



Multifamily Selling and Servicing Guide

Effective as of November 25, 2019

No portion of this Multifamily Selling and Servicing Guide may be reproduced in any form or by any means without Fannie Mae's prior written permission, except as may be provided herein or unless otherwise permitted by law. Limited permission to reproduce this Multifamily Selling and Servicing Guide in print, in whole or in part, and limited permission to distribute electronically parts of this Multifamily Selling and Servicing Guide, are granted to Fannie Mae-approved Lenders strictly for their own use in originating and selling multifamily Mortgage Loans to, and servicing multifamily Mortgage Loans for, Fannie Mae. Fannie Mae may revoke this limited permission by sending 60 days advance written notice to any or all Fannie Mae-approved Lenders.



TABLE OF CONTENTS

Part III Section 1402.03 Loan Amount	3
1402.03A Maximum Loan Amount	3
1402.03B Calculating the Debt Service	3
1402.03C Calculating the DSCR and LTV	3
1402.03D New Loan Test	4
GLOSSARY	5



1402.03 Loan Amount

1402.03A Maximum Loan Amount

Requirements

The maximum Supplemental Mortgage Loan amount equals the lowest Mortgage Loan amount calculated per Sections 1402.03.B - 1402.03.D of this Chapter.

1402.03B Calculating the Debt Service

Requirements

You must calculate the Supplemental Mortgage Loan amount based on the combined debt service amounts of all Pre-Existing Mortgage Loans plus the Supplemental Mortgage Loan, as outlined in the following tables.

Pre-Existing Mortgage Loans	
If the Interest Rate Type is	Use an amortizing Debt Service Amount based on the
Fixed Rate	Gross Note Rate.
Adjustable Rate	<ul style="list-style-type: none">• origination loan amount;• amortization term; and• Variable Underwriting Rate per the applicable Part III Chapters.

Supplemental Mortgage Loan	
If the Interest Rate Type is	Use an amortizing Debt Service Amount based on the greater of the Gross Note Rate or the
Fixed Rate	applicable Underwriting Interest Rate Floor per Form 4660.
Adjustable Rate	Variable Underwriting Rate per the applicable Part III Chapters.

1402.03C Calculating the DSCR and LTV

Requirements

To determine the Supplemental Mortgage Loan amount, you must apply



the Form 4660 DSCR and LTV requirements as follows:

Supplemental Mortgage Loan	
DSCR	The combined debt service of <ul style="list-style-type: none">• all Pre-Existing Mortgage Loans, plus• the Supplemental Mortgage Loan.
LTV	The combined <ul style="list-style-type: none">• aggregate UPB of all Pre-Existing Mortgage Loans, plus• the principal amount of the Supplemental Mortgage Loan.

1402.03D New Loan Test

Requirements

If the Senior Mortgage Loan Maturity Date is 5 years or less after the proposed Supplemental Mortgage Loan Origination Date, you must perform a New Loan Test to confirm that the combined UPB of all Pre-Existing Mortgage Loans and the Supplemental Mortgage Loan does not exceed the maximum loan amount calculated using the applicable Pricing and Underwriting Tier for a new fixed rate Mortgage Loan.

You must base the New Loan Test calculations on the current applicable minimum DSCR and maximum LTV per Form 4660 for a Tier 2, cash out, Supplemental Mortgage Loan using the higher of the:

- current interest rate of the Senior Mortgage Loan; or
- current applicable Underwriting Interest Rate Floor for a Tier 2 Mortgage Loan
 - with a 10-year loan term, and
 - for a property located in a Nationwide market (regardless of the Property's actual location), per Form 4660.



Glossary

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

Gross Note Rate Interest rate stated in the Loan Documents.

M

Maturity Date Date all amounts due and owing under the Mortgage Loan become fully due and payable per the Loan Documents.

Synonyms

- Maturity Dates

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 Origination Date Date the Lender funds a Mortgage Loan to the Borrower.

Synonyms

- Mortgage Loan's Origination Date
- Origination Date

P



Pricing and Underwriting Tier

Tier 1, Tier 2, Tier 3, or Tier 4 per the Multifamily Underwriting Standards (Form 4660).

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

S

Senior Mortgage Loan

Senior loan purchased by Fannie Mae.

Synonyms

- Senior Mortgage Loans

Supplemental Mortgage Loan

Mortgage Loan purchased by Fannie Mae that is subordinated to, and has a Mortgage Loan Origination Date after, the Senior Mortgage Loan that is also owned by Fannie Mae.

Synonyms

- Supplemental Mortgage Loans

U

UPB

Unpaid Principal Balance

V

Variable Underwriting Rate

Rate for Structured ARM Mortgage Loans per Part III, Chapter 12: Structured Adjustable Rate Mortgage (SARM) Loans, Section 1202: Underwriting.