



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of August 29, 2025

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407.04 Submitting the Request for Subordinate Financing

Any Borrower request for approval of a Subordinate Loan must be reviewed by the Servicer. If acceptable, the request must be submitted for approval through the MAMP in accordance with the following:

- the Servicer must submit the request to Fannie Mae at least 30 days before the projected closing date of the Subordinate Loan; and
- the submission must contain:
 - an Appraisal (obtained at the Borrower's cost), dated no earlier than 90 days prior to the date of the Borrower request for approval of the Subordinate Loan, that complies with [Part II, Chapter 2: Valuation and Income, Section 202: Appraisal and Valuation](#);
 - Servicer's underwriting spreadsheet showing the Subordinate Loan's effect on the Property's income, expenses, NCF, DSCR, and LTV;
 - a copy of the final, unsigned loan documents evidencing the Subordinate Loan, with the loan amount, interest rate, payment schedules, and all other transaction related information completed;
 - the MBA Standard Inspection Form documenting a physical inspection of the Property, performed at Borrower's expense, occurring no earlier than 90 days before the date of the Borrower request for the Subordinate Loan; provided that, if the Servicer's inspection of the Property reveals that the Property is not being properly maintained, the Borrower request will not be approved by Fannie Mae unless:
 - a Replacement Reserve is sufficiently funded; and
 - the Borrower makes any Immediate Repairs identified by the Servicer prior to the closing date of the Subordinate Loan; and
 - a title policy endorsement for the Property showing no unauthorized Liens or encumbrances of any nature against the Property.

For a Cooperative Property, the Subordinate Loan is unacceptable if the potential increase in the Cooperative Maintenance Fee necessary to cover P&I on the Subordinate Loan exceeds 10% of the current Cooperative



Maintenance Fee.



Glossary

A

Appraisal	Written statement independently and impartially prepared by a qualified Appraiser stating an opinion of the Property's market value <ul style="list-style-type: none">• as of a specific date, and• supported by the presentation and analysis of relevant market information. Synonyms <ul style="list-style-type: none">• Appraisals• Appraisal's
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B

Borrower	Person who is the obligor per the Note. Synonyms <ul style="list-style-type: none">• Borrowers• Borrower's
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C

Cooperative Maintenance Fee	Periodic fee assessed each shareholder or owner of a Cooperative Organization to fund costs and expenses associated with ongoing operations of the Cooperative Property. Synonyms <ul style="list-style-type: none">• Cooperative Maintenance Fees
Cooperative Property	Multifamily residential property owned by a Cooperative Organization. Synonyms <ul style="list-style-type: none">• Co-op• Cooperative

M



MAMP

Multifamily Asset Management Portal used to submit

- Property inspections,
- operating statements,
- requested modifications,
- asset management reports, and
- data corrections for loan or property attributes.

Synonyms

- Multifamily Asset Management Portal
- MAMP's

MBA

Mortgage Bankers Association

Synonyms

- MBA's

P

P&I

Principal and interest

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

R

Replacement Reserve

Custodial Account the Borrower funds during the Mortgage Loan term for Replacements.

Synonyms

- Replacement Reserves

S



Servicer

Primary Person servicing the Mortgage Loan, including

- the originator,
- seller, or
- a third party.

Synonyms

- Servicers
- Servicer's

Subordinate Loan

Multifamily residential real estate loan secured by a Lien against the Property having a lesser priority than the Lien securing another multifamily residential real estate loan on the same Property.

Synonyms

- Subordinate Loans