



Fannie Mae®

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# Multifamily Selling and Servicing Guide

Effective as of May 15, 2023

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## Section 301

## Description

### Requirements

A Moderate Rehabilitation Mortgage Loan is secured by a Property that will undergo at least \$8,000 per unit of Rehabilitation Work. This Chapter does not apply to Properties with a lesser amount of rehabilitation work.

Product Description	
Minimum Per Unit Cost for Rehabilitation Work	<p>\$8,000 per unit:</p> <ul style="list-style-type: none"><li>• based on the total number of residential units at the Property, not the number of units being rehabilitated; and</li><li>• includes the estimated cost of all Completion/Repairs identified in the PCA (or MBA Standard Inspection Form, if applicable).</li></ul>
Rehabilitation Timing	<p>The Rehabilitation Work must be completed as follows:</p> <ul style="list-style-type: none"><li>• items identified as Completion/Repairs in the PCA, per <a href="#">Part II, Chapter 4: Inspections and Reserves, Section 403: Completion/Repairs</a>;</li><li>• Efficiency Measures qualifying for a <a href="#">Green Rewards Mortgage Loan</a>, per <a href="#">Part III, Chapter 4: Green Mortgage Loans</a>;</li><li>• if the Moderate Rehabilitation Mortgage Loan meets the requirements for using the Appraised Value on an as completed basis (per <a href="#">Part II, Chapter 2: Valuation and Income, Section 201: Market and Valuation</a>), then the Rehabilitation Work may be completed after the 12-month period, but not later than 36 months after the Mortgage Loan Origination Date; and</li><li>• all other Rehabilitation Work, in a timely manner, but not later than 36 months after the Mortgage Loan Origination Date.</li></ul>



Product Description	
Completion/Repair Escrows	For Completion/Repairs identified in aPCA, if you require full or partial funding of a Completion/Repair Escrow, any higher funding amount you require above the estimated cost of Completion/Repairs must be funded.
Mezzanine Financing	If the Rehabilitation Work is funded through Mezzanine Financing, you must also comply with <a href="#">Part III, Chapter 16: Mezzanine Financing and Preferred Equity</a> .



## Glossary

### A

**Appraised Value** Appraiser's opinion of the market value of the Property documented in the Appraisal, on an "as is" basis, unless use of an "as completed" basis is specifically permitted by the Guide.

**Synonyms**

- Appraised Values

### C

**Completion/Repair Escrow** Custodial Account funded on the Mortgage Loan Origination Date for Completion/Repairs or capital improvements per the Loan Documents.

**Completion/Repairs** Immediate Repairs identified by the Property Condition Assessment and required by the Lender to be included in the Completion/Repair Schedule or Completion/Repair Agreement (or a Certificate of Borrower, if applicable).

**Synonyms**

- Completion/Repair

### E

**Efficiency Measures** Energy- and water-efficiency measures that the Borrower agrees to implement per the Multifamily Loan Agreement to qualify as a Green Rewards Mortgage Loan, and which project a reduction in the Property's annual energy or water consumption.

**Synonyms**

- Efficiency Measure

### M



MBA

Mortgage Bankers Association

**Synonyms**

- MBA's

Mezzanine Financing

Subordinate debt financing provided to a direct or indirect owner of a Borrower that is secured by a pledge of the direct or indirect equity interest in the Borrower held by the owner, and not by a Lien on the Property.

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

Mortgage Loan  
Origination Date

Date you fund a Mortgage Loan to the Borrower.

**Synonyms**

- Mortgage Loan's Origination Date
- Origination Date

## P

Property

Multifamily residential real estate securing the Mortgage Loan, including the

- fee simple or Leasehold interest,
- Improvements, and
- personal property (per the Uniform Commercial Code).

**Synonyms**

- Properties
- Property's

## R



## Rehabilitation Work

Aggregate repairs, replacements, or improvements (including all Completion/Repairs) required to be performed and completed within a specified time period after the Mortgage Loan Origination Date for a Moderate Rehabilitation Property.