defaulted and cross-collateralized; and
- the Mortgage Loan must have a Prepayment Premium Period End Date that is on or before the Prepayment Premium Period End Date of the other Mortgage Loans on the other phases.

Guidance

If a future phase is expected, consider issuing the first phase MBS with a potential future cross.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

M

MBS Mortgage-Backed Security

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

Prepayment Premium Period End Date Last date on which a Borrower owes a Prepayment Premium for a voluntary Mortgage Loan prepayment.

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