Fannie Mae®

Multifamily Selling and Servicing Guide

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1302.04B Eligibility

☑ Requirements

Tier Dropping Eligibility	
If the Pre-Existing Mortgage Loan is...	It is eligible for a Tier Dropping Supplemental Mortgage Loan if...
Cash	the combined Pre-Existing Mortgage Loans and Supplemental Mortgage Loan meet the Form 4660 • minimum applicable DSCR for Tier 2 Mortgage Loans, and • maximum applicable LTV for Tier 2 Mortgage Loans.
MBS	• 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 - minimum applicable DSCR for Tier 2 Mortgage Loans, and - maximum applicable LTV for Tier 2 Mortgage Loans.

Glossary

D

Debt Service Coverage Ratio	On an annual basis or any specified period, the ratio of Net Cash Flow to the total of: principal, interest, and required Mezzanine Financing or Hard Pay Preferred Equity payments. **Synonyms** • DSCR

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

L

Loan-to-Value Ratio	Ratio of the actual aggregate UPB of the Mortgage Loan, plus any Pre-Existing Mortgage Loans, plus any Hard Pay Preferred Equity, plus any Mezzanine Financing, to the value of the Property, expressed as a percentage. **Synonyms** • LTV • LTV Ratio

M

MBS	Mortgage-Backed Security

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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's

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
Pricing and Underwriting Tier	Tier 1, Tier 2, Tier 3, or Tier 4 per the Multifamily Underwriting Standards (Form 4660). **Synonyms** • Tier

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

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