



Fannie Mae®

Multifamily Selling and Servicing Guide

Effective as of December 13, 2024

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1402.04B Eligibility

Requirements

Tier Dropping Eligibility	
If the Pre-Existing Mortgage Loan is...	It is eligible for a Tier Dropping Supplemental Mortgage Loan if...
Cash	<p>the combined Pre-Existing Mortgage Loans and Supplemental Mortgage Loan meet the Form 4660</p> <ul style="list-style-type: none">• minimum applicable DSCR for Tier 2 Mortgage Loans, and• maximum applicable LTV for Tier 2 Mortgage Loans.
MBS	<ul style="list-style-type: none">• it was designated as eligible for a Tier Dropping Supplemental Mortgage Loan; and• the combined Pre-Existing Mortgage Loans and Supplemental Mortgage Loan meet the Form 4660<ul style="list-style-type: none">- minimum applicable DSCR for Tier 2 Mortgage Loans, and- maximum applicable LTV for Tier 2 Mortgage Loans.



Glossary

F

Form 4660 Multifamily Underwriting Standards identifying Pre-Review Mortgage Loans and containing the 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

M

MBS Mortgage-Backed Security

P

Pre-Existing Mortgage Loan Multifamily residential real estate loan secured by Liens against the Property having higher priority than the Lien securing the Subordinate Loan purchased by Fannie Mae.

Synonyms

- Pre-Existing Mortgage Loans

S

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

T



Tier Dropping Supplemental Mortgage Loan

A Supplemental Mortgage Loan where

- the combined Underwritten DSCR of the Supplemental Mortgage Loan and all Pre-Existing Mortgage Loans is below the minimum Underwritten DSCR of the original underwriting Tier of the Senior Mortgage Loan, or
- the combined LTV of the Supplemental Mortgage Loan and all Pre-Existing Mortgage Loans is above the maximum LTV of the original underwriting Tier of the Senior Mortgage Loan.

Synonyms

- Tier Dropping Supplemental Mortgage Loans