



Fannie Mae®

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# Multifamily Selling and Servicing Guide

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## TABLE OF CONTENTS

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Part III Section 1402.04B Eligibility .....	3
GLOSSARY .....	4



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



# 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