



Multifamily Selling and Servicing Guide

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Section 802 In Place Loan Categories

802.01 Loan Sizing

Portfolio Mortgage Loans are divided into 3 categories:

- Level 1: Portfolio Mortgage Loans that comply with the Guide and meet the minimum Tier 2 requirements of the Form 4660, which are eligible for refinance by the Lender and purchase by Fannie Mae;
- Level 2: In Place Loans that refinance Portfolio Mortgage Loans but do not meet Tier 2 requirements, as described in [Part V, Chapter 8: In Place Loans, Section 802.02: Level 2 In Place Loans](#); and
- Level 3: In Place Loans that refinance Portfolio Mortgage Loans but do not meet Tier 2 requirements, as described in [Part V, Chapter 8: In Place Loans, Section 802.03: Level 3 In Place Loans](#).

To calculate the preliminary loan amount of a Level 2 In Place Loan or a Level 3 In Place Loan, the Lender must use an underwriting interest rate equal to the greater of:

- the rate established using current rates and a Tier 2 Plus/Plus Pricing Structure; or
- the applicable underwriting floor.

The preliminary pricing and loan amount should not be shared with the Borrower until approved in writing by Fannie Mae, as Fannie Mae reserves the right to adjust the final approved pricing, loan structure and loan amount based upon the individual characteristics of the In Place Loan and the Property.

802.02 Level 2 In Place Loans

Level 2 In Place Loans are Portfolio Mortgage Loans that:

- support an Underwritten DSCR not less than 5 basis points below Tier 2 standards and have an LTV not greater than 5 percentage points above Tier 2 standards;
- are subject to the special pricing and fee limitations set forth in [Part IV A, Chapter 2: Pricing, Origination Fees, and Prepayment Premium Incentives](#); and
- following approval by Fannie Mae, are committed and delivered



by the Lender using the standard committing and delivery process specified in Part IV.

802.03 Level 3 In Place Loans

Level 3 In Place Loans are Portfolio Mortgage Loans that:

- support an Underwritten DSCR greater than 5 basis points below Tier 2 standards or have a LTV greater than 5 percentage points above Tier 2 Standards;
- may require highly customized loan structures and features;
- are subject to the special pricing and fee limitations specified in [Part IV A, Chapter 2: Pricing, Origination Fees, and Prepayment Premium Incentives](#);
- are committed and delivered using the standard loan committing and delivery process in Part IV; and
- are subject to a post-purchase monitoring process and may require changes in the Lender's Restricted Liquidity Requirements.

802.04 Level 2 and Level 3 In Place Loans – Generally

If Fannie Mae does not approve an In Place Loan for purchase, then Fannie Mae in its sole discretion (or, for Portfolio Mortgage Loans with loss sharing, Fannie Mae and the Lender, in their joint discretion) may agree to enter into a modification and extension of the Portfolio Mortgage Loan with such additional loan terms as deemed necessary. Any modification or extension of the Portfolio Mortgage Loan, or any new Level 3 In Place Loan refinancing of a Portfolio Mortgage Loan with loss sharing will be subject to Triggering Modification Interim Loss Sharing under the Lender's Loss Sharing Addendum.



Glossary

B

Borrower Person who is the obligor under the Note.

Synonyms

- Borrowers
- Borrower's

F

Form 4660 Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the minimum underwriting requirements (e.g., debt service coverage ratio, loan to value ratio, interest only, underwriting floors, etc.) for all Mortgage Loans.

Synonyms

- Multifamily Underwriting Standards

G

Guide Multifamily Selling and Servicing Guide and Delegated Underwriting and Servicing Guide, including any exhibits, appendices, or other referenced forms, as updated, amended, restated, modified, or supplemented by any lender memo; provided, however, if a topic is covered in the Multifamily Selling and Servicing Guide, that Guide shall control unless a Lender Contract specifically requires use of another Guide.

Synonyms

- DUS Guide

I



In Place Loan

Mortgage Loan refinancing a Portfolio Mortgage Loan that does not meet Tier 2 underwriting requirements.

Synonyms

- In Place Loans

L

Lender

Person approved by Fannie Mae to sell or service Mortgage Loans.

Synonyms

- Lenders
- Lender's

Level 2 In Place Loans

Generally, Portfolio Mortgage Loans with an Underwritten DSCR not less than 5 basis points below Tier 2 standards and an LTV not greater than 5% above Tier 2 standards per Part V, Chapter 8: In Place Loans, Section 802: In Place Loan Categories.

Synonyms

- Level 2 In Place Loan

Level 3 In Place Loans

Generally, Portfolio Mortgage Loans with an Underwritten DSCR greater than 5 basis points below Tier 2 standards or an LTV greater than 5% above Tier 2 Standards per Part V, Chapter 8: In Place Loans, Section 802: In Place Loan Categories.

Synonyms

- Level 3 In Place Loan

P



Portfolio Mortgage Loan

Mortgage Loan that was purchased by Fannie Mae and is held as of a certain date regardless of whether it is a Cash Mortgage Loan or an MBS Mortgage Loan.

Synonyms

- Portfolio Mortgage Loans

Prepayment Premium

When a Mortgage Loan prepayment is made, amount required to be paid by the Borrower in addition to the principal amount being prepaid and accrued interest per the related Loan Documents.

Synonyms

- Prepayment Premiums

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